
NEWSLETTER

IP NEWS FROM GERMANY AND EUROPE

DECEMBER 2007

I. NEWS ABOUT US

1. Additional Support



We are pleased to announce new support for our team. **Dr. Holger Kämpf**, born in 1977, joined Kador & Partner as a patent attorney trainee in May 2007. Dr. Kämpf studied chemistry at the University of Erlangen-Nuremberg. He finished his studies in 2002. His dissertation in the field

of inorganic chemistry at the Technical University of Berlin dealt with the synthesis and characterization of Fe(II) spin crossover complexes.

2. Brochure on Community Trade Marks

After the latest enlargement of the EU in 2007, the protection offered by a Community trade mark now covers no less than 27 member states. The large territory of Community trade marks as well as other important advantages make the Community trade mark more important than ever.

We have therefore revised our brochure on Community trade marks so that it now includes important changes of the Community Trade Mark Regulation as well as substantial changes in the practice of the Office for Harmonization. The brochure can be downloaded directly from our web page www.kadorpartner.com but we will also be pleased to send you a printed copy upon request.

3. INTA Roundtable

In July, our firm hosted a further interesting INTA Roundtable. Our former colleague, **Dr. Stefan Kucken**, Patent Attorney and now Corporate Director of Patents at Henkel KGaA and his colleague **Mr. Joachim Renner**, Attorney at Law, gave a very vivid lecture on the topic "IP protection in China – Product piracy and other challenges from the point of view of a Global Player". Due to their broad practical experience with possibly upcoming IP-related problems in China, the presentation was very informative.



Dr. Pillep, Dr. Kucken, Ms. Probst, Mr. Renner at our office in Munich

4. International Conferences INTA CHICAGO

At this year's International Trade Mark Association's (INTA) Annual Meeting, **Dr. Utz Kador, Dr. Elisabeth Vorbuchner, Ms. Susanna Heurung** and **Ms. Barbara Regensburger** from Kador & Partner enjoyed meeting clients and colleagues in beautiful Chicago, Illinois. As always, it was very interesting and mind-opening to discuss different trade mark topics including recent developments in the various jurisdictions of trade mark law.



Ms. Regensburger, Ms. Heurung, Dr. Kador, Dr. Vorbuchner at the INTA meeting in Chicago

Also at this year's INTA Annual Meeting, Kador & Partner hosted a reception themed "Just a Glass of Champagne" where clients and colleagues were invited to have a glass of champagne and pleasant conversation in an elegant atmosphere. We very much enjoyed the occasion and would like to thank all clients and colleagues who contributed in making this evening a successful event. The feedback we received was very positive and we have therefore decided to host a similar event at next year's INTA meeting in Berlin.

5. Lectures Mailingtage 2007

In June 2007, **Ms. Susanna Heurung** attended the "Mailingtage 2007" in Nuremberg, the leading trade fair in Germany for all those active in the marketing business. Ms. Heurung gave a lecture about important legal aspects of telephone marketing, including the admissibility of telephone calls for marketing purposes as well

as the legal framework for use and storage of personal data for marketing purposes. After the lecture, a lively and very interesting discussion developed about practical needs in the marketing business and the relevant legal framework in Germany and the EU.

6. Business Trip to Japan/US

On the occasion of a business trip to Japan and the USA in March/April this year, **Dr. Utz Kador, Dr. Bernhard Pillep** and **Dr. Claus Schindele** had the opportunity to meet with clients and discuss important patent and trade mark issues and pending cases directly. Dr. Bernhard Pillep also visited China and, again, Japan in June/July.

7. Company Run

On July 20, a team of six colleagues from Kador & Partner participated in this year's "b2 company run" in the Olympic Park in Munich and successfully ranked 1097th out of 2202 participating teams. The undoubted highlight after 6.7 km was the finish in the Olympic Stadium after entering the stadium through the Marathon Gate.

8. Social event

As every year in autumn, our team enjoyed two active days outdoors this time in South Tyrol, Italy. Besides some mountaineering, a visit to Bruneck, a nice ancient town in the area, the program included a seminar with interesting lectures on new developments of German and European patent and trade mark law.

II. EUROPEAN PATENT LAW

Technical Board of Appeal of the European Patent Office refers legal questions on patentability of human embryonic stem cells to the Enlarged Board of Appeal¹

T 1374/04 concerned an application directed to a cell culture comprising primate embryonic stem cells and a method of maintaining such a cell culture in an undifferentiated state. Accordingly, issues were concerned that are of outstanding importance for the patentability of human embryonic stem cells so that the Technical Board of Appeal (TBA) of the European Patent Office (EPO) referred four questions to the Enlarged Board of Appeal (EBA) for final clarification.

The first question relates to Rule 23d (c) EPC which prohibits the grant of a European patent in respect of biotechnological inventions which use human embryos for industrial or commercial purposes. The TBA found that the application concerned an invention including the generation of human embryonic stem cells which required at the filing date the generation and the destruction of human embryos. As this rule was established only after the filing of the subject application, it has to be decided whether it is to be applied to the present application.

The second question referred to the EBA was whether Rule 23d (c) EPC forbids the patenting of claims directed to products (here: human embryonic stem cell cultures) which at the filing date could have been prepared exclusively by a method which necessarily involved the destruction of the human embryos from which said products are derived, even if said method is not part of the claims. In answering question 2 (which for legal reasons must be answered only if question 1 is answered in the affirmative) it must be decided whether "use of human embryos" in Rule 23d (c) refers to the subject-matter of the claim only (narrow interpretation) or whether it refers to the exploitation in the practical sense as manifested in the application (broad interpretation), especially against the background of ethical objections against said exploitation.

The third question referred to the EBA was whether Art. 53(a) EPC forbids the patenting of the pending claims. Art. 53(a) EPC provides an exception to patentability in case the publication or exploitation of an invention is contrary to "ordre public" or morality. It must especially be decided whether it is ethically acceptable to make a decision by weighing the interests of human beings who could potentially benefit from the exploitation of the technology against a right of a human embryo to live and to not be destroyed. The fourth referral question deals with the issue of whether it is of relevance for answering the questions 2 and 3 that after the filing date the same products could be obtained without a method involving the destruction of human embryos (e.g. derivation from available human embryonic cell lines). A previous TBA question² came to the result that the factual and legal situation at the filing date is to be applied.

Our comment: The patentability of biotechnological inventions involving human or animal cells is discussed very controversially in the European Community, especially in Germany. The medicinal potential of "totipotent" embryonic stem cells which may differentiate into any type of tissue of the organism is alluring to the scientific community and has also led to the present invention. As eminently important ethical questions are involved in the present case, the EBA will deliberate very profoundly on the 4 referral questions and a decision is not to be expected before 2009. The decision will, however, bring substantial legal certainty to the patentability of products involving human embryos and to the question of whether the exploitation of such inventions is contrary to "ordre public".

¹Technical Board of Appeal of the EPO, decision dated April 7, 2006, legal case T 1374/04 – Stem Cells/WARF.

²Technical Board of Appeal of the EPO, decision dated July 6, 2004, legal case T 315/03 – "Transgenic animals/HARVARD".

III. GERMAN PATENT LAW

Federal Patent Court partly revokes patent on human stem cells due to ethical reasons³

The Federal Patent Court (FPC) now had the first opportunity to decide on the patentability of biotechnological inventions involving ethical aspects under the German Patent Act amended as of February 28, 2005.

In a nullity suit the FPC revoked in part German Patent DE 197 56 864 C1 directed to isolated and purified neuronal precursor cells from embryonic stem cells and a method for their production as far as the scope of the claims extended to cells of **human** origin. The FPC, however, maintained the patent encompassing cells obtained from embryonic **germ** cells.

Section 2 (2) No. 3 German Patent Act (GPA) prohibits the grant of a patent for an invention involving the use of human embryos for industrial and commercial purposes. The Court held that this requirement was fulfilled as the claimed subject matter encompassed embodiments (here: neuronal cells from embryonic stem cells of human origin) the industrial exploitation of which would necessarily require the use of human embryos in order to obtain embryonic stem cells. In its assessment the Court applied the corresponding provisions of the law on the protection of embryos (ESchG). As far as the defendant claimed that methods for the generation of human embryonic stem cells are known which do not require the use of an embryo, it was stated that the patent is revoked only in so far as human embryonic (totipotent) stem cells as defined in the patent are encompassed.

The Court further came to the result that for the assessment whether the exploitation of the invention is contrary to "ordre public" or morality according to Section 2(1) GPA, the factual and legal situation at the date when the decision is made is to be applied.

The court then decided that in spite of the exceptional regulations of the stem cell act (StZG), allowing the use of human embryos created before January 1, 2002, "for high-ranked research purposes" does not remove the nullity ground under Section 2 (2) No. 3 GPA because the constitutional protection of the embryo does not even allow the use of such "deadline" embryos.

Our comment: The FPC gave answers to questions which under EPO law must still be answered by the Enlarged Board of Appeal (see section II above). The right of the embryo to live is guaranteed by the decision which therefore restricts the patentability of human embryonic stem cells necessarily requiring the use and destruction of human embryos. However, human embryonic stem cells not requiring the use and destruction of human embryos are patentable subject matter.

IV. EUROPEAN TRADE MARK LAW

1. European Court of Justice sets aside decision of European Court of First Instance in the case LIMONCHELO/LIMONCELLO

In our NewsLetter of December 2005, we discussed the (in our opinion erroneous) decision of the Court of First Instance (CFI) in the case LIMONCHELO/ LIMONCELLO. On June 15, 2005, the CFI ruled that there was 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.

In this decision, the CFI held that a trade mark composed of different elements could only be considered similar to another trade mark if the similar element constituted the dominant element of the complex mark. However, if the complex trade mark was visual in nature, the assessment of the overall impression of the mark and of any dominant element had to be carried out on the basis of a visual analysis. The CFI assumed that 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 Office for Harmonization (OHIM), the word LIMONCELLO could not constitute the dominant element of the application 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 marks. The CFI then denied likelihood of confusion arising from visual, phonetic or conceptual similarities of the mark due to the round dish with lemons.

In our comment, we expressed our opinion that, with respect to phonetic similarity, the CFI should have examined phonetic similarity despite the fact that the younger application included graphic elements as well as word elements. Here, the CFI should have examined the question of whether or not the word LIMONCELLO was indeed of only limited distinctiveness as claimed by the applicant in the opposition proceedings before OHIM so that this word could not constitute the dominant element of a mark and the congruence of the two marks in that element could therefore not lead to danger of confusion.

Almost exactly two years after the decision of the CFI, the European Court of Justice (ECJ) now had to decide on the appeal⁴. In its judgement of June 12, 2007, the ECJ held that the CFI had not carried out a global assessment of the likelihood of confusion of the marks at issue. The ECJ stressed that the assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole. Therefore, the assessment of the similarity of signs can only be carried out solely on the basis of the dominant element if all the other components of the mark are negligible. The ECJ therefore set aside the judgment of the CFI and referred the case back to the CFI.

Our comment: The ruling of the ECJ is in conformity with its previous decisions and again stresses the important principle that, for the evaluation of similarity of signs, trade marks must always be considered as a whole. In this way, the decision of the ECJ has

cleared any confusion that the decision of the CFI may have caused. It is now, again, clear that phonetic similarity of signs must also be considered in cases where one mark contains graphic elements as well as word elements. In other words, where trade marks consisting of graphic elements and word elements are concerned, similarity of signs is not reduced to the evaluation of visual similarity. Instead, phonetic and conceptual similarity must also be considered. The ruling of the ECJ should therefore be welcomed as bringing back some legal certainty and predictability in opposition and infringement cases.

V. GERMAN TRADE MARK LAW

1. Higher Regional Court of Stuttgart stops trade mark infringement by use of trade marks in keyword advertising

In its decision dated August 9, 2007, the Higher Regional Court of Stuttgart (HRC Stuttgart) found that use of a third party's trade mark as an ad-word by a competitor constitutes an infringement of the concerned trade mark⁵. Therefore, the proprietor of this trade mark is entitled to request immediate cease of use of this mark by the competitor.

In the case at hand, a competitor of the owner of the trade mark "PCB Pool" had used the sign PCB Pool as an ad-word so that Internet users conducting an Internet search for the term "PCB Pool" were directed to advertisements of the competitor rather than to the offer of the trade mark owner.

With its decision on this case, the HRC Stuttgart followed the line of arguments of the German Federal Supreme Court (FSC) which on May 18, 2006, held that use of a third party's trade mark as a meta-tag constitutes an infringement of this trade mark.⁶

Use of a sign as meta-tag or ad-word is made where the respective sign is used as keyword for an Internet search. While a meta-tag leads the user to the general hit-list of the search, an ad-

³German Federal Patent Court, decision dated December 5, 2006, legal case 3 Ni 42/04 – Neurale Vorläuferzellen.

⁴European Court of Justice, decision dated June 12, 2007, legal case C 334/05 - LIMONCHELO/ LIMONCELLO.

⁵Higher Regional Court of Stuttgart, decision dated August 9, 2007, legal case 2 U 23/07 – PCB-Pool.

word leads the user to advertisements besides the hit-list.

Previous to the decision of the FSC, the question whether use of a trade mark as meta-tag or as an ad-word constitutes an infringement of a trade mark was the object of a controversial discussion in Germany. While most courts as well as representatives of the relevant literature thought that such use of a trade mark should be considered an infringement, some courts like the Higher Regional Court of Duesseldorf (HRC Duesseldorf) denied a trade mark infringement.

The HRC Duesseldorf argued that a trade mark infringement could only exist where use of a third party's trade mark was made "as a trade mark", i.e. with the purpose of using the sign as an indication of origin in order to differentiate the competitor's goods from those of a third party. However, this requirement was not fulfilled in cases of use of a trade mark as a meta-tag or ad-word where consumers used the respective trade mark as a search term for their Internet search. In these cases, the trade mark itself was only used in the source code of the web page but was not actually visible on the competitor's web page itself. Thus, consumers would not consider the trade mark an indication of origin, i.e. a means of differentiating the competitor's goods from those of the third party. The competitor did not use the third party's trade mark in order to designate its own goods so that there was no use of this sign "as a trade mark" and a trade mark infringement had to be denied.

In its decision regarding meta-tags, however, the FSC found that use of a trade mark as a meta-tag was made in order to increase the hit rate of the competitor's web page in an Internet search and to draw consumers' attention to the web page of the competitor. It was not relevant that consumers could not actually see the concerned trade mark on the web page of the competitor. Instead, it was only relevant that the competitor used the third party's trade mark in order to influence the search machine's selection process to the competitor's advantage by leading consumers to the competitor's web page. Thus, this use of a trade mark had to be considered an infringement.

The HRC Stuttgart found that the reasoning of the FSC with respect to meta-tags also applied to ad-words so that there was a trade mark in-

fringement and the proprietor of the concerned trade mark was entitled to request immediate cease of use of this mark as an ad-word by the competitor.

Our comment: As the decision of the FSC regarding meta-tags is comparatively recent, only few cases have been brought to higher courts so far. However, most of the lower courts seem to follow the reasoning of the FSC regarding meta-tags also for ad-words and it is expected that the FSC would assume a trade mark infringement by use of a mark as an ad-word should such a case be referred to it.

In our opinion, the decision of the FSC regarding meta-tags as well as the decision of the HRC Stuttgart regarding ad-words strengthens the position of trade mark owners against unapproved use of this mark by third parties. It is now easier to stop competitors from secretly using well-established trade marks and from exploiting the investments and advertising efforts of the proprietor of the trade mark. These decisions should encourage proprietors of trade marks to constantly monitor improper use of their trade marks, on the Internet and elsewhere, in order to prevent dilution and exploitation of their marks.

⁶German Federal Supreme Court, decision dated May 18, 2006, legal case I ZR 183/03 – Impuls.

VI. GERMAN COPYRIGHT LAW AND GERMAN UNFAIR COMPETITION LAW

1. Court stops unapproved copying of web page

In accordance with established case-law, the District Court of Cologne (DC Cologne) held in this decision that, contrary to an individual work like a literary work or a photographic work, web pages as such are usually not protected by German Copyright Law⁷. However, the DC Cologne then continued that in cases where the web page of one undertaking is copied in almost every detail by another party, the undertaking may seek injunctive relief based on German Unfair Competition Law.

The anonymous nature of the Internet has led many to believe that the Internet is an area outside of any jurisdiction where infringements of trade mark rights, copyrights and other industrial property rights are possible without consequences. In particular with respect to works protected by copyright, the Internet with its possibility of easy copying and download has given rise to many copyright infringements. This is a constant source of annoyance for those who have, for example, made considerable investments for the design of their web page, and leads to unjustified economic advantages for those who simply copy the result of someone else's efforts. What has made it even more difficult for undertakings to protect their investments is the established finding of German jurisdiction that a web page as such, i.e. the selection and arrangement of various elements, does usually not have the level of creativity necessary for protection by copyright law despite the fact that it may have taken considerable time and effort to design the web page.

In the case at hand, the plaintiff claimed that a competitor had copied its web page in almost every detail with the mere exception of the company logo. The court repeated that the web page as such could not be subject to copyright protection. Even though individual elements like a certain segment of text could be protected by copyright law, a copyright could originally only be acquired by a natural person and the plaintiff as a legal person had failed to demonstrate

whether or how any copyright to the individual elements of the web page had been transferred to it.

However, the court then continued that the plaintiff could rely on the German Unfair Competition Law in order to stop the activities of its competitor regarding the web page in question. The court held that the web page had individual character in the sense of the German Unfair Competition Law. In particular, the striking combination of the colours blue and orange used throughout the design of the web page could be considered an indication of origin for the relevant trade circles. The design of the web page was thus not limited to the use of ordinary, every-day features that were commonly used by competitors in the same or a similar fashion. The competitor had copied the essential elements of the web page so that consumers were misled as to the origin of the web page due to the identity of the web pages in the use of colour, identical texts, banner ads and the arrangement of elements. It was evident that the competitor had tried to abuse the reputation of the plaintiff's web page in order to alert consumers to the competitor's products. Thus, the plaintiff could request cease of use of the copied web page.

Our comment: The decision meets practical needs of many business people who make substantial investments in time and money in order to present their goods and services via the Internet. Protection should be provided for these investments irrespective of the fact that the level of creativity necessary for copyright protection may not be met by the arrangement of various elements on a web page. The decision now enables business people to effectively protect their investments against unapproved copying by third parties.

⁷District Court of Cologne, decision dated June 20, 2007, legal case 28 O 798/04.



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