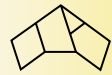


IP Report

»THE BARDEHLE PAGENBERG IP REPORT«

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1. Federal Supreme Court on inadmissible claim amendments during nullity proceedings („Electronical Module“; X ZR 149/01 – Elektronisches Modul)

Subject matter which is disclosed in but not protected by the granted patent can not be introduced in the patent ex post during nullity proceedings and thus be covered by the scope of protection.

With the decision „Electronical Module“, the Federal Supreme Court confirmed in nullity appeal proceedings the case law of the Boards of Appeal of the European Patent Office and its own practice (since „Radio Broadcasting System“) that subject matter which is not contained in the claims of a granted patent can not be included or read into the claims during nullity proceedings although the respective subject matter is disclosed in the patent.

Nullity proceedings have the purpose to invalidate a patent as far as a nullity ground is given. However, the patentee as defendant does not have the possibility to modify the patent in a manner which goes beyond the nullity grounds raised by the plaintiff. This possibility is only given in examination proceedings.

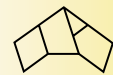
Reported by Dr. Frank Peterreins

2. Use of „Porsche“ Trademark in Advertisements by Third Parties

In a decision of July 15, 2004 (I ZR 37/01), the German Federal Supreme Court has provided further clarification as to what use of a trademark owned by a third party qualifies as legitimate use, if necessary to indicate the intended purpose of a product as an accessory part.

In the instant case, Porsche objected to the use of their famous „Porsche“ emblem in the advertisement of a manufacturer of aluminium wheels brought in the Porsche-Club Magazine. In the picture at issue, a Porsche sports car with the aluminium wheels of the defendant was shown where the famous „Porsche“ emblem could be clearly identified. In the subsequent court proceedings, Porsche argued an unlawful comparative advertisement and, moreover, a trademark infringement. It took the position that there was no necessity by the defendant to use the „Porsche“ emblem. Rather, the aluminium wheels manufactured by the defendant could just as well have been advertised without use of the „Porsche“ mark. Porsche also argued that the use of their mark would lead the consumers to wrongly assume that the aluminium wheels had been tested or approved by Porsche.

While the Stuttgart District Court and Appeal Court agreed with the view of Porsche, the



German Federal Supreme Court took the contrary position by arguing that the depiction of the aluminium wheels on the sports car also showing the „Porsche“ emblem was necessary: Potential buyers of the aluminium wheels would only get an overall aesthetical impression in combination with the car itself. The use of the trademark issue was also not contrary to fair trade practice. In citing the ECJ decision „BMW/Deenik (Rs. C-63/97), the court held that the defendant had in no way attempted to create the impression that the aluminium wheels at issue were also manufactured by Porsche itself. On the contrary, the advertisement made it clear that these products were not manufactured by Porsche.

The court furthermore held that this was no case of unfair comparative advertising, since the products of the defendant were in no way compared to those of Porsche.

Reported by Claus M. Eckhartt

3. Federal Supreme Court on exhaustion of trademark rights

In a decision of June 24, 2004 (I ZR 44/02), the German Federal Supreme Court has confirmed and expanded on its previous case-law relating to the exhaustion of trademark rights in those cases where goods bearing trademarks of the producer are refillable and reusable.

In the instant case, the plaintiff produces and markets devices for sparkling up tap water for drinking purposes. The oxygen required for this process is contained in refillable gas cylinders. The plaintiff's mark „SodaStream“ is embossed on the valve of the cylinders and is also prominently displayed on a label affixed to the cylinder.

The defendant also offers the refilling of gas cylinders with oxygen. This is done in such a way that empty cylinders of different producers – also such bearing the mark of the plaintiff – are accepted by the defendant for refilling purposes. The defendant then markets the refilled cylinders using its own trademark on the label. In those cases where the cylinders emanate from the production of the plaintiff, the mark „SodaStream“ of the plaintiff is, however, still embossed on the valve of the refilled cylinders.

The plaintiff subsequently instigated infringement proceedings arguing that the defendant was using its mark „SodaStream“ in a trademark manner when reselling the refilled oxygen cylinders. The trade circles concerned would hence identify these as original cylinders of the plaintiff thus assuming that they had been refilled by the plaintiff. In response, the defendant argued that in the perception of the consumers the designation „SodaStream“ did not serve as an indication of origin of the content but was rather merely an indication of who originally produced the cylinders. In any event, the trademark rights of the plaintiff had already been exhausted by bringing the cylinders onto the market

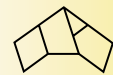
In its decision, the German Federal Supreme Court did not find a trademark infringement to be given. Although disagreeing with the position of the defendant that „SodaStream“ had not initially been used in a trademark manner on the valve, the court confirmed that the trademark rights of the plaintiff had been exhausted with the first marketing of the cylinders. Furthermore, the court held that in view of the fact that the defendant had relabelled the cylinders using its own trademark, the function of the plaintiff's mark as an indication of origin was partially revoked. Consumers would recognize that the content of the cylinders did not emanate from the initial producer of the bottle.

Reported by Claus M. Eckhartt

4. Trademark Infringement by De-Activating SIM-Lock of Mobile Telephones

Manipulated SIM-lock of mobile phones held to be a substantial alteration of function and employment of use which prevents exhaustion of trademark rights.

In the instant proceedings, the plaintiff produced and marketed mobile telephones with an in-built locking device – a so-called SIM-lock – having the effect that access was given only to the network of certain telephone service providers. These mobile telephones were marketed in Germany under a trademark registered for the plaintiff at the German Trade-mark Register. Having removed the SIM-lock so that the telephones had access to the network of all mobile telephone service providers,



the defendants sold a batch of these telephones in Germany.

In trademark infringement proceedings subsequently instigated by the plaintiff, the defendants argued that such a manipulation of the mobile telephones did not constitute a trademark infringement, since the de-activation of the SIM-lock was a legitimate use of the technical possibilities available. Furthermore, the plaintiff was, in the opinion of the defendants, acting in bad faith, since it was creating a monopoly for the mobile telephone network service providers. Finally, the defendants contended that the trademark rights of the plaintiff were exhausted with the sale of their mobile telephones.

The Nuremberg-Fürth District Court and the Nuremberg Appeal Court concurred with the position of the plaintiff confirming that the de-activation of the SIM-lock constituted a substantial change in the product itself, so that the trademark rights of the plaintiff were not exhausted by the sale of the products. On appeal on the point of law, the German Federal Supreme Court expanded on this with its judgement arguing that the proprietor of a trademark could prohibit such actions which contravened the primary functions of trademarks, namely those of quality, guarantee and origin. Such a contravention was to be assumed if a manipulation of the product resulted in a change in the key characteristics of the product. This was the case irrespective of whether the manipulation was visible or not. The German Federal Supreme Court argued that since the SIM-lock in the mobile telephones was relevant for the function of quality of the mark of the plaintiff, an exhaustion of this trademark could hence be excluded. The trade circles concerned expected that the function and employment of use of mobile telephones were not manipulated in such a manner by a third party without the consent of the trademark proprietor.

Reported by Claus M. Eckhartt

5. Federal Supreme Court on generic domain names and domain name grabbing

The Federal Supreme Court recently has released a press release about its decision on the infringement by a generic domain name. An established publishing house and the owner of the newspaper “Die Welt” [in English: „The

World“] had sued the owner of the domain name “weltonline.de” [in English: worldonline.de]. The Frankfurt District Court and the Court of Appeals had confirmed this claim on the basis of domain name grabbing, i.a., since the domain name owner had registered many other domain names having a relation to famous marks such as “rollsroyce-boerse.de” [in English: rollyroyce-stockexchange.de] and other domain names. In a previous proceeding, a court had already granted an injunction against the use of the same domain name owner of “weltonline.de”. After that the the owner applied for the domain name in question „weltonline.de“.

This case went up to the Federal Supreme Court which has denied the claim of the publishing house since there are no sufficient indications for a bad faith intention of the domain name owner. The Federal Supreme Court stated that as a principle, generic domain names can be registered by everyone unless the reputation of the claimed mark is not impaired by further conduct of the owner of the generic domain name. The latter could not be established in the present case, since a concrete use of the domain name “weltonline.de” is uncertain at the moment.

The German legal world is anxious to read the written substantiation of this decision announced to be having an influence on thousands of domain names that have a generic character and are similar to a brand at the same time.

Reported by Dietrich Beier

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Patent- und Rechtsanwälte
BARDEHLE PAGENBERG
Gallieplatz 1, 81679 München
Tel. +49 (0)89 92805-0
Fax: +49 (0)89 92805-444

Editor: Dr. Frank Peterreins

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