



NEWSLETTER

| Patent Cover in Advertising | New Means of Applying for International Trademark Protection

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Patent Cover in Advertising

The OLG (Higher Regional Court) in Munich makes a pleasing start at bridging a gap in the law

Legal situation and current court practice

Advertising which is able to give the impression that the articles being promoted are protected by means of a patent or patent application subject to German Patent Law (PatG) is in principle permitted, as can clearly be seen in Section 146 PatG which regulates the right to information in the case of an article being represented as patented.

Nevertheless, Section 5 of the revised version of the German Law against Unfair Competition (UWG) (Section 3 in the previous version) imposes limits on advertising in general and therefore also on advertising making use of patent protection. The latter is, in particular, not permitted if it has the potential to mislead a significant number of persons involved in the market it is addressing. Advertising can be deemed to be misleading, for example, if it suggests on the one hand the existence of non-existing claims to desist, compensation claims or other claims, or on the other hand the granting of a patent by the German Patent and Trademark Office (GPTO) when such a patent has not yet been granted.

Misrepresentation based on supposed claims is above all significant for the competitors of the person advertising as it can result in the issue of an order to refrain from using or to cease using the article in question. On the other hand, misleading advertising in connection with the granting of a patent is of significance in particular for the purchaser of the advertised article as it can be the determining factor influencing his decision to purchase a supposedly highly innovative product.

The following diagram, which depicts the course of the German patent granting procedure, will help to clarify what is acceptable as far as references to a patent application or to a granted patent in advertising material are concerned.

The sequence of events depicted by the horizontal arrow begins with the date on which an application is filed. This is

followed by an 18-month phase (A) leading to the publication of the patent application. Phase B immediately follows and ends with official notification of the decision to grant the patent in question. Subsequently, a one-month appeal period (phase C) commences, at the end of which the decision to grant the patent comes into res judicata effect and is final and absolute. There follows a fourth phase (D) which generally lasts 3 to 6 months, cannot be influenced in any way by the patent holder and ends with the publication of the granted patent. Phase D can furthermore only be influenced by the GPTO inasmuch as they arrange for the publication to be prepared out of house by a printer in Berlin. Following publication of the granted patent phase E begins in which the patent enjoys full legal validity and therefore all potential claims may be enforced by the holder of the patent.

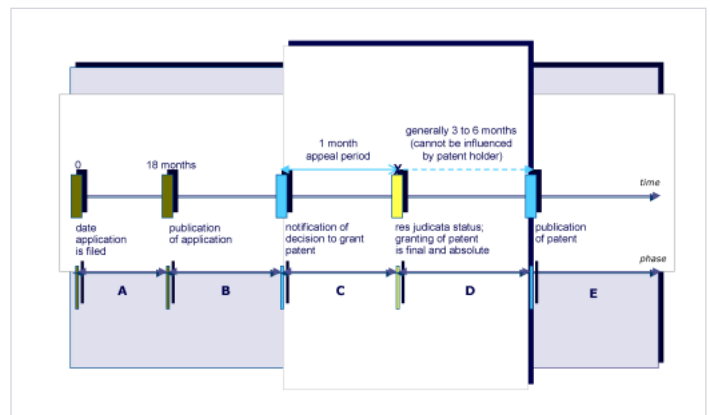


Fig.: Sequence of events in the patent granting procedure

Decisions by the Federal Court of Justice (BGH) have been published on references to patent protection in advertising in connection with phases A, B and E. However, the question of the acceptability of and limits to such advertising in phases C and D has not yet been clarified by the BGH.

Reference to an unknown patent application in phase A has been deemed to be an infringement of Section 3 of the earlier version of the German Law against Unfair Competition (UWG) as the bullet points in the advertising implied the existence of a preferential position or of provisional protection^[1].

A factual and substantially correct advertising reference to a patent application which has been laid open for public inspection

(phase B) has been deemed to be permissible when the invention for which patent cover has been applied is being used by a third party and is not obviously unpatentable ^[2]. By means of his reference to an application laid open for public inspection the advertiser draws attention to potential claims for appropriate compensation in accordance with Section 33 of the German Law on Patents. He cannot however obtain a stop order to prevent further use of the invention. A patent reference during phase B may with certainty be deemed unacceptable if the invention is obviously not patentable or is, without doubt, not being used.

Reference to known applications as per Section 30 of the earlier version of the German Law against Unfair Competition (UWG) has been deemed to be acceptable providing it is made perfectly clear that there has not yet been any decision on the granting of the patent, e.g. "patentangemeldet" (= patent applied for), "DBP angem." (abbreviation = German patent applied for). On the other hand, "DPA" or "Dpang" have generally been considered to be unacceptable as the abbreviations are not sufficiently clear ^[3]. Finally, the abbreviated reference "pat pend." has been considered to be misleading as long as no patent has been granted. The reference is however considered to be acceptable in phase B when written out in full: "patent pending".

In connection with phase E, promotional references to patents involving the use of abbreviations such as "DBP" (= German patent), "ges. gesch." (= protected by law) or terms such as "patentiert" (= patented), "Y-Patente" (= Y-patents), have been considered acceptable, providing the patent in question is still valid and does indeed cover the goods labeled as being patented ^[4]. Unless the advertising is directed exclusively at specialized circles, references such as "im Inland geschützt" (= protected nationally) or "gesetzlich geschützt" (= protected by law) are seen by the addressee as referring to a technical protective right, in particular to a granted patent ^[5]. Such references in advertising are therefore deemed to be misleading if the patent in question has only been applied for, even if a utility model has already been registered ^[6].

Reference to a patent using the English term "patented" has been deemed to be a claim to domestic, national protective rights ^[7]. The terms "patentamtlich geschützt" (= patent officially protected) or "patentrechtlich geschützt" (= protected by patent law) have been considered to be misleading if the item being promoted only has protective cover as a utility model ^[8].

Latest developments

In a recent court case which ended without a judgment, the Higher Regional Court (OLG) in Munich clearly established that advertising references to patent protection ("patented") are acceptable as early as in phase D, i.e. between res judicata and the publication of the patent.

The following deliberations were of particular relevance for the OLG in Munich: The OLG in Munich divides the major market circles into two groups: on the one hand the group of potential customers for the system being promoted and on the other hand the group of market

competitors. At the same time the OLG in Munich sees substantial evidence – at least in the case being considered – that the group of competitors is considerably smaller than the group of potential customers. Furthermore, the OLG in Munich is of the opinion that in connection with the references "patentiert" (= patented) or "patented" potential customers are guided to a decisive extent by novelty and the degree of inventive ingenuity, whereas competitors are guided at least to the same extent by the characteristic of exclusivity which – in this particular case – was not present at the time the advertising appeared.

Furthermore, the OLG in Munich sees a dominant interest on the part of the advertiser to make use of the official GPTO certification of novelty and inventive ingenuity in his advertising. The OLG in Munich does not recognize a need to protect potential customers as – following completion of the patenting process – the purchase of a patented system provides customers with the right to use it in their own company. Likewise, the OLG in Munich does not see any need to protect the interests of competitors, well-informed as they are in patent rights, against the potentially incorrect supposition of exclusivity on the basis of a particular patent, as they are aware of the relatively short time span between the granting of the final and absolute patent and the publication of the patent, and that it is therefore not usually worth starting to use the patented item or system during this time span. In addition, under Section 33 of the German Law on Patents, the patent holder already has the right to enforce claims for appropriate compensation during phase D.

Comments

This starts by the OLG in Munich to bridge a gap in the law concerning references to patent protection in advertising during phase D of the patent granting procedure is both very pleasing and practically orientated. It also ties in with the already cited court decision of the OLG in Munich on advertising which refers to trademark protection prior to the registration of the trademark in question.

The OLG has with some accuracy given thought to the exact composition of the market circles involved and divided them into two groups: potential customers and competitors. Subsequently it has examined separately the interests of advertisers, potential customers and competitors.

In addition to the arguments voiced by the Senate: (a) high priority given by the customer to the official GPTO certification and (b) commencement of use not worthwhile for the competitor, counsel also sees a further argument in the fact that any cessation of already implemented use by the competitor would anyway be preceded by extensive investigative searches and detailed study of the granting files which, expe-

rience reveals, would be overtaken anyway by the publication of the patent.

The legal opinion of the OLG in Munich is particularly important for smaller and medium-sized innovative enterprises wishing to start advertising their product immediately following the granting of a patent in order to achieve an advantage over the competition. The formalistic legal approach of the court of first instance (patent litigation chamber, District Court in Munich) would unduly hinder the innovative producer from competing on the basis of innovation in phase D.

According to the legal opinion of the defense counsel in the OLG case in Munich, the OLG's opinion can be carried forward to include the whole of phase C, i.e. as far forward as the point at which the GPTO grants the patent and is bound by its own decision. From the moment a patent is binding, the GPTO can no longer change what is effectively an act of state: the granting of a patent.

Frequent court decisions by the Federal Patent Court have underlined that a patent application remains pending until the patent in question has been granted in its final and absolute form. The fact that a person applying for patent protection could withdraw his application during phase C is, in the opinion of the present writer, of no importance in this respect as the applicant could also abandon the patent at any time in the future or the patent could be nullified in the course of opposition proceedings or of a nullity procedure.

(1) BGH GRUR 64, 144 (Sintex)

(2) BGH GRUR 75, 315 (Metacolor)

(3) BGH GRUR 66, 92 (Bleistiftabsätze)

(4) OLG München GRUR 96, 144

(5) OLG Düsseldorf Mitt. 96, 355

(6) OLG Düsseldorf GRUR 78, 437

(7) BGH GRUR 84, 741 (Patented)

(8) OLG München Mitt. 98, 479

BGH (Bundesgerichtshof) = Federal Court of Justice
GRUR (Gewerblicher Rechtsschutz und Urheberrecht) = Journal of the Society for the Protection of Industrial Property and Copyright
Mitt. (Mitteilung) = information bulletin issued by the court

New Means of Applying for International Trademark Protection

On October 1, 2004 the European Union (EU) became party to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (MP).

The Madrid Agreement (MA) and the Madrid Protocol (MP) together form the Madrid System for the International Registration of Marks.

The EU's accession to the Madrid Protocol links together two registration systems which have so far existed side by side:

- the international trademark registration (IR trademark) under which protection can also be claimed for countries outside Europe, and
- the European Union Community trademark registration (CTM) which is valid and enforceable in all member states of the European Union.

Applicants desiring trademark protection in several countries are now provided with new means of applying, depending on the combination of countries they are interested in.

The States party to the Madrid Agreement and the Contracting Parties to the Madrid Protocol as well as the Member States of the European Union are listed in the appendix to this text.

1. Procedure and requirements in order to register a trademark under the already existing systems:

1.1 The system of international trademark registration (IR trademarks) governed by the Madrid Agreement and the Protocol to the Madrid Agreement (MA and MP, subsequently referred to as the Madrid System) has so far called for a national basic trademark registration (MA) or for a national basic trademark application (MP). The basic trademark has to be registered in the applicant's country of residence or in the country in which the applicant's registered office is situated (personal or corporate domicile).

On the basis of a national basic trademark, an application for international registration can be filed at the World Intellectual Property Organization (WIPO) in Geneva. The application should include the names of all the countries bound by mutual treaty with the nation issuing the basic trademark.

That is to say:

- a) Applicants from nations which have signed both agreements (MA and MP) can designate all the States party to the Madrid System;
- b) Applicants from nations which have only signed one of these two agreements (MA or MP) may only designate the countries bound by mutual treaty with the applicant's nation.

Subsequent to the WIPO's examination of the formalities involved in the application, and the registration of the trademark in the International Register of Trademarks, all designated countries are notified of the registration, thereby offering them the opportunity to refuse national protection for absolute and/or relative reasons.

1.2 In the case of an application for an Community trademark, the Office of Harmonization for the Internal Market (Alicante, Spain) (OHIM) is responsible for a uniform procedure leading to registration of the trademark and to a uniform intellectual right in the whole European Union.

2. New application strategies through combining systems:

These two very differently organized application systems (IR trademarks and Community trademarks), only ran parallel to each other until last year. Since 1st October 2004 however they can be combined, so that the following routes can now be taken into consideration for the registration of a foreign trademark:

2.1 Applicants with a personal or corporate domicile in the European Union: First of all an community basic application is filed. This is followed by an application for international registration designating countries which can be either members of MP only, e.g. USA, or parties to both the Protocol (MP) and the Agreement (MA). Disadvantage: It is not possible to designate a country which is party to the Madrid Agreement (MA) only, e.g. Algeria, Egypt, Viet Nam. The OHIM's official fee for acceptance, examination and transmittal of an application for an IR trademark amounts to EURO 300.00. The WIPO's fees comprise a fixed basic fee and also the designation fees for each country. The total sum of the fees is therefore dependant on the total number and choice of nations as well as on the number of classes registered.

2.2 Should the applicant wish to be able to opt for any nation, including those which are parties only to the Madrid Agreement (MA), the following path is open to him:

The applicant applies for a national basic trademark in the country of his personal or corporate domicile, e.g. Germany. On the basis of this registration the applicant can apply via his national trademark office (GPTO) for international registration with the WIPO. The EU can be designated in this application as "one state" (party to the Madrid Protocol).

The individual official fees of the EU for an application including up to three classes amount to EUR 1,875.00. Included in this sum is the application fee for an EU trademark (EUR 975.00) as well as registration fee of EUR 1,100.00. An applicant applying for EU registration by means of this route therefore enjoys a cost advantage amounting to EUR 200.00. Should protection be denied, the "registration fee" of EUR 1,100.00 is refunded by the OHIM. In addition to the EU, all other countries can be designated which are party to either the Madrid Agreement or the Madrid Protocol when making such an application.

2.3 Should an applicant have his personal or corporate domicile outside the EU, e.g. in Switzerland, a route parallel to the one described under section 2 may be recommended: On the basis of a national basic registration in the country of the applicant's personal or corporate domicile, he applies for international registration including, if so wished,

other States of the Madrid System (MA and MP) in addition to the EU. The principal advantage of the system of international registration (IR trademarks) lies mainly in the fact that the holder can at any time file a request of subsequent designation fee further IR countries and/or renounce protection for individual states. Furthermore, the renewal and/or assignment of trademarks can be carried out for numerous countries in a single procedure entailing little administrative effort or expense, instead of being carried out in each country on a national basis. It is therefore always possible to adapt trademark protection to changing situations such as, for example, the expansion of business activities. One advantage of the Community trademark is that the proprietor of the trademark right can maintain the legal status of his trademark through use in only one EU member state and is therefore more easily able to prove genuine use should this ever be necessary (opposition, cancellation or lawsuit proceedings). The combination of the above-mentioned application systems enables the advantages of both systems to be put to optimal use.

The **Madrid Agreement** allows for the registration of trademarks in the following countries:

ALBANIA, ALGERIA, ARMENIA, AUSTRIA, AZERBAIJAN, BELARUS, BENELUX COUNTRIES (Belgium, Netherlands, Luxembourg), BHUTAN, BOSNIA and HERZEGOVINA, BULGARIA, People's Republic of CHINA, CROATIA, CUBA, CYPRUS, CZECH REPUBLIC, EGYPT, FRANCE, GERMANY, HUNGARY, IRAN, ITALY, KAZAKHSTAN, KENYA, Democratic People's Republic of KOREA, KYRGYZSTAN, LATVIA, LESOTHO, LIBERIA, LIECHTENSTEIN, The former Yugoslav Republic of MACEDONIA, Republic of MOLDOVA, MONACO, MONGOLIA, MOROCCO, MOZAMBIQUE, NAMIBIA, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SAN MARINO, SERBIA and MONTENEGRO, SIERRA LEONE, SLOVAKIA, SLOVENIA, SPAIN, SUDAN, SWAZILAND, SWITZERLAND, SYRIAN ARAB REPUBLIC, TAJIKISTAN, UKRAINE, UZBEKISTAN, VIET NAM.

The following countries or regions are parties to the **Protocol Relating to the Madrid Agreement** and may be named:

ALBANIA, ARMENIA, ANTIGUA and BARBUDA, AUSTRIA, BELARUS, BENELUX countries (Belgium, Netherlands, Luxembourg), BHUTAN, BULGARIA, People's Republic of CHINA, CROATIA, CUBA, CYPRUS, CZECH REPUBLIC, DENMARK, GERMANY, ESTONIA, EUROPEAN COMMUNITY, FINLAND, FRANCE, GEORGIA, GREECE, HUNGARY, ICELAND, IRELAND, IRAN, ITALY, JAPAN, KENYA, Democratic People's Republic of KOREA, Republic of KOREA, KYRGYZSTAN, LATVIA, LESOTHO, LIECHTENSTEIN, LITHUANIA, The former Yugoslav Republic of MACEDONIA, Republic of MOLDOVA, MONACO, MONGOLIA, MOROCCO, MOZAMBIQUE, NAMIBIA, NORWAY, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SERBIA und MONTENEGRO, SIERRA LEONE, SINGAPORE, SLOVAKIA, SLOVENIA, SPAIN, SWAZILAND, SWEDEN, SWITZERLAND, SYRIAN ARAB REPUBLIC, TURKEY, TURKMENISTAN, UKRAINE, UNITED KINGDOM, UNITED STATES OF AMERICA, ZAMBIA.

An EU trademark covers the following 25 member states of the **European Union**:

AUSTRIA, BELGIUM, CYPRUS, CZECH REPUBLIC, DENMARK, ESTONIA, FINLAND, FRANCE, GERMANY, GREECE, HUNGARY, IRELAND, ITALY, LATVIA, LITHUANIA, LUXEMBOURG, MALTA, NETHERLANDS, POLAND, PORTUGAL, SLOVAKIA, SLOVENIA, SPAIN, SWEDEN, UNITED KINGDOM.

Please, note that this newsletter provides information about recent developments in national and international IP matters. We have carefully elaborated the contents, however, do not take over any liability for its correctness and completeness. Should you have specific questions on these subjects, please feel free to contact us by email or under the address given below.



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