

Newsletter

IP, Media & Technology

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International business projects can be treacherous. The entrepreneur faces many questions: when do the laws of the country of origin apply, when do those of the target



country? Where does an international treaty help? According to which rules does an IP right arise, under which rules is it exercised abroad? How can an infringement be prosecuted abroad?

Quick answers are not always available; not to mention the many problems in international licensing and distribution agreements. Why is that?

IP rights arise for specific territories according to what is referred to as the principle of territoriality. It determines the scope of the relevant right. The area of protection can be the territory of a certain state, under an international treaty also a group of states. These treaties facilitate the creation of internationally comprehensive protection at justifiable costs.

As concerns **trademarks** according to this principle, there are: (i) the national registrations per country, (ii) the Community Trade-mark for the countries of the EU and/or (iii) the international registration with extension of the protection to the countries of the Madrid Convention. For **patents**, also somewhat simplified, there are (i) the national registrations, (ii) the registration and the protection according to the Patent Cooperation Treaty ("PCT", "International Application"), (iii) the registration according to the European Patent Convention ("EPC", "Munich Convention") and in the future hopefully (iv) the protection according to an EU Community Patent Convention ("CPC", "Luxembourg Convention", "Community Patent"). For **copyrights**, there is also a national protection as well as treaties that govern the recognition internationally ("Revised Berne Convention", "RBC"; the Universal Copyright Convention of UNESCO "UCC"; the "TRIPS" Agreement of the World Intellectual Property Organization WIPO and others). There is no uniform international copyright law.

Special principles apply in the area of trading with goods and provision of services. With certain exceptions, goods that are lawful in one EU country (the country of origin) may be placed on the market within the entire territory of the EU. In order not to disadvantage manufacturers subject to more stringent rules applicable in a given import market, some EU standardization

Editorial

IP, Media & Technology – International Projects in the Labyrinth of National Laws and International Treaties

Rudolf du Mesnil de Rochemont (Frankfurt)

Editorial

rules help to equalize opportunities. The situation is different in the case of services: the EU Services Directive does not apply the favorable country of origin principle. In the sector of fair trade rules, due to very different points of view in some EU Member States, no common set of rules has yet been created. Although, some harmonization has been accomplished by the EU Directive on Unfair Commercial Practices and its implementation in the national laws of the EU Member States.

Rules applicable to international projects continue to be harmonized in Europe, as well as globally on the basis of the treaties of various international organizations, and on an industry-specific basis through self-regulation of the respective member businesses.

As you can see, there is considerable need for legal consulting. This Newsletter and future issues will address a number of topics that will be of interest to you.

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On June 22, 2011, Internet administrator Internet Corporation for Assigned Names and Numbers (ICANN) announced that new generic top-level domains will be introduced.



Generic top-level domains (gTLDs) are non-country-specific endings of Internet addresses, such as “.com”, “.org” or “.net”. Together with the country-specific top-level domains, such as “.de” or “.fr,” these form the two main groups of top level domains (TLDs). At present, about 25 gTLDs exist. That will change in the future according to the intention of the ICANN. There will be a number (not limited) of new gTLDs, where the respective name of the gTLD will be freely selectable. For this reason, names such as “.sport,” “.re-ise” or “.music” are conceivable. The new gTLDs should no longer be registered and administered by ICANN, but rather by the given public or private organization that passes the relevant selection process. Therefore, the specific feature is that now even private companies can no longer only acquire a “.de” domain (for example), but rather the entire TLD.

This liberalization offers new perspectives to private and public companies and organizations (individuals are excluded from participating). gTLDs such as “.koeln” or “.bayern” are conceivable. Furthermore, companies may create their own gTLD, for instance “.bmw”, which in turn permits “karriere.bmw” or similar domains.

The new domains are awarded to new operators of gTLDs according to a complicated application process, which is described in the gTLD Applicant Guidebook. The current version of the gTLD Applicant Guidebook as at May 30, 2011 comprises 352 pages. But it is not only the complex application process that represents an obstacle, it is also the cost as the charge for the registration of one’s own gTLD is about US-\$185,000.

The first round of the application process is to take place at the beginning of 2012. When and whether there will be a second round is at present still an open question. The process is extensive and as currently planned will take a total of about 8 to 18 months.

New Generic Top-Level Domains

Dr. Ruben A. Hofmann (Cologne)

New Generic Top-Level Domains

The question of legal protection and the respect of trademark laws already led to some controversies. The gTLD Applicant Guidebook provides for two means of control. For one, new gTLDs are checked by the Governmental Advisory Committee (GAC) to determine whether they violate national law or appear impermissible for other reasons. In this connection, individual members of the GAC may submit concerns to the GAC, which will then decide whether and, where applicable, which recommendation is made to ICANN.

Furthermore, the possibility exists of a formal objection. It can only be based on four grounds mentioned in conclusion in the gTLD Applicant Guidebook: Either the new gTLD must (i) be confusingly similar to an already existing or to another applied-for gTLD, (ii) infringe the already existing legal rights of the objector, (iii) contradict generally accepted legal and moral principles or (iv) be viewed critically by a significant portion of the Community. These regulations read and can be understood imprecisely, for which reason the process proposed by ICANN was criticized.

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Conclusion: The new variety will also have drawbacks, however. The already large number of possible TLDs will increase many times over. Thus it will hardly be still possible for holders of rights to protect, for example, all possible domains for their corporate name or their trademarks. As a result, new legal disputes about domain names appear to be preprogrammed.



Trade shows serve not only to present one's own innovations, but additionally offer a unique opportunity to defend against foreign patent infringers.



Contrary to many foreign jurisdictions, German case law considers mere trade show booths to be „business premises“ of the exhibiting company. As a result, service of process according to Section 178 German Code of Civil Procedure can be effected at a trade show. Therefore, a trade show can be used to serve a patent infringer with a preliminary injunction or a complaint and court orders. Trade show booths are thus more advantageous than warehouses or construction site offices where service of process is not possible. Service abroad is time-consuming and costly, and particularly in countries outside of Europe a service attempt can also fail. In addition, the urgency is frequently obvious at trade shows, so that a preliminary injunction can be obtained on short notice.

Preparations for effective proceedings can already begin in the run-up to the trade show. Thus, potential infringers can be identified in the list of exhibitors and employees can be provided with a short overview of one's own IP rights.

Regardless of which measures are to be taken, the preservation of evidence is the first step. Frequently, picking up brochures will already be sufficient. If possible, photos of the infringer's trade show booth should also be taken. Sometimes, simulated sales conversations are useful.

According to the German Patent Act, the offering of an infringing product is already prohibited. An already effected sale is not required. But what is an offering? This term was interpreted very broadly by German courts. With the „Pralinenform II“ decision of the Federal Court of Justice (Case I ZR 17/05 of April 22, 2010) and the „Sauggreifer“ decision of the Mannheim District Court (Case 7 O 214/10 of October 29, 2010), an exhibiting at trade shows now no longer necessarily also seems to be an offering within the meaning of the German Patent Act. One should not be discouraged by such decisions, however. We succeeded, for example, in obtaining a preliminary injunction at the Brunswick District Court for patent infringement at the Hanover trade show (not yet final). In doing so, a brochure, which a lawyer had taken from the booth of the Indian exhibitor, tipped the scales.

At the Scene Trade Show

Effective proceeding against foreign patent infringers

Dr. Sabine Dethof (Düsseldorf)

Advantage: Service of process is possible

Before the trade show

Mandatory: Secure evidence

Recent case law on offerings at trade shows

At the Scene Trade Show

Informal action: Contact the infringer

If evidence is secured, it is sometimes sufficient if the exhibitor is contacted and the patent infringement is emphatically pointed out. Many companies want to avoid a legal dispute and immediately remove the relevant products and catalogs from the trade show booth. This route may particularly work with foreign exhibitors appearing as an infringer for the first time and being a less relevant competitor.

The above move has more weight if the infringer is approached jointly with the organizer of the trade show. By directing him to a possible own liability, one could try to convince the trade show organizer to make use of his house rules. Recent case law regarding the property of a shipper as a trespasser (Federal Court of Justice, „MP3 Player Import,“ judgment of September 17, 2009, Case Xa ZR 2/08) is in fact applicable to an organizer of a trade show so that in the event of bad faith the organizer of the trade show may in certain circumstances be held liable for a patent infringement.

Alternatively, a warning letter and/or preliminary injunction may be used to take measures against the competitor. If the relevant steps are already set in motion at the beginning of the trade show, success can still be achieved during the ongoing show. Moreover, in as far as exhibitors from outside of Europe are concerned, the exhibited items may be confiscated in collaboration with customs authorities.

Formal action: Warning, preliminary injunction, customs authorities

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Conclusion: Trade shows offer unique opportunities to effectively assert IP rights against foreign infringers. Expensive service abroad is unnecessary, and visible success can be achieved swiftly. For this purpose, it is frequently already sufficient to pick up some brochures and to respond promptly.



What the indomitable Gallic village was to the Romans, patent rights are to the unification of Europe. They persistently defy uniform regulation throughout the Union. Until such time, it will be necessary to elicit a melody that is as enjoyable as possible from the variegated keyboard of numerous national procedures. The widely heard bass tone in this context is coming from Germany.



The European Patent Jungle - Finally Cleared?

Dr. Anton Horn and
Melanie Künzel, LL.M. (Düsseldorf)

Patent infringements are not a national matter. In the age of globalization and of the Internet, patent infringements frequently occur at the same time in several countries. Due to the complexity and costs of patent infringement proceedings alone, however, in most cases it cannot be considered to initiate one's own infringement proceedings in each country. The patentee must make a decision.

Although there have been appropriate efforts on the part of the European Commission for many years, until now the Member States could not bring themselves to create a European Community patent, which may be asserted by initiating a single European infringement proceeding. There is in fact a European patent with a uniform granting proceeding. It is granted by the European Patent Office – an independent supranational organization, which is based on own international treaties and has nothing to do with the European Union. Thus, non-EU countries as well as Switzerland are also members of the European Patent Convention. After granting, this European patent dissolves into a bundle of national patents, which must be implemented in national legal proceedings – separately in each country.

The number of patent infringement proceedings taking place annually in Germany makes clear the desirability of Germany as the venue for patentees. In Europe, a total of about 1,400 patent infringement suits are filed annually. Slightly more than 1,000 of these take place in Germany, while most of the remaining proceedings are spread among France, Great Britain, Spain and Italy. In almost all other European countries, patent infringement proceedings are rarer than volcanic eruptions on Iceland.

The numerous patent infringement proceedings taking place in Germany, and there above all in Düsseldorf, are presided over

Globalization also in the case of patent infringements

European patent infringement proceedings - utopia?

Germany: "Twelve Points"

The European Patent Jungle - Finally Cleared?

by judges, who work exclusively in this legal field and are thus highly specialized. Accordingly, the decisions of German judges also enjoy good reputation internationally.

The duration of German patent infringement proceedings is unbeatable in comparison to other countries. Before a German court, patentees can be awarded and may execute a first-instance injunction after only about 10 to 15 months. In contrast, they must expect proceedings before a French or Spanish court in the first instance to take about 2 to 3 years, in Italy, Belgium and Portugal even longer.

One reason for this in part significant difference in the duration of proceedings is that only in Germany and Austria the legal validity of the patent is not called into question in its enforcement. In Germany, the clarification of this question is in fact the subject matter of a separate legal proceeding before the German Federal Patent Court in Munich.

In contrast, in other countries the plaintiff frequently not only loses the legal proceeding, but also his patent. The High Court of Justice in London is still especially notorious. The intellectual judges often recognize no patentable invention in the "banality" for which the continental European patent examiners have granted a patent. In more than 50% of the cases at times, they sent the plaintiffs home without a judgment and additionally with a cancelled patent. No wonder, therefore, that no more than 50 patent infringement proceedings are initiated annually in all of England – less than at Düsseldorf in one month.

Whether patentees should rather fly across the pond to enforce their rights is questionable. Patent infringement proceedings in the U.S. are known in particular for their extremely high costs. According to studies of Boston University, it costs the plaintiff on average US-\$3 million up to the first instance decision! In contrast to the typical European patent infringement proceeding, a discovery proceeding is carried out in the U.S. as a preliminary stage to the actual court proceedings. In the process, the plaintiff is also investigated. Therefore, unlike in Europe he cannot decide upon which documents he would like to submit and which not.

Some European neighbors keep a very useful proceeding in readiness. In France, for example, the confiscation of products in the case of a mere suspicion of a patent infringement is clearly more easily possible than in Germany. A request for "saisie

**Duration of proceedings –
Frequently a test of one's patience**

**No black eye –
rather an amputation!**

**Patent infringement proceedings in the U.S. –
an alternative?**


French charm

The European Patent Jungle - Finally Cleared?

contrefaçon" (confiscation of goods infringing a patent) is often decided on the same day and this decision is enforced in a rapid and simple proceeding. The evidence obtained thereby can also be useful for German court proceedings.

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Conclusion: There will not be a uniform European patent infringement proceeding in the near future, so that patentees must continue to carefully consider in which country the enforcement of their patent makes sense. Most patentees prefer the rapid and efficient German patent infringement proceedings. Additionally, the advantages of the legal systems of other countries can and should be used.

 Community trademarks and their uniform effect for the entire territory of the European Union are by now widely known. Much is still unsettled in detail, however. The clarification of unsettled questions was advanced with a judgment of the European Court of Justice (ECJ) of April 12, 2011.



News on Uniformity of the Community Trademark

European Court of Justice, judgment of April 12, 2011, C-235/09 – DHL Express France / Chronopost

Dr. Georg Jacobs, LL.M. (Düsseldorf)

The judgment was based, not unusual in trademark law, on the fact that a Community trademark was used without license by a third party. The trademark proprietor proceeded against the use of his trademark before a French court, which is competent for Community trademarks. The French (appellate) court prohibited the use of the trademark by the defendants and threatened them – according to national French procedural law – with a fine for possible infringements. This judgment was limited in its effect to France. The trademark proprietor had applied for the prohibition and the threat of a fine for the entire territory of the European Union, however.

News on Uniformity of the Community Trademark

The principle of uniformity of the Community trademark is thereby addressed. It is largely clarified that it applies to the registration of the Community trademark. The Community trademark can only be announced, registered, transferred and cancelled with effect for the entire territory of the EU. Either the applicant or the proprietor of a Community trademark uses the EU-wide protection of the trademark or not. If he wants to restrict the protection by trademark law territorially, with the exception of contractual stipulations, he is referred to a compilation of several national individual trademarks.

The applicability of this principle of uniformity of the Community trademark to infringement proceedings has not yet been clarified in detail. The French Court of Cassation (Cour de Cassation – the highest court of ordinary jurisdiction) therefore submitted this legal dispute to the European Court of Justice. The European Court of Justice initially clarified that the prohibition pronounced by a court competent for Community trademarks against carrying out acts infringing on a Community trademark extends in principle to the entire territory of the EU. On the one hand, the territorial competence of such a Community trademark court could extend to the entire area of the EU. On the other hand, the right of the proprietor of a Community trademark is effective within the entire territory of the EU. This principle of uniformity of the Community trademark arises from the recitals of the Community trademark regulation. Divergent decisions of the Community trademark courts and the Office of Harmonization in the Internal Market (OHIM) concerning the validity and the infringement of a Community trademark and regarding Community trademarks and parallel national trademarks should be avoided. Otherwise, the danger would exist that the infringer of a Community trademark would continue to carry out the respective trademark infringing acts in another Member State. The trademark proprietor would then be dependent on continuously initiating new court proceedings in the respective next Member State. The danger of divergent decisions of different Community trademark courts would thereby be increased.

The basic EU-wide prohibition should only be territorially restricted in such cases in which the use of the trademark by a third party in a Member State is unable to affect the functions of the trademark – this for instance on linguistic grounds.

Additionally, the ECJ holds that the threat of consequences in the event of an infringement of the judgment of a Community

News on Uniformity of the Community Trademark

trademark court is required if the basic EU-wide prohibition is to operate effectively. A court in the Member State in which the asserted infringement was committed would have to decide on the actual determination of the threatened measures and their amount. That assumes, in reference to the measures threatened by the deciding Community trademark court, that the coercive measures in the respective Member State are similar to those, which the Community trademark court threatened. If such a similarity does not exist, a court of the respective Member State would have to take the measures upon request according to the respective national procedural law, which should ensure compliance with the judgment.

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Conclusion: If it is indicated, after attaining a judgment due to infringement of a Community trademark, that the infringer plans to relocate his trademark infringing actions to another Member State or to continue them there or if it is feared that he will do so, it should be reviewed whether the measures for compliance with injunctions according to the respective national procedural law are similar to those, which the Community trademark court threatened according to its own national procedural law. In case of doubt, as will frequently happen, the threat of the consequences of infringement of a court injunction should be requested of the competent Community trademark court of the respective other Member State. In many cases, a sufficient legal certainty that the judgment will also be enforced in the other Member State can only be achieved in this manner.

New Developments in Online Sports Betting

The political and legal trench warfare around the billion-euro online sports betting market in Germany did not come to a halt in 2011, either. The European Court of Justice (ECJ)



Oliver Brock (Düsseldorf)

had toppled the 2008 State Treaty on Gambling by its now famous judgments of September 8, 2010, which, by the way, contain statements of principle on fundamental freedoms in the internal market, which go far beyond the field of gambling law. In addition, this drumbeat occurred in a phase of heated legal policy debate about the introduction of a follow-up model for the system of rules expiring actually at the end of 2011.

The flood of judgments, which were issued in the subsequent period regarding the individual sectors of the gambling law, is cautiously paraphrased with the word „case law chaos.“ During the fall and winter of 2010/2011, diametrically opposed decisions were rendered in weekly cycles, which often turned in the sharpest form against the legal opinion expressed by another court just a week before. The gambling law itself became a game of chance. Only gradually did the gun smoke clear and reveal the view of some basic tendencies.

The State Treaty on Gambling of 2008, as German case law has in the meantime made up its mind in its adoption of ECJ case law, has been dropped in its core provision, the lottery and sports betting monopoly. It is difficult to understand why the harmless lottery is subject to a state monopoly if on the other side the much more dangerous amusement arcades and gambling machines are regulated very liberally by the German legislators. The same also applies to sports betting. However, fierce legal rearguard actions were also carried out until recently around another defining feature of the old law: The total Internet ban on gambling such as sports betting. Although recently confirmed by the Federal Administrative Court, this case law should have to be put ad acta with the latest ECJ decision issued a few weeks later in the Zeturf case (C-212/08, judgment of June 30, 2011). Restrictive Internet regulations should not be considered in isolation, but rather also have to be included in a consistent (coherent) system of market regulation. A blanket Internet ban or a comparable regulation without regard to the specifics of the respective game is not actually compatible with this guideline.

Gambling law as a game of chance

New Developments in Online Sports Betting

Nevertheless, the Federal Court of Justice aligned itself with the Federal Administrative Court shortly before the editorial deadline (Federal Court of Justice, judgment of September 28, 2011, Case I ZR 92/09).

Against this background, the German states agreed in principle in March 2011 to introduce what is referred to as a concession model for sports betting, which provides for an opening of sports betting markets also on the Internet, limited in time initially to seven years. The number of licensees, however, is to be limited to seven, whose selection is to be made via a Europe-wide award procedure. The permissible betting offer is narrowly restricted. The licensees are subject to stringent advertising law guidelines. Substantial fees and charges will be incurred, which are far above the economic efficiency limit. As a result, a draft exists that lies between all fronts. Already going much too far for representatives of the state or quasi-state lottery companies, the new State Treaty on Gambling is rejected practically in unison by the private providers since a tolerably economic betting offer will be barely possible.

But the plan is also heatedly contested among the German states. In the meantime, Schleswig-Holstein has adopted a state gambling law of its own. In other states, such as Saxony, plans also exist for pulling out of the State Treaty. The Schleswig-Holstein Gambling Act provides for a regulated market opening for private sports betting providers as well as an approval of the Internet sales channels and was expressly welcomed by the betting providers. It is difficult to assess the range of such a license, however. If the concession remains limited to Schleswig-Holstein, the attractiveness of the model will certainly diminish.

Notification of both plans was given to the EU Commission (Notifications 2011/188/D State Treaty on Gambling and 2011/63/D Schleswig-Holstein Gambling Act). While the Schleswig-Holstein plan did not evoke any concerns, the Commission assesses the Minister Presidents' plan extremely critically and does not consider it compatible with Union law. A majority of German states will for this reason, if the present plan remains, enact a law considered unlawful from the outset. If states such as Schleswig-Holstein, which takes an approach in conformity with Union law, are compelled thereby to adopt their own regulations, the Germany-wide uniform system, until now at least, will be transformed into a patchwork of the most diverse regulatory

The planned new regulations

European stumbling blocks

New Developments in Online Sports Betting

approaches. This would neither take into account the economic significance of the market nor its undoubted need for regulation.

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Conclusion: At least in part, the majority of states have responded to the strong criticism in the meantime. According to recent reports, the cancellation of the limitation of the concessions and a lower tax rate are being considered. Whether this will be sufficient, however, to return to a Germany-wide uniform system remains questionable. Therefore, gambling law will offer a lot of suspense in 2012 as well.



Official Headnote: If a third party indicates to a search engine operator as a keyword a sign identical to a trademark without the trademark holder's consent, so that when a search is made in the search engine for the sign identical to the trademark, a promotional electronic link to the website of the third party appears in an appropriately identified advertisement block as an advertisement for goods and services identical to those the trademark is protected for, separated spatially from the search result list (*AdWord advertising*), there is no use of a third-party trademark within the meaning of Art. 5(1) sentence 2 letter a Trademark Directive, Section 14(2)(1) Trademark Act, if the advertisement itself contains neither the sign nor a reference to the proprietor of the trademark or to his products offered, but the indicated domain name refers rather to another commercial origin.

Note: Internet advertising by means of targeted advertisement placement based on certain search terms in search engine websites (*keyword advertisement*) plays a large practical role in many industries. Especially in the foreground in this connection, at least in Germany, is Google as an undisputed market leader among search engines. Google offers keyword advertisement under the designation "Google AdWords". If several customers register for

Case Law News Ticker – Headnotes and Annotations

AdWord advertising using third-party trademarks as keywords

Federal Court of Justice, January 13, 2011
(Case I ZR 125/07), WRP 2011, 1160 – Bananabay II

the same keyword, better placements of the advertisements can be purchased by means of an “auction”. The advertisements for the respective keyword always appear when a user enters the keyword as a search term in Google, not within the ordinary search result list (“organic search results”), but in an optically separated advertisement area on the search result page.

For companies that are advertising, the strategy of entering third-party trademarks as keywords enjoys increasing popularity. Usually, they do not aim at misleading Internet users (by suggesting to them that the original trademarked product could be obtained from the company placing the advertisement or even that it was the advertising company’s own trademark). Rather, for the most part it is a question of calling to the attention of the Internet user, who is searching for a certain trademarked item, the advertiser’s own alternative range of products. For whoever enters, for example, a certain bicycle brand in Google is interested with increased likelihood in purchasing a new bicycle and is thus also a particularly interesting addressee for advertising of competing bicycle manufacturers.

Not least for this reason, the proprietors of the trademarks adversely affected by AdWord advertising are disturbed by this advertising strategy and have attempted for a long time to have it legally prohibited. The Federal Court of Justice had already decided on this matter in 2009 that the use of third-party trademarks would in any case not be unfair in terms of competition law where the third-party trademark is not used in the advertisement itself and the impression is not given in any way that the advertisement is connected with the proprietor of the trademark. Notably then, as a rule, no targeted hindrance of the proprietor of the trademark exists, neither from the standpoint of luring away customers nor from the standpoint of exploitation of reputation (Federal Court of Justice, January 22, 2009, GRUR 2009, 500, 502 [margin nos. 22 et seq.] – Beta Layout).

Thereby, the question had not yet been decided as to whether trademark infringement should be seen in AdWord advertising. After all, with the keyword, which identically matches the third-party trademark, as a rule an advertisement for goods or services is triggered, which are identical to the goods or services for which the trademark enjoys protection. Therefore, the assumption is not far off that a doubly identical use of the trademark pursuant to Section 14(2)(1) Trademark Act could be seen herein, which can be prohibited by the proprietor of a trademark regardless

of the question of the existence or lack of danger of confusion. However, the requirement for this is that the trademark is used by the advertiser in a way that may adversely affect one of the relevant trademark functions. Primarily, the indication-of-origin function of the trademark comes into question.

The Federal Court of Justice, as well as the Supreme Courts of Justice of several other EU Member States, had submitted the question to the ECJ as to whether one of the trademark functions is adversely affected in an ordinary case of AdWord advertising. In the case to be decided, a product manufacturer had registered a trademark (not enjoying the special protection for well reputed trademarks) of a direct competitor as a keyword and had placed an advertisement for similar products of his own company. In the advertisement itself, the trademark of the competitor was not referred to; otherwise (particularly in the link to the website of the advertiser indicated in the advertisement), no references were made to the proprietor of the trademark. The ECJ responded in a series of decisions in 2010 to the different questions submitted, to the effect that in the case of AdWord advertising the indication-of-origin function of the trademark could be infringed if either

- the advertisement suggests the existence of an economic connection between the advertiser and the proprietor of the trademark or at least
- the average Internet user could not or only with difficulty discern from the advertisement, whether the goods and services advertised in the advertisement originate from the proprietor of the trademark or a company connected with him economically or whether the advertiser is connected economically with the proprietor of the trademark (for example, ECJ March 23, 2010, GRUR 2010, 445, 449 [marginal nos. 84 et seqq.] – Google and Google France).

The ECJ leaves the decision on whether these requirements exist in an individual case or not to the respective national courts. From the first decisions now available on these matters, a quite varied picture emerges in the different Member States.

For Germany, the Federal Court of Justice has led a quite liberal course in the now available “Bananabay II” decision. Accordingly, in Germany an AdWord advertisement using a third-party trademark as a keyword does not constitute trademark infringement when the trademark is not used in the advertisement itself

and the URL of the advertiser linked therein and otherwise no references to the proprietor of the trademark or his products are made there.

The first Supreme Court decisions of Austria and France since the ECJ decisions, on the other hand, go in a fundamentally different direction. Both the Austrian Supreme Court and the French Court of Cassation interpret the ECJ provisions to the effect that it is required for the prevention of a trademark infringement that the advertiser clarifies in the advertisement in a suitable manner that there is no economic connection between him and the proprietor of the trademark (Austrian Supreme Court, June 21, 2010, GRUR Int. 2011, 173, 175 [margin nos. 10 et seqq.] – BergSpechte; Cour de Cassation July 13, 2010, GRUR Int. 2011, 446, 447 – Eurochallenges).

Up to now, the question has not yet been clarified by Supreme Court decisions whether a trademark infringement can also be denied under the limiting conditions shown above when the third-party trademark entered as a keyword enjoys the special protection for well-reputed trademarks (Section 14(2)(3) Trademark Act). In this case, it appears conceivable to assume trademark infringement, for example, from the standpoint of unfair exploitation of reputation or dilution. The ECJ recently decided that an infringement of the well-reputed trademark does not exist where the average Internet user can discern from the advertisement that this does not pertain to the products of the proprietor of the trademark, but to an alternative range of products of the advertiser, and if the AdWord-advertising aims at drawing attention to the alternative offer to the trademark product only within the ambit of fair competition (cf. as a whole ECJ, judgment of September 22, 2011, C-323/09 [paragraphs 81, 91] – Interflora, cited by curia.europa.eu).

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Conclusion: For AdWord advertising (aimed at German Internet users) on google.de, it has now been clarified with the „Bananabay II“ decision that the entry of third-party trademarks as keywords is also permitted by trademark law if the advertisement itself and the URL of the advertiser linked through it neither uses the trademark nor other references to the proprietor of the trademark or his products are made. According to the recent ECJ “Interflora” decision, this may also apply to well-reputed trademarks as long as only alternative products to the trademarks searched by the Internet user are (openly) referred to with the AdWord advertising. If on the other hand keyword advertising is entered on search engines with target groups in other European countries, an explicit reference should be contained in the advertisement that there are no economic relationships to the proprietor of the trademark.



Case Law News Ticker – Headnotes and Annotations

Headnotes of the Newsletter Editorial Department: According to Art. 2 letter i of the Directive on Unfair Commercial Practices (in Germany: Section 5a(3) Act Against Unfair Competition), additional duties to inform already arise during the product advertising under solicitation to purchase, when the customer is sufficiently informed by the advertising about the advertised product and its price in order to be able to make a transactional decision, without the advertising also having to offer an actual opportunity to directly purchase the product or it being associated with such an opportunity. The specification of a “starting at” price can already be sufficient to give rise to the additional duties to inform of the advertiser.

In order to fulfill the additional duties to inform, it can be sufficient to indicate only certain of the features characterizing the product and otherwise to refer to more detailed information on a website.

If a solicitation to purchase only shows a “starting at” price, this cannot be regarded per se as a misleading omission. What is decisive is whether the customer is hindered thereby in making an informed transactional decision and consequently is induced to make a transactional decision which he would not otherwise have made. Thus, the restrictions of the communications medium used, the character and the features of the product as well as the other measures the advertiser has actually carried out in order to make the information available to the customer, must be taken into account.

Note: The judgment of the European Court of Justice deals with several questions, which are of significance for the design of product advertising.

At its core, it is a question of the legal obligation of the advertiser to make certain information available already during product advertising regarding

- the essential product characteristics,
- his own address and identity,
- the price of the product or its calculation,
- if applicable, unusual payment, delivery and service conditions and the procedure for customer complaints as well as
- if applicable, the existence of a right of withdrawal or cancellation.

This obligatory information should already be made in the course of product advertising according to Art. 7(4) of the Directive on Unfair Commercial Practices if in the advertising the characteristics

Duties to inform in advertising with price indication; product advertising with „starting at“ prices

ECJ, May 12, 2011 (C-122/10),
GRUR Int. 2011, 726 – Ving Sverige

of the product and the price are given in a manner appropriate to the means of the commercial communication used and thereby enables the customer to make a transactional decision. In Germany, this requirement set out in the Directive is implemented by Section 5a(3) Act Against Unfair Competition.

In this connection, the question arises as to whether these additional duties to inform arise only if the customer is already able to acquire the advertised product in direct connection with the advertising (example: goods offered in a web store). If this were to be understood in this way, simple product advertising without the option of ordering would not fall under the aforementioned duties to inform. The ECJ rejected this possible interpretation, however. Rather, the issuance of the aforementioned information is already required when the customer is sufficiently informed about the advertised product and its price in order to be able to make a decision on whether or not to purchase the product; the actual possibility of directly acquiring the product is on the other hand not required for this. According to the ECJ decision, it is also not required that the concrete price to be paid be given; rather the duties to inform also arise when only a “starting at” price is given which applies to the simplest design version, if the mention of the “starting at” price enables the customer to make a transactional decision. As a rule, this may be assumed, the more so as it should be taken into account that the advertiser should not be able to abdicate from his duties to inform by the fact that he limits himself to the indication of a “starting at” price.

If additional duties to inform exist under Section 5a(3) Act Against Unfair Practices, the question arises as to how these duties can be fulfilled by the advertiser. The ECJ points out that the spatial and time restrictions of the communications medium used must be taken into account. Therefore, if it is not possible and reasonable to issue all of the information required in Art. 7(4) of the Directive already directly in the advertisement in question, the advertiser can limit himself depending on the circumstances of the individual case to the communication only of certain information characterizing the product and otherwise refer to his website if he provides the required remaining information there.

Of course, the information on the price of the product takes on special significance since this information represents a quite essential factor of the purchase decision for the customer. If only a “starting at” price is given, the question arises as to whether this constitutes an adequate information according to the guidelines of Art. 7(4) of the Directive on Unfair Commercial Practices. The ECJ in any case

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considers this not automatically excluded. The circumstances of the individual case should in turn be taken into account, where the information of the customer depends in particular on the restrictions of the communications medium used and the other measures of the advertiser. What is decisive is that the customer is put in a position to make an informed transactional decision.

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Conclusion: If a product is promoted with price indication (including the listing of a “starting at” price), additional duties to inform should also be fulfilled if in the course of the advertising there is still no possibility of directly acquiring the product. The duties to inform can as a rule also be fulfilled in part through relevant transparent information on the website of the advertiser, to which, however, reference must be made in the advertising sufficiently clearly. Whether the information already issued in the advertisement itself is sufficient is a question of the individual case. It can be presumed that in any case information concerning circumstances relevant to the purchase decision which the customer typically does not expect must already be given in the advertisement. The information only of a “starting at” price in the advertisement can be sufficient in individual cases to fulfill the duty to inform about the price if the customer (for instance, on the advertiser’s website) has the possibility of obtaining detailed pricing information in a reasonable manner.

Headnotes of the Newsletter Editorial Department: The proprietor of a trademark can oppose the resale of original trademarked goods at eBay despite original deliberate placement on the market of the products in the EU or the European Economic Area by the proprietor of the trademark if the reseller has removed the original packaging prior to the sale. It is required, however, that required information (for example, mandatory information on cosmetic products) be lost through the removal of the packaging or the image of the product and thus the reputation of the trademark is damaged.

Trademark-infringing use in the territory covered by the trademark exists in the case of a sales offer at eBay only where the product for sale is at least also offered in this territory. It does not depend on the item location of the product.

Liability privilege of eBay as host provider of internet services does not apply if eBay has provided the seller active assistance in optimizing of the sales offer at issue or in its solicitation. If this is not the case, liability privilege does not apply, either, when eBay was aware of the trademark infringement.

Trademark infringement by sales offers at eBay

European Court of Justice (ECJ) July 12, 2011
(C-324/09), WRP 2011, 1129 – L’Oréal/eBay

If eBay is liable for trademark infringement, the court can impose effective, dissuasive and proportionate measures on eBay, which lead not only to ending the concrete trademark infringement at issue, but also contribute effectively to the prevention of new infringements. This can include the order to exclude the seller from the online sales platform or the ordering of measures, which facilitate the identification of eBay sellers.

Note: The ECJ judgment deals with several questions, which arise in connection with the use of trademarks in offerings and solicitations of goods protected under trademark law at eBay. The most important points are summarized briefly below:

In the case decided by the ECJ, natural persons offered for sale in third countries certain trademarked cosmetic products of L'Oréal on www.ebay.co.uk in large numbers, in part also unpacked, without the consent of L'Oréal. In the legal evaluation of the admissibility of such an activity, distinction should be made between the responsibility of the sellers offering the goods and eBay:

The offer to sell a product located in a third country via eBay only represents a potential trademark infringing use if it is also aimed at customers in the area covered by the trademark. In the opinion of the ECJ, the mere accessibility of a website in the territory with trademark protection is not alone sufficient. Rather, additional indications are required, which give rise to the conclusion that a sales offer, which is advertised on an online market place is aimed at the customers in the territory covered by the trademark. This can be presumed, in particular, when the sales offer contains the readiness for delivery of the product in geographical areas where the trademark is protected. The trademark infringement is then not limited to the country from which the product is offered for sale.

The removal of packaging to which the trademark is affixed and the subsequent unpacked resale of this product at eBay represents trademark-infringing use in the following cases because the seller cannot plead an exhaustion of the right conferred by the trademark: Firstly, this is the case if through the removal of the packaging essential information, such as the information identifying the manufacturer or the person responsible for the placement of the product on the market, is missing. Secondly, the proprietor of the trademark can oppose the unpacked sale if he demonstrates that the removal of the packaging damages the image of the product and thus the reputation of his trademark. A case-by-case examination is required. The ECJ specifically explains with regard to the

Responsibility of the sellers

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perfumes and cosmetic products at issue that the appearance of the products without packaging can either convey the prestige and luxury character of the product or result in damage to its image.

eBay can generally invoke the liability privilege for host providers (viz, Internet providers who only store and make available third-party content). Host providers are basically only liable for rights violations through such third-party content where they have knowledge of the rights violation. This is not the case, however, when eBay does not limit itself to the storage of sales offers of its members but in individual cases has assisted the seller in the preparation and solicitation of the trademark-infringing offer, for example, through assistance in optimizing the offer. Information of a general nature is not sufficient for this, however.

If eBay is liable for trademark infringement, the court can impose measures on eBay, which lead not only to ending the concrete trademark infringement at issue, but also contribute effectively to the prevention of new infringements. These measures have to be effective, dissuasive and proportionate but may erect no barriers to legitimate trade. Accordingly, court orders among other things are permissible to exclude the trademark infringer from the online sales platform or to take measures facilitating the identification of members acting as sellers.

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Responsibility of eBay

Conclusion: The judgment offers proprietors of trademarks new possible lines of argumentation in order to hold eBay itself liable for trademark infringements. How these are implemented by the national (particularly the German) courts remains to be seen, as does the question how eBay will respond to future court orders. In the medium term, more transparency on the online platform should probably be expected.



Hotels receiving the news channel CNN International via satellite receivers and providing it by cable to their guest rooms are required to obtain, from the broadcaster Turner Broadcasting System Europe Ltd., a license at reasonable conditions, confirms the Higher Regional Court in Munich in a recent judgment that has now become legally binding. Turner Broadcasting was represented by its long-term legal counsel and counsel of record, lawyers **Rudolf du Mesnil**, Frankfurt, and **Michael Schmittmann**, Düsseldorf.

The statutory provision on which this ruling of June 30, 2011 is based has been part of the German Copyright Act since 1965. However, for decades this well recognized intellectual property right of broadcasters has fallen on deaf ears at the German Association of Hotels and Restaurants (DEHOGA). In order to disburden its hotel members from broadcaster compensation claims, the Federal Hotel Association had vehemently denied the claim for years. While numerous of its members went along, some well-known hotel operators decided to comply with the law for good reasons.

They now see themselves reconfirmed since Turner Broadcasting, by means of this legally binding Higher Regional Court judgment of June 30, 2011, has now succeeded in enforcing a license agreement pursuant to Section 87 German Copyright Act.

In the future, reasonable license conditions, thus in particular the license fee for the program CNN International in hotel operations, will either be individually agreed upon with the hotel operators or established by way of classification by a collecting society. In the case at issue, regarding a Düsseldorf airport hotel, the court considered a payment of EUR 0.19 per furnished hotel room per year a reasonable fee under certain contractual conditions.



On August 26, 2011, the State Media Authority of North Rhine-Westphalia (LfM) granted Volks.TV Verwaltung GmbH the permit to broadcast and distribute the national special interest TV channel "V.TV" for ten years. Heuking Kühn Lüer Wojtek, represented by lawyers **Michael Schmittmann, Dr. Philip Kempermann, LL.M., Oliver Brock, Dr. Georg Jacobs, LL.M.** and **Astrid Luedtke**, all based in Düsseldorf, filed a petition for this permit and is providing counsel for the new TV project, which will go "on air" from Düsseldorf at the end of 2011.

From our Practice

Heuking Kühn Lüer Wojtek Wins for Turner Broadcasting Entitlement to Hotel License Agreements: Munich Higher Regional Court Confirms Turner / CNN's Broadcasting Property Right Against Hotel

Heuking Kühn Lüer Wojtek Obtains Nationwide TV License for New Television Channel „V.TV“

From our Practice

The new TV station, backed by venture capitalists, was set up by future CEO's, Professor Helmut Thoma, former CEO at RTL and a pioneer of private television in Germany, and by Helmut Keiser, media entrepreneur from Düsseldorf, who is holding interests in numerous production and broadcasting companies - including currently DFA P, NRW TV and bw.family.tv.

The format known as "edutainment" loosely follows GIGA-TV, which had been developed by Keiser as Head of NBC Europe and which made history as the first interactive TV channel in Germany. The 24-hour program of "V. TV", initially broadcast via satellite, is looking to set up cable access as a national network of regional channels modeled on the U.S. network affiliate system.



In the series on European gambling law, **Michael Schmittmann** released the publication "On the Way to the 2012 State Treaty on Gambling." This is dedicated to the debate currently taking place in Germany over the amended version of the State Treaty on Gambling. As one of the authors, **Oliver Brock**, provides his contribution to the topic "New Models for the Regulation of the Gambling Market in Germany – The 2012 State Treaty on Gambling under Scrutiny of European Union law."

In addition, **Oliver Brock** published the essay „Online Sports Betting in the new Games (of Chance) Law“ (CR 2011, S. 517 – 525).

Dr. Anke Reich, LL.M. published an essay on „The Assessment of Doorstep Advertising in terms of Competition Law“ (GRUR 2011, S. 589 – 596).

Heuking Kühn Lüer Wojtek's Düsseldorf-based patent law team held the international **WSG Patent Law Workshop** at the Düsseldorf office on October 6 and October 7, 2011. Attorneys specialized in patent law from different countries throughout the world have participated in the workshop. The participating law firms are members of World Services Group (WSG). WSG is the world's largest association of lawyers. With law firms at close to 400 locations in more than 100 countries, this network also covers countries in which even the largest international law firms do not have an office. The association consists of leading law firms in the various countries. Heuking Kühn Lüer Wojtek has been the German member of this association for several years. Our patent law team around **Dr. Anton Horn** has long-standing relationships with its

Publications and Presentations

From our Practice

patent law colleagues within this network, such as in Finland, Spain, Luxemburg, South Korea, Australia and the Netherlands. The meeting is supposed to serve the purpose of intensifying the existing relationships. Organizations and operations of this international patent law team are maintained and further developed. Among others, attorneys from the U.S., Hong Kong, South Korea, Chile, Great Britain, France, Denmark, Sweden, Switzerland, the Netherlands, Italy, Spain, Poland, Romania, Bulgaria, Hungary and Russia have participated. Moreover, clients were included in the meeting. This offers companies active internationally the opportunity to become acquainted personally with a large number of attorneys from different countries without having to travel abroad.

On July 5 in Düsseldorf and on August 29, 2011 in Frankfurt, **Astrid Luedtke** and **Gerhard Deiters** held the seminar „Customer Data Protection – The End of Advertising and Acquisition Measures?“ organized by Management Circle. The seminar was held again on September 27, 2011 with the assistance of **Dr. Philip Kempermann, LL.M.** in Frankfurt/Main.

On September 30, 2011 in Munich, **Dr. Wolfgang Renner, LL.M.** and **Gerhard Deiters** jointly held the seminar “Data Protection in the Course of International Business,” organized by Management Circle.

On July 14, 2011, **Astrid Luedtke** held a presentation on the legal, particularly the copyright and data protection law aspects of “paid content” in the scope of the workshop “Paid Content: Between Plagiarism and Added Value – When and how is content paid on the web?,” organized by BITKOM Akademie in Düsseldorf.

News from the Law Firm and the IP, Media & Technology Practice Group

Addition in Cologne

In June 2011, **Dr. Ruben A. Hofmann** joined our Practice Group at the Cologne office. Dr. Hofmann supports Dominik Eickemeier and Dr. Dirk Stolz in the fields of industrial property right protection as well as of copyright and media law. He completed his legal studies as a trainee in Cape Town, Vienna and Cologne. After completion of the second state legal examination in 2009 he worked as an attorney at the Cologne office of Freshfields Bruckhaus Deringer LLP in the area of M&A/Corporate.

This Newsletter does not contain legal advice. The information included has been carefully researched. However, they only reflect excerpts of case-law and legal development and cannot replace individual legal advice taking into account the particularities of the individual case.

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