



KADOR & PARTNER

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# NEWSLETTER

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December 2005

- European Patent Law: Decision G 2/04 on transfer of opponent status
- European Trade Mark Law: „Praktiker“ Decision of the European Court of Justice – Necessary specifications for services provided in connection with retail trade in application proceedings
- German Trade Mark Law: "OTTO" Decision of the German Federal Supreme Court – Cancellation of OTTO trade marks due to non-use

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## I. NEWS ABOUT US

### 1. Happy Birthday!

First, we are very happy to announce that **Mrs. Corinna Probst**, attorney at law, has given birth to her second baby, a girl, this September. Mother and Baby are in best health. We congratulate the parents and wish Corinna and her husband all the best for their expanding family.

### 2. Additional Support

We are pleased to introduce to you our new attorney at law, **Mrs. Susanna Heurung**. She studied law at the Friedrich-Alexander University in Erlangen and passed both bar exams with honours. Mrs. Heurung is admitted to the Regional Courts I and II in Munich. Before the second bar exam, she spent one year working mainly in the field of software licensing agreements in the legal department of the software company Avant! in Portland, USA.

After finishing her law degree, Mrs. Heurung was employed at a well-known German law firm, representing clients in intellectual property cases before and out of court. In our firm, Mrs. Heurung mainly works in the field of German, European and International trade mark matters. In addition, she handles cases relating to internet domain law as well as pirated and counterfeited goods.

### 3. Conferences and Meetings

#### ▪ INTA Meeting in Naples

The International Trade Mark Association's (INTA) 2005 Leadership Meeting held in November in Naples, Florida, USA, was the ideal opportunity for INTA members to exchange ideas, discuss important issues and meet with colleagues from around the world. Dr. Kador represented our firm at this meeting. He is a member of the Community Trade Mark Committee, which had the opportunity to meet

with officials of the European Trade Mark Office (OHIM), including the new Vice President Mr. Peter Lawrence, to discuss important current European Trade Mark issues.

#### ▪ VPP Meeting

On October 27 and 28, Dr. Bernhard Pillep took part in the semi-annual meeting of the German Association of Intellectual Property Experts (VPP) in Weimar. Apart from attending interesting lectures e.g. on the topic of remuneration for employee inventors, Dr. Pillep also took the opportunity to visit the charming town of Weimar, in which about 200 years ago both Goethe and Schiller lived and worked.

#### ▪ Seminar on case law of German Federal Supreme Court

At this seminar, Prof. Dr. Bornkamm, judge at the German Federal Supreme Court (FSC), provided an overview of the latest trade mark related case law of the FSC and offered unique insight into the motives behind some decisions that may not always be published in the grounds of a verdict. In particular, the recent THOMSON LIFE decision of the European Court of Justice (ECJ) and its impact on the future jurisdiction of the FSC was discussed. For our firm, Mrs. Susanna Heurung and Mrs. Barbara Regensburger attended the seminar.

#### ▪ INTA Round Table

On the occasion of a further INTA Roundtable recently held at our premises in Munich, Mrs. Senta Bingener from the German Patent and Trade Mark Office (GPTO) introduced to a large group of trade mark and patent attorneys the new official German Guidelines on the Examination of Trade Mark Applications.

The Guidelines *inter alia* address the examination of new forms of trade marks, for example sound trade marks and abstract colour trade marks. With regard to the latter the Guidelines e.g. state that they shall usually be considered void of any distinctive character unless the colour has become an indication of a

specific undertaking in the view of the consumers.

Further, with respect to word marks, the Guidelines establish that no stricter requirements apply to advertising slogans than to other word marks. The GPTO now follows the approach of the European Court of Justice and the European Court of First Instance according to which a word mark is considered to be descriptive if at least one of the possible meanings of the word is descriptive for the goods and services in question or if the word is suitable to be used for that purpose in the future. Furthermore, it may also be of interest that the GPTO explicitly recommends the use of class headings in the list of goods and services based on the terms suggested by the GPTO.

#### ▪ **INTA Annual Meeting in Toronto 2006**

One of the most important events on every trade mark professional's calendar, the INTA's Annual Meeting is held in a different location each year. This meeting attracts over 6,000 participants for five days of educational presentations, committee meetings, exhibits and social events. It is also an ideal opportunity to meet with clients and associates, and to make new contacts. The 128<sup>th</sup> Annual Meeting will take place May 6 to 10, 2006, at the Metro Toronto Convention Centre in Toronto, Ontario, Canada and Dr. Kador will take part together with Dr. Elisabeth Vorbuchner and Mrs. Susanna Heurung.

#### **4. Kador & Partner Activities**

On July 27, 2005, ten sporty colleagues took part in the Munich "B2 RUN Firmenlauf", a shorter kind of marathon for members of Munich firms. The main idea was to work out together and to prove team spirit, as team results were rewarded as well as individual performance. We are very proud that the Kador & Partner team successfully ranked place 343 out of 1617 for the women's team and place 800 out of 1834 in the mixed team

and thus proved effective team work.

In addition, as every year, our entire team was invited by the firm to spend a prolonged weekend in Austria together, including several activities such as wine tasting and hiking in the beautiful mountains close to the Lake Wolfgang. This entertaining event also offered great team building opportunities.

## **II. EUROPEAN PATENT LAW**

### **1. G 2/04 – Transfer of opponent status<sup>1</sup>**

In the decision G 2/04, the Enlarged Board of Appeal has decided *inter alia* the following legal questions:

- (i) Can opponent status be freely transferred?
- (ii) If not, can a legal person who was a 100%-owned subsidiary of the opponent when the opposition was filed and who carries on the business to which the opposed patent relates acquire opponent status if all its shares are assigned by the opponent to another company and if the persons involved in the transaction agree to the transfer of the opposition?

In this case, an opposition was filed in the name of company A. The patent in suit dealt with diagnostics. However, diagnostic activities were not handled by company A itself but had been concentrated in its 100%-owned subsidiary B1. During opposition proceedings, B1 was transferred to company C and, as a consequence of said transfer, was renamed B2. The opposition was rejected. An appeal was filed in the name of B2, i.e. a legal person who was not party to the opposition proceedings. Thus, admissibility of the appeal could only have been acknowledged if the opponent status had been effectively transferred from A to B2.

Transfer of the opponent status was already discussed in a previous decision (G 4/88)

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<sup>1</sup> See also the report on decision T 1091/02 underlying G 2/04 in our NewsLetter of June 2005.

stating that such a transfer can result either (a) from universal succession or (b) from the assignment to a third party of a part of the opponent's business assets including the assets in the interests of which the opposition was filed. However, in the case at hand, none of these criteria were met since B1 (or B2 after its renaming) was neither the legal successor of company A nor was it a third party to which business assets of A in the field of diagnostics had been transferred.

When discussing question (i) outlined above, the Enlarged Board of Appeal emphasized that the opponent does not have a right of free disposition over his status as a party. Consequently, it was decided that an opponent status cannot be freely transferred.

When discussing question (ii), the Enlarged Board pointed out that the opponent could easily have made provisions for a future eventuality that its subsidiary should take over responsibility for the opposition. In particular, company A and its subsidiary B1 could have filed the opposition as joint opponents by paying a single opposition fee, each party having the opportunity to withdraw from the opposition proceedings if no longer interested.

Considering the interests of the patentee, the opponent and the public, the Enlarged Board came to the conclusion that a transfer of opponent status should not be extended to cases different from those outlined in G 4/88. Thus, an appeal filed in the name of B1 (or B2 after renaming) was considered to be inadmissible since B1 was neither the legal successor of company A nor was it a third party to which business assets of A in the field of diagnostics had been transferred.

Consequently, considering the decision and the arguments given by the Enlarged Board of Appeal in G 2/04, we would recommend that in cases where a particular business unit is run as a 100% subsidiary of a parent company, a joint opposition is filed in the name of both companies, thus obtaining much higher flexibility as concerns a possible transfer of

opponent status. Such a joint notice of opposition may be given on payment of only one opposition fee. In any case, the present decision shows that it should be considered carefully in which name an opposition and a possible appeal is filed.

## **2. G 3/04: Intervention of an assumed infringer**

Article 105 EPC states that in the event that an opposition to a European patent is filed, any third party who proves that proceedings for infringement of the same patent have been instituted against him may, after the opposition period has expired, intervene in the opposition proceedings. For doing so, he must give notice of intervention within three months of the date on which the infringement proceedings were instituted. Furthermore, the notice of intervention shall not be deemed to have been filed until the opposition fee has been paid. However, apart from these statutes, the European Patent Convention does not provide specific regulations for intervention, especially for an intervention during appeal proceedings.

In a previous decision (G 4/91) the Enlarged Board of Appeal decided that in a case where, after issuance of a final decision by an Opposition Division, no appeal is filed by a party to the proceedings before the Opposition Division, a notice of intervention which is filed during the two month period for appeal has no legal effect. Furthermore, according to decision G 1/94, intervention of the assumed infringer under Article 105 EPC is admissible during pending appeal proceedings and may be based on any potential ground of opposition.

However, in G 4/91 and G 1/94, it was left open whether a notice of intervention filed during appeal proceedings still has any legal effect if the only appellant withdraws his appeal. Furthermore, there were diverging Board of Appeal decisions about the fees to be paid for an effective notice of intervention during appeal proceedings. In some decisions, payment of an opposition fee as well as an

appeal fee was considered to be necessary, whereas other decisions considered the payment of an opposition fee to be sufficient.

In G 3/04, the Enlarged Board of Appeal has now addressed these legal questions. By making reference to a previous G-decision (G 9/92), the Enlarged Board of Appeal emphasized that appeal proceedings are terminated when the appeal has been withdrawn. Once the appeal has been withdrawn, there is no power to continue the proceedings.

Furthermore, it was pointed out that the assumed infringer filing a notice of intervention during appeal proceedings only acquires the status of an opponent but not the status of an appellant. Consequently, the Enlarged Board of Appeal decided that a notice of intervention filed during appeal proceedings has no legal effect when the only appellant withdraws his appeal. In such a case, the assumed infringer is then forced to attack the patent in national cancellation proceedings.

Based on the arguments outlined above, the Enlarged Board of Appeal further came to the conclusion that an effective notice of intervention filed during appeal proceedings only requires an opposition fee to be paid but no appeal fee since the assumed infringer only acquires the status of opponent.

### **III. EUROPEAN TRADE MARK LAW**

#### **1. Amendments to the CTM Implementing Regulation and Fees Regulation**

On June 29, 2005, the European Commission adopted amendments to the Regulation implementing the Community Trade Mark Regulation and amendments to the Regulation on fees payable to the Office for Harmonization (OHIM). These amendments have entered into force on July 25, 2005.

Since there are no transitional rules, the amendments will apply to all pending and future cases should the respective situation

arise. However, the new rules cannot be applied retroactively. The most important changes are:

#### a) Opposition proceedings

- The cooling-off period is now limited to a maximum of 24 months. However, negotiations between the parties are of course possible at all stages of the proceedings, independently from the cooling-off period.
- Apart from documents showing proof of use, all documents have to be translated into the language of the proceedings within the time limit for the filing of the originals. Translations of documents must be complete and may not be limited to parts that the respective party considers to be relevant.
- If the applicant wants to request proof of use, he must do so within the first time limit set for him by the OHIM to file observations.
- Opposition fees will be refunded where the application is withdrawn before the end of the cooling-off period and/or where the application is limited before the end of the cooling-off period and the limitation has led to the conclusion of the opposition proceedings.

#### b) Continuation of proceedings

The continuation of proceedings after an unobserved time limit can be requested within two months following the unobserved time limit for a fee of €400. The continuation is not applicable to certain time limits, for example for the filing of an opposition, the delivery of proof of use and the filing and the substantiation of an appeal.

#### c) Representation of a trade mark

An indication of an internationally recognized colour code is optional, however, recommended by the OHIM for trade marks consisting of a colour per se. It will be possible

to attach electronic sound files to a CTM application for a sound mark filed by e-filing.

d) Transfer fees

The transfer fees are abolished as from July 25, 2005.

e) Division of an application or registration

A CTM application or registration can be divided for a fee of €250. However, a division is not possible in certain situations. For example, in pending opposition proceedings, it will not be possible to divide off the goods and services which are contested by the opposition.

f) National searches

Effective from March 10, 2008 national searches conducted for a CTM application will be optional and subject to an additional fee.

## **2. “Limoncello” - No similarity of signs due to dominant graphic element**

In a decision handed down on June 15, 2005 (case T-7/04) the Court of First Instance (CFI) ruled that there is no visual, phonetic or conceptual similarity between the word mark LIMONCHELO and the figurative mark LIMONCELLO DELLA COSTIERA AMALFITANA including the graphic representation of a round dish decorated with lemons and the further word element SHAKER with the graphic representation of a wine glass.

The applicant and the opponent had agreed on the similarity of goods, amongst others alcoholic beverages, but disagreed about the similarity of signs. The applicant claimed that the element LIMONCELLO was not the dominant part in the trade mark application and that the elements DELLA COSTIERA AMALFITANA had to be considered for the assessment of the likelihood of confusion as well. The words DELLA COSTIERA AMALFITANA, relating to a geographical area well-known to consumers, led to a different overall impression of the marks. Furthermore, the applicant maintained that the earlier mark LIMONCHELO lacked

distinctiveness because in common usage LIMONCELLO designated liqueur with lemon zest from the Amalfi Coast and LIMONCHELO was nothing but the translation thereof.

The Opposition Division and the Board of Appeal of the Office for Harmonization (OHIM), however, assumed a visual and phonetic similarity of the signs due to the congruence of the two marks in the dominant elements LIMONCHELO and LIMONCELLO.

The CFI held that a complex trade mark composed of different elements can only be considered similar to another trade mark if the similar element constitutes the dominant element of the complex mark. However, if the complex trade mark is visual in nature, the assessment of the overall impression of the mark and of any dominant element must be carried out on the basis of a visual analysis.

The CFI assumed that, in the present case, the graphic representation of the dish with lemons was the dominant element of the trade mark application due to its size and its position in the mark. Contrary to the view of the OHIM, the word LIMONCELLO could not constitute the dominant element because of its reduced visual impact in comparison with the round dish with lemons. The CFI ruled that it was therefore not necessary to examine the phonetic or conceptual impression of the mark. As a consequence, the CFI denied a likelihood of confusion arising from visual, phonetic or conceptual similarities of the mark due to the round dish with lemons.

Our comments: The ruling of the CFI is convincing in the outcome, but not in the reasoning. According to the recognised case law of the European Court of Justice (ECJ), a danger of confusion can arise even if there is only a phonetic similarity. Furthermore, the CFI itself has repeatedly held that figurative elements cannot be considered when assessing the phonetic impression of a mark.

Therefore, the CFI should not have denied a

phonetic similarity because of the round dish with lemons as a graphic element. Instead, the CFI should have examined whether or not the word LIMONCELLO is indeed of no distinctiveness so that this word cannot constitute the dominant element of a mark. If the CFI had come to the conclusion that the element LIMONCELLO is not the dominant element of the application, the CFI should have considered the additional word elements of the trade mark application and should have determined whether these elements lead to a different overall impression of the two trade marks.

Otherwise, it would be possible to register trade marks containing word elements even of famous trade marks by simply including a distinctive graphic element. It will be interesting to see whether the ECJ upholds the ruling with a different, more justified reasoning, namely that the element LIMONCELLO is indeed of no distinctiveness and the congruence of the two marks in that element alone can therefore not lead to a danger of confusion.

### **3. „Praktiker“ – Necessary specifications for services provided in connection with retail trade**

On July 7, 2005 the European Court of Justice (ECJ) clarified the specifications that need to be given in trade mark applications with respect to the content of services provided in connection with retail trade. In the case PRAKTIKER (C-418/02), the ECJ gave a preliminary ruling and held that trade marks can be registered for services provided in connection with retail trade in goods and that, for this purposes, it is not necessary to specify in detail the services in question. However, details must be provided with regard to the goods or types of goods to which those services relate.

The German Federal Patent Court (FPC) had referred this case to the ECJ because the German company PRAKTIKER MÄRKTE had filed an application for the registration of

the trade mark PRAKTIKER in relation to services described as ‘retail trade in building, home improvement, gardening and other consumer goods for the do-it-yourself sector.

The application was rejected by the German Patent and Trade Mark Office because it considered that the description of services as given failed to denote independent services having autonomous economic significance. A trade mark could not be registered for services which formed the core of the distribution of goods, in particular the purchase and sale thereof. Instead, PRAKTIKER MÄRKTE should have applied for the registration of a trade mark with protection for the distributed goods in each case.

The ECJ ruled that it was the responsibility of the ECJ to provide a uniform interpretation of the concept of ‘services’ because, if the concept of ‘services’ were to be determined by the Member States, the prerequisites for the registration of service trade marks could vary according to the respective national legislation.

The ECJ continued that trade includes all activities carried out by the trader for the purpose of encouraging the conclusion of a transaction with the trader rather than with a competitor. Thus, neither the First Directive 89/104/EEC nor any general principles of Community law preclude those services from being covered by the concept of ‘services’ within the meaning of the directive or a trader from claiming protection for such services.

The ECJ then explained that, for the purpose of registration of a trade mark for services provided in connection with retail trade, it is not necessary to specify in detail the services that are actually requested. Instead, it will be sufficient to submit a general description such as ‘bringing together of a variety of goods, enabling customers to conveniently view and purchase those goods’. To sum up, it is not necessary to specify the respective services but to provide details concerning the goods or types of goods to which those services relate.

Our comments: This verdict of the ECJ meets the needs of retail traders in the course of their actual business activities. The ECJ has now clarified the specifications that need to be given for services in connection with retail trade in registration proceedings for trade marks. The decision clearly simplifies the requirements for the composition and draft of the list of services in these cases and paves the way for the registration of trade marks for such services. Therefore, retail traders should feel encouraged to register their trade marks for services in connection with retail trade.

#### IV. GERMAN TRADE MARK LAW

##### 1. "OTTO" – Cancellation of OTTO trade marks due to non-use

The well known German mail order company OTTO was recently forced to agree to the cancellation of some of its OTTO trade marks due to non-use. The plaintiff in this case claimed that the company OTTO had not correctly used its trade marks after expiry of the so-called grace period of use. On July 21, 2005 the German Federal Supreme Court (FSC) allowed the request for cancellation with the following reasoning (case I ZR 293/02):

After a period of five years following the registration of a trade mark, German trade mark law requires the proprietor of a trade mark to be able to prove genuine use of a trade mark. The use of the trade mark, however, has to comply with certain requirements. For example, the trade mark has to be used "in direct connection" with the goods and services the respective trade mark is registered for. That means that consumers have to be able to discern that the trade mark is used for a specific product and that this product shall thus be differentiated from the goods of other manufacturers by means of this trade mark.

In the case at hand, the defendant had provided the OTTO-catalogue and shipping bags with the word OTTO imprinted on the outside, in

order to prove genuine use of the trade marks for the registered goods, namely "clothing". In the catalogue, numerous articles of clothing were offered, including products of well known manufacturers offered under their own trade marks. Therefore, the FSC held that consumers would consider the word OTTO on the catalogue to designate the company OTTO itself rather than to constitute the trade mark OTTO referring to "OTTO-goods". The consumers would assume that the term OTTO referred only to the name of the company distributing goods of other manufacturers. The shipment bags could also not serve to demonstrate the required use of the trade marks for clothing because the word OTTO was imprinted on the outside of the bags only and therefore did not refer to goods inside the bags.

In the view of the FCJ, the defendant therefore had failed to demonstrate the required use of the trade marks in question and was ordered to agree to the cancellation of the trade marks.

Our comments: The requirement to use a trade mark and the requirement to prove such use often leads to difficulties in proceedings that, otherwise, may seem rather promising. As the OTTO case demonstrates, the trade mark may even be cancelled if appropriate proof of use cannot be delivered. Difficulties arise, for instance, because the trade mark has to be used in the registered form. Seemingly small deviations from the registered form may be detrimental in case genuine use has to be demonstrated. The proof of use often causes difficulties because the material submitted does not meet the requirements established by case law. For example, documents sometimes do not show the respective trade mark at all or fail to establish the required "direct connection" of the trade mark to the respective goods or services.

Therefore, we recommend carefully ensuring that trade marks are used in their registered form and "in direct connection" with the respective goods and services. Furthermore



and maybe even more importantly, we recommend continually collecting samples of suitable materials for the proof of use of a trade mark over the years in order to be prepared to deliver such proof if necessary.