



KADOR & PARTNER

NEWSLETTER

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- Concerning Us
- Patent Law
- Trade Mark Law
- News From Alicante
- Legislation on E-Commerce
- Dot News
- Community Design
- Other Topics of Interest

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I. CONCERNING US

1. Kador & Partner conducts 1 % of all oral hearings before the EPO

Dr. Utz Kador has been very active in conducting oral hearings in opposition proceedings before the European Patent Office (EPO). While the approximately 6,500 representatives before the EPO have, on average, only about one opposition hearing every 4.6 years, Utz has had 14 successful hearings in the year 2000 alone. According to statistics, a total of 1,421 hearings took place before the EPO in 1999, and 1,157 in 2000. Thus, Utz attends about 1 % of all hearings before the EPO.

2. Kador & Partner's "Whiz Kids"

Last year, **Dr. Berthold Lux** started his patent attorney training at our Munich office. Dr. Lux studied chemistry and biology at the universities of Bayreuth, Vienna, Regensburg and Munich, obtaining a degree in chemistry. His dissertation at the Ludwig Maximilian University of Munich dealt with organic light-emitting diodes. After obtaining his doctorate, he joined the intellectual property group of a law office in New York as a scientific advisor. Dr. Lux has special knowledge of organic, heterocyclic, aromatic, dye, pigment chemistry and biochemistry.

In addition, **Dr. Marita Wasner** joined the firm as a patent attorney trainee at our Munich office. Dr. Wasner studied chemistry at the University of Konstanz on Lake Constance. Following her dissertation which dealt with nucleic acid chemistry for antiviral applications, and a post-doctoral fellowship at McGill University in Montreal in collaboration with the McGill Aids Center, Dr. Wasner joined the research department of a crop protecting company as a fungicide synthesis chemist, later building up the parallel synthesis group. Dr. Wasner has special knowledge of organic, heterocyclic, combinatorial, nucleic acid chemistry and biochemistry.

As Kador & Partner now has three patent attorney trainees in Munich (Dr. Bernd Pillep - see our NewsLetter of October 1999, Dr. Lux and Dr. Wasner), and two in Dresden (Dr. Jens Riechelmann and Dr. Alexander Carlsohn), the firm is contributing towards the important task of training patent attorneys for their profession, while at the

same time providing for continuity in serving its clients.

3. Lecture activities

Dr. Utz Kador has again been active in lecturing. "Recent Developments and Latest Decisions Regarding Community Trade Marks" was the topic of a lecture held in Japan. In particular, he talked about decisions on confusion between trade marks consisting of several elements, and about seniority questions.

Furthermore, Dr. Kador gave several lectures on the practice of the Boards of Appeal of the European Patent Office in opposition proceedings. The lectures were based on our many years of experience in such proceedings and focused on the questions of what is usually considered to be implicitly disclosed in a document (a question particularly relevant to the assessment of novelty), the application of Art. 123 concerning the allowability of amendments, and the "problem-solution" as well as "could-would" approaches which are generally used for the assessment of inventive step.

In the course of a business trip to the United States, **Jennifer Clayton-Chen** gave an in-house presentation at one of the firm's large trade mark clients on Community Trade Mark Office Board of Appeal decisions in opposition cases.

4. Non-U.S. INTA-Roundtables

Kador & Partner recently hosted a number of Non-U.S. INTA-Roundtables with the following topics: "The working of the Community Trade Mark", "Domain Names", "Product and Trade Mark Piracy" and "Non-Registered Trade Marks and Other Signs According to Article 8 (4) CTMR".

At the last Roundtable in 2000, held in November, our guest speaker was **Dr. Helene Preglau**, Chairwoman, First Chamber of Appeal at OHIM, Alicante, Spain, who gave the attending 25 practitioners a fantastic overview on "**Practical and Legal Aspects of the Boards of Appeal of the Community Trade Mark Office**".

In view of the great acceptance among the Munich colleagues and the nice setting, Kador & Partner was pleased to continue with the hosting of four Non-U.S. INTA-Roundtables in 2001.

Mrs. Marianne Grabrucker, an honorable judge of the Federal Patent Court, was the guest speaker before 50 colleagues at the March 01, 2001 Roundtable with the topic "**Recent Decisions of the Federal Patent Court Concerning Trade Mark Law**". The focus was on the Court's view on registrability of new trade mark types, in particular as figurative, three-dimensional, color, sound and olfactory marks as well as holograms.

"**ADR - Mediation: An Alternative for Trade Mark Experts**" was the lively topic at our June 28, 2001 Roundtable, with patent attorney **Dipl.-Ing. F. Peter Müller**, a member of the CTM Advisory Initiative, as guest speaker.

We plan to continue our Roundtable program on **October 18, 2001** and **November 29, 2001**. After having a member of the OHIM Appeal Boards and a judge at the German Federal Patent Court we hope to have a **judge at the Munich Regional Court** with us on October 18 to speak about **trade mark infringement cases**. Everybody interested in attending should please contact our office in late September or early October for further details.

5. CTM Advisory Initiative

Together with other Munich attorneys active in the CTM Advisory Initiative Kador & Partner has set up a website which can be found at **<http://www.community-trade-mark.org>**.

The website provides general and specific information on the Community Trade Mark system, and the aim is to continuously expand its contents so as to provide the interested public with a wide range of up-to-date information on CTM law and practice. We would be pleased to receive comments and suggestions concerning the website.

In order to promote the knowledge of the Community trade mark system and of the existence of the website, the CTM Advisory Initiative, co-hosted by Kador & Partner, held a two and a half day **Hospitality Suite at the 2001 INTA Annual Meeting in San Francisco**. It was noted with pleasure that a large number of colleagues from all over the world were interested to learn more about the working of the Community trade mark system, so that the Hospitality Suite was a great success. It has thus been decided to host another Hospitality Suite at the 2002 INTA Annual Meeting in Washington, D.C.,

and everybody interested is cordially invited to attend.

6. Kador & Partner's Homepage

Kador & Partner also has its own home page at **www.kadorpartner.de** where our latest NewsLetters can be found as well as our firm's profile, members, publications and some useful IP links.

II. PATENT LAW

1. Community Patent

On July 5, 2000, after a long period of consultation and deliberation, the European Commission finally announced its intention of introducing the Community Patent to give inventors the option of obtaining a single patent which will be legally valid throughout the European Union. The proposal would significantly lessen the burden on business and encourage innovation by making it cheaper to obtain a patent and by providing a clear legal framework in case of dispute. The creation of a Community Patent is an essential part of Europe's efforts to harness the results of research on new scientific and technological developments and thus contribute to ensuring a competitive, knowledge-based economy in Europe.

At present, patents are awarded either on a national basis or through the European Patent Office (EPO) in Munich. The European Patents granted by the EPO are essentially a bundle of national patents. The EPO offers a single application and granting procedure, but each Member State may still require that the European Patent be translated into its official language(s). Moreover, disputes are to be decided by national courts so that there can theoretically be fifteen different legal proceedings, with different procedural rules in every Member State and with the risk of different outcomes. The costs of translation mean that it is currently significantly more expensive to patent an invention in Europe than in the US or Japan.

Under the Commission's proposal for a Council Regulation, Community Patents would be issued by the European Patent Office. National and European Patents would coexist with the Community Patent system, so that inventors would be free to choose

which type of patent protection best suits their needs. This proposal would provide for a Community Patent system that will both be affordable and provide legal certainty.

Costs: To remedy the cost problem, the Community Patent, once it has been granted in one of the procedural languages of the Office (English, German, French) and published in that language, with a translation of the claims into the two other procedural languages, will be valid without any further translation.

Legal Certainty: A centralized Community Court could guarantee unity of law and consistent case law. Thus, the Commission suggests that a new centralized Community Tribunal be set up within the framework of the European Court of Justice in order to deal with disputes related to the question of infringements and validity of Community patents.

The competence of the Tribunal will be limited essentially to disputes concerning infringement and/or validity of the Community patent. Other disputes e.g. relating to contractual licensing or ownership of the patent will be handled by national courts.

The Community Court will comprise chambers of first instance and appeal. These two instances, whose jurisdiction will cover the entire Community territory, may deal with questions relating to the actual facts of a case as well to points of law. The court has to have all the requisite qualifications in patent matters. The composition of the court should be such as to guarantee that the judges have the necessary qualifications in the field of patents, which can involve highly technical questions.

Outlook: In its meeting of May 30 – 31, 2001, the Internal Market Council of the EU dealt with the Commission proposal and issued guidelines for the overall structure of the Community Patent System. The Council stated that the work on a Community Patent should be given priority, and proposed to call a Diplomatic Conference for the Revision of the European Patent Convention in order to provide the legal basis for a Community Patent under the EP system.

2. WIPO adopts Patent Law Treaty

On June 1, 2000, 43 countries signed the Patent Law Treaty (PLT) negotiated under the auspices of the World Intellectual Property Organization (WIPO). The Treaty seeks to harmonize formal requirements set by national and regional Patent Offices, and to streamline procedures for obtaining and maintaining patents.

The following will be provided in particular:

- Filing date requirements, and procedures to avoid a loss of the filing date because of a failure to comply with formalities;
- A single internationally standardized set of formal requirements for national and regional Offices, which are in line with the formal requirements under the Patent Cooperation Treaty (PCT);
- Standardized forms to be accepted by all Offices;
- Simplified procedures before the Patent Offices;
- Mechanisms to avoid unintentional loss of rights as a result of failure to comply with time limits;
- Basic principles for the implementation of electronic filing.

As the PCT provides uniform formality requirements for international patent applications during the international phase, the PLT is designed to simplify and harmonize the formality requirements for national and regional applications and patents. In order to avoid creating new internationally applicable standards different from the PCT, the PLT refers to the provisions of the PCT, where appropriate.

In particular, requirements under the PLT concerning form or contents of an application and the contents of a request are fully in line with those requirements under the PCT. In addition, there is a possibility of using a PCT request form with an accompanying indication that the applicant wishes the application to be treated as a national application.

The PLT will enter into force after ten countries have deposited their instruments of ratification or accession with the Director General of WIPO. By July 15, 2001, 54 countries had signed the Treaty,

and two countries had ratified it, namely Iceland and Romania.

3. Turkey joins the European Patent Convention

Having deposited its instrument of accession to the European Patent Convention (EPC) on August 28, 2000, Turkey has become a member of the EPC with effect as of November 1, 2000, bringing the number of EPC members up to twenty.

4. Over one million European Patent Applications published

Since 1977, over one million European Patent Applications have been published – a figure which has by far exceeded the expectations of the Office. When it opened, the European Patent Office expected to receive a maximum of 30,000 applications a year, a goal that had already been reached in 1983.

III. TRADE MARK LAW

Trade mark protection for slogans

In three significant decisions ("Radio von hier, Radio wie wir", "Partner with the Best", and "Unter uns"), the German Federal Supreme Court overruled the restrictive standards of the German Patent and Trade Mark Office (PTMO) and Federal Patent Court regarding the registrability of advertising slogans as trade marks, and gave indications for future practice.

The PTMO as well as the Federal Patent Court had excluded the above mentioned slogans from registration and maintained their opinion that advertising slogans are generally not protectable as trade marks. We reported and commented on this restrictive practice in our NewsLetter of October 1999.

To use the first case as an example, the Federal Supreme Court ruled that the advertising slogan "Radio von hier, Radio wie wir" which contains a rhyme and means "radio from here - radio like us", claiming *inter alia* protection for "radio advertising and broadcasting", was not devoid of any distinctive character and hence may not be refused on absolute grounds. The Court made it clear that there is no reason to require a higher level of distinctiveness for slogans than for other word marks. More-

over, it was pointed out that any advertising effect of a slogan does not exclude its distinctiveness. The Court found that brevity, a certain degree of originality, and succinctness, resulting in a catchy and meaningful slogan, are indications that a slogan is sufficiently distinctive to be registered. The Court furthermore does not insist on the indication of any origin from a certain company (such as in "Lass' dir raten, trinke Spaten").

Our comments:

Fortunately, the Federal Supreme Court is taking the same, more liberal, attitude towards advertising slogans as OHIM in Alicante. We hope the German PTMO and Federal Patent Court will now abolish their stringent standards, making it easier to obtain trade mark protection for advertising slogans in Germany. We will certainly be pleased to help you.

IV. NEWS FROM ALICANTE

Registrability of retail services

After taking into consideration the decision of the Second Board of Appeal (R46/1998-2) in the *Giacomelli* case (see our NewsLetter of May 2000) and the consultation provided by e.g. the INTA CTM-Subcommittee of which **Dr. Utz Kador** is one of the German members, OHIM has reviewed its opinion and concluded that the designation of retail services in international class 35 and similar indications of sales activities such as mail order, online shopping and wholesale should be accepted with the desired limitation to the field of activity or more specific nature of the retail services (for example, "retail services in respect of food and beverages").

The new practice will be applied to all new or pending CTM applications, even if they have already been objected to by the Examiner.

Where Community trade mark applications have been rejected and the appeal period has not yet expired, interlocutory revision will be granted if the applicant files an appeal. In cases where a rejection has taken place and no appeal has been filed within the prescribed term, the rejection has become final and cannot be reversed. The only option is to file a new Community trade mark application. We would be pleased to assist you.

V. LEGISLATION ON E-COMMERCE

1. EU: E-Commerce Directive

On June 8, 2000, the Directive 2000/31/EC of the European Parliament and of the Council on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on Electronic Commerce), was adopted. The aim of the Directive is to create a legal framework to ensure the free movement between the Member States of information society services supplied by service providers established in EU Member States. Information society services cover a wide range of on-line economic activities, both business to business and business to consumer, including services provided free of charge. The Directive aims at harmonizing relevant national laws. The central provision of the Directive is the "principle excluding prior authorization" which guarantees that the taking up and pursuit of the activity of an information society service provider may not be made subject to prior authorization or any other requirement having equivalent effect. The Directive also deals with on-line contracts, liability of intermediary service providers, codes of conduct, out-of-court settlement, and court actions. It has to be implemented by the Member States by January 17, 2002.

2. Germany: Law on Distance Selling

The German Law on Distance Selling, which implements EU Directive 97/7/EC of the European Parliament and of the Council of May 20, 1997 on the protection of consumers in respect of distance contracts, entered into force on June 30, 2000. The law deals with contracts concerning sales or services concluded between businesses and consumers exclusively by electronic means of communication.

3. EU: Electronic Signatures Directive

On December 13, 1999, Directive 1999/93/EC of the European Parliament and of the Council on a Community framework for electronic signatures was adopted. The aim of the Directive is to facilitate the use of electronic signatures and to contribute to their legal recognition. Member States shall not make the provision of certification services subject to prior authorization. The Directive requires the Member States to ensure that electronic signatures are not denied legal effectiveness and

admissibility as evidence in legal proceedings solely on the grounds that they are in electronic form. The Directive also deals with liability of certification service providers, and with data protection. It had to be implemented by the Member States by July 19, 2001.

4. Germany: New Law on the Legal Framework for Electronic Signatures

In 1997, Germany was one of the first countries to enact a Law on Electronic Signatures (as reported in our NewsLetter of November 1997). On May 21, 2001 the Act of 1997 was replaced by the new Law on the Legal Framework for Electronic Signatures which not only revises the old law but also implements the EU Directive.

VI. DOT-NEWS

1. ICANN - Domain name dispute resolution update

The immense growth of the Internet has caused a growth in bad faith registration and use of domain names that are identical or confusingly similar to unrelated third parties' trade marks, a phenomenon commonly referred to as "cybersquatting".

In December 1999, ICANN (the Internet Corporation for Assigned Names and Numbers) introduced the Uniform Dispute Resolution Policy (UDRP) to standardize the procedures for resolving allegations of cybersquatting concerning generic top level domains (see our NewsLetter of May 2000) for which the most widely used arbitration provider to date is the WIPO Arbitration and Mediation Center in Geneva.

There are three criteria which must be met if a complaint is to succeed under the ICANN policy:

- 1) The domain name must be identical or confusingly similar to a trade mark or service mark to which the complainant has rights.
- 2) The registrant has no rights or legitimate interests in respect of the domain name.
- 3) The domain name has been registered and is being used in bad faith.

While decisions commonly have not differentiated between bad faith use and bad faith registration, the following gives some examples for "bad faith" generally:

- ownership of many domain names corresponding to well-known terms used by global companies;
- failure of the domain name holder to make good faith use of a domain name for a two-year period prior to the initiation of a dispute by a trade mark owner;
- the domain name holder announcing in the WHO IS directory that a domain name was for sale and providing false contact information to the registrar.

It is likely that the ICANN dispute resolution policy will be officially expanded to cover cases involving names of famous persons, geographical indications and international organizations.

Further, it is hoped that the uniform policy or a close variation of it will soon be adopted by country code top level domains as well. The large number of cases that have already been filed by WIPO and other dispute resolution providers show that such a procedure is certainly urgently required.

As the present arbitration proceedings do not provide for an appeal, experts suggested at an international conference on dispute resolution in e-commerce held on November 6-7, 2000, in Geneva, that a right of appeal be introduced in domain name dispute proceedings. This would also help to address the increasing problem of inconsistent decisions.

2. ICANN approves seven new generic top-level domains (gTLDs)

.biz, .info, .name, .pro, .museum, .aero, and .coop are the seven new gTLDs approved by ICANN:

.biz is intended for businesses.

.info is unrestricted and intended for information.

.name is intended for private individuals.

.pro is intended for professionals such as accountants, lawyers, and physicians.

.museum is intended for museums.

.aero is intended for the air-transport industry such as airports, computer reservation systems and related industries.

.coop is intended for business cooperatives such as credit unions.

.biz and .info are the first new gTLDs which are currently in their start-up phases. In order to alleviate the cybersquatting problems which trade mark owners are frequently encountering in the .com and country code TLDs, the two new TLD systems are providing special processes for trade mark owners for easier enforceability of trade mark rights in subsequent UDRP procedures. This process is called "IP Claim" in the .biz system, and "Sunrise Period" in the .info system. Since, particularly in the .biz system, the "IP Claim" process adds considerable costs to the normal application costs, it remains to be seen whether the investment in an "IP Claim" will prove to be worth while.

In order to inform its clients about the two new TLD systems and the relevant deadlines for trade mark owners, Kador & Partner sent a Special Information Letter to more than 200 clients in Germany, Austria and Switzerland. The campaign was very well received by our local clients, and resulted in the filing of a number of "IP Claims" and .biz and .info domain name applications.

3. New ccTLD .eu to be implemented as from early 2002

The EU Commission has taken steps towards setting up **.EU** as a new country code top level domain (ccTLD) to give Internet users who wish to operate across the Internal Market a European identification which will be recognized globally. For details on the Commission Proposal see:

http://europa.eu.int/comm/information_society/policy/internet/pdf/com2000421_en.pdf.

In June, 2001, the EU telecommunications ministers adopted the Commission proposal and announced that the new top-level domain should be available as from the beginning of 2002.

VII. COMMUNITY DESIGN

While the national laws of the EU Member States will be harmonized by the Designs Directive 98/71/EC of October 13, 1998, which is due for implementation by October 28, 2001 (see our NewsLetter of May 2000), there have also been developments in the field of the Community Design, the aim being to avoid the need for filing parallel design applications in different Member States with different procedures. The Amended Proposal for a Council Regulation on the Community Design of June 21, 1999, corresponds in Title II to a large extent with the substantial rules of the Designs Directive 98/71/EC as well as in Titles VII to XI with the respective rules of the Regulation on Community Trade Marks. The Regulation on the Community Design, which will be directly applicable in Member States, will make it possible to confer a right that will be valid throughout the Community. This Community system will coexist with national protection systems, that will themselves have been harmonized to a large extent.

Two forms of protection are provided by the Regulation, namely an unregistered Community design, "if made available to the public in the manner provided for in this Regulation", and a registered Community design. To be protected, the Community design has to be new and of an individual character. A registered Community design will be protected for at least five years up to 25 years, and the owner of the design registration will have the exclusive right to use the design and to prevent any third party from using it. By contrast, an unregistered Community design will confer three years of protection against copying and will make it possible for the owner to prevent third parties from using the design. The proposal for a Regulation also includes limitation and exhaustion of the rights conferred by a Community design. For example, those rights will not extend to acts done privately and for non-commercial purposes or to acts done for experimental purposes. Furthermore, the Regulation provides several grounds for invalidity of designs. Finally, the proposal for a Regulation contains rules governing the filing of applications, the registration procedure, appeals against Office decisions, the procedure before the Office, namely the Office for Harmonization in the Internal Market (Trade Marks and Designs) in Alicante, jurisdiction and procedure in legal actions and supplementary

provisions concerning the Office. Hopefully the Community Design registration system will be as successful as the Community trade mark system has turned out to be.

VIII. OTHER TOPICS OF INTEREST

Trade Mark "Records"

OHIM registered the 100,000th Community Trade Mark at the end of March, 2001.

WIPO recorded an increase of 15 % in international trade mark registrations in 2000. Since international registrations are filed for 12 countries on average, the 23,000 international registrations of 2000 are the equivalent of 275,000 national applications.

The German Patent and Trade Mark Office recorded an increase of 13.8 % in trade mark applications in 2000.

Germany: Law on Discounts abolished

The seventy year old German Law on Discounts which allowed discounts up to a maximum of 3% has been abolished. Theoretically, it is now possible to negotiate unlimited discounts in Germany. In practice, nothing much has changed. An Arab born professor at a German university recently stated: "Not even all Arabs are good at bargaining. You can hardly expect the Germans to learn it overnight."