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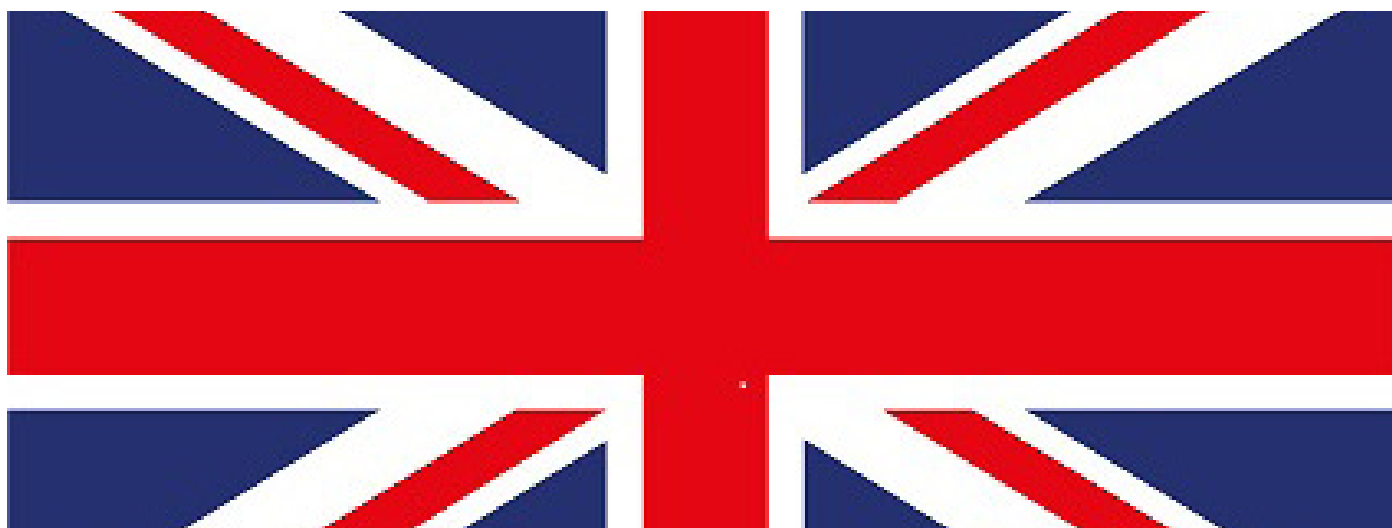
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Impact of Brexit on Union trademarks and EU designs

In about 5 months Great Britain will leave the EU. What impact this step will have on the more than 2 million existing Union trademarks, Community designs, IR trademarks and international designs has not yet been clarified in detail, even if a draft withdrawal agreement has been agreed between UK and EU after months of negotiations.



Whatever the fate of the draft agreement will be: In the event of an unregulated withdrawal, the British government promised the following regulations for Union trademarks and Community designs (<https://www.gov.uk/government/publications/trade-marks-and-designs-if-theres-no-brexit-deal>):

- Union trademarks and registered Community designs will continue to apply unchanged in all other EU states after Great Britain's withdrawal from the EU.
- For registered Union trademarks and EU designs, an opt-out solution will be created in Great Britain: Right holders will be notified that a national trade mark/design has been registered in the UK with the same priority as the previous Union trade mark/EU design. If the right holder has no interest in maintaining the trade-mark/design in the UK, he can have this national right cancelled.
- Holders of Union trade mark applications or design applications pending at the time the United Kingdom leaves the EU may file a national application with the same priority as the Union trade mark application or the EU design application during a 9-month transitional period. The cost of this new application (currently £170-200 for the first class, £50 for each additional class) will be borne by the applicant.
- Existing unregistered Community designs will continue to be valid in all Member States except the United Kingdom. In Great Britain, these Community designs will also be protected without the right holder having to take any additional measures.
- The placing of goods on the market in the European Economic Area by the trademark owner or with his consent also causes exhaustion in Great Britain. Conversely, this does not apply: the placing of goods on the

market in Great Britain does not result in Union-wide exhaustion after Brexit (<https://www.gov.uk/government/publications/exhaustion-of-intellectual-property-rights-if-theres-no-brex-it-deal/exhaustion-of-intellectual-property-rights-if-theres-no-brex-it-deal>).

This article is part of the news ticker „Brexit“ on our website, on which we provide up-to-date information on the effects of Brexit on industrial property rights.

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Düsseldorf Higher Regional Court strengthens prior use right defence in patent infringement cases

Judgment dated 14th March 2018, I-15 U 49/16

In its judgment dated 14th March 2018 the Düsseldorf Higher Regional Court strengthened the position of defendants invoking prior use rights. The court's elaborate reasoning may be an important step towards a more balanced evaluation of plaintiffs' and defendants' arguments in German patent cases. The court values the substance of the invention over the subtle choice of different claim categories.



Starting point

Defendants in a German patent infringement case may invoke a right of prior use. The patent shall have no effect in respect of a person who, at the time the patent application was filed, had already begun to use the invention in Germany or had made the necessary arrangements for so doing. That person shall be entitled to use the invention for the needs of his or her own business in his or her own workshops or in the workshops of others. This entitlement may be inherited or sold only together with the business.

The prior use right used to be interpreted very narrowly. In practice, it was very difficult to establish. Defendants need to have very clear documentary evidence to convince the court that they were in possession of exactly the same invention before the priority date of the patent and that they made actual arrangements to use the invention (instead of only contemplating it as one of several possible solutions). Whereas the interpretation of

the prior use right has traditionally been narrow, the interpretation of the patent claim and of the acts that may amount to an infringement have been broad. In other words: Even though a defendant may have used the patent infringing embodiment before the priority date of the patent, German courts used to find a subtle argument as to why no prior use right existed for the very embodiment or why the prior use right cannot be invoked against the patent at issue.

The Düsseldorf Higher Regional Court Judgment

The Düsseldorf Higher Regional Court recently issued a very well-reasoned judgment ensuring more consistency between the assessment of the infringement situation and the scope of prior use rights.

In the case at hand, the patent application concerned a protective cover for radio equipment. Claim 1 of the patent-in-suit protects a device, namely a protective covering with certain components. Claim 17 protects a

method for combining the individual components.

The defendant erected a spherical radome for one of its customers, using both the device and the process claim. In its defence, the defendant relied on a right of prior use.

According to the findings of the Düsseldorf Higher Regional Court, the defendant had already delivered a construction kit for a spherical radome in conformity with the patent-in-suit to a construction company years before the application of the patent-in-suit was filed. The construction company had used the construction kit to assemble a protective covering on the construction site in accordance with the method protected by the patent-in-suit. The Higher Regional Court also found that the construction company was able to assemble the protective covering „easily“, that it appeared “sufficiently certain” that the construction company would do so and that the construction kit „in its entirety could only be used in a technically and economically sensible manner in accordance with the patent”.

On this basis, the Higher Regional Court affirmed the defendant's right of prior use and vacated the first instance decision. The Higher Regional Court held that, within the scope of its right of prior use, the defendant was allowed to move from the supply of construction kits for protective devices to the manufacturing of protective devices in accordance with the patent claim 1.

With regard to the device claim, selling construction kits (not the whole device) was a direct act of prior use. Notably, the court argued that selling the construction kit, i.e. the unassembled components, brought into existence a prior use right against the patent covering the assembled device. According to the court, delivering the construction kit is an act of infringement if the assembly of the protected device at the customer's premises was sufficiently certain and easy to carry out. Taking into account that the delivery of the construction kit qualified as an infringing activity, as a matter of

rational reasoning, such delivery of the construction kit prior to the priority date must be sufficient to bring into existence a right of prior use covering the manufacturing of the assembled device itself. This is convincing and consistent.

Moreover, the court argued that, in cases where the prior user used to supply all components for a device and if the assembly of the protected device by the supplied person was sufficiently certain and easy to carry out, the prior use right was not restricted to continuing the supply of the kits but also covered the user switching to manufacturing the protected device him- or herself.

Even more interestingly, the court also held that the defendant may invoke the right of prior use with regards to the method claim, too. The delivery of the kits for use in the protected method (of assembling the radome) was an indirect act of prior use. However, according to the court, such indirect acts of prior use can bring about a right for direct use if the prior user has supplied all components necessary for the application of the patent-protected method to a third party and if the supplied components could only be used in a technically and economically reasonable manner in accordance with the patent. In such cases, the prior use right was not limited (i) to the offering and supplying of the means for applying the protected method but also covered (ii) the use of the protected method itself. According to the court, there is no justification of a different treatment of device and method claims of the patent-in-suit: The method claim did not go beyond or deviate from the device claim but was merely the adaptation of the device claim into the language of a method claim – a well-known attempt to maximize the scope of the patent, which the court did not value. Under such circumstances, the prior user must be able to invoke a direct right of prior use against the method claim, too. Otherwise, the right of prior use covering the device claim would be worthless. In exercising the device claim, the user would inevitably have to perform all the steps of the method claim when manufacturing a protective covering in accordance with

the patent. In spite of the prior use right the prior user would not be permitted to do so. The court rightly held that this would not be a satisfactory result.

The Higher Regional Court granted leave to appeal.

Conclusions

The Düsseldorf Higher Regional Court's decision is based on sound logic and an appropriate weighing of the parties' rights. It strikes a fair balance between the scope of protection afforded to the patentees based on the actual scope and value of their inventions and the prior users' trust in their right to continue the use of their inventions. This is good news for defendants in patent infringement cases. There are other complicated issues in patent case, such as questions of patent exhaustion and suspension of infringement cases during pendency of invalidity actions, where German infringement courts have used to lean towards the plaintiffs. Perhaps this decision can serve as a signal to rethink some of those and level some of the systemic disadvantages of defendants in German patent infringement cases.



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An (un-)digestible decision? Commentary on the decision of the German Federal Court of Justice (FCJ) of May 17, 2018, I ZR 252/16 – Bekömmliches Bier („Digestible Beer“).

The FCJ's decision „Digestible Beer“ received high media attention and was discussed controversially. While some welcomed the decision as a sign of modern health protection, others see old traditions around beer as a cultural asset destroyed. The legal background to the FCJ's decision therefore shall be explained below.



1. The FCJ had to answer the question whether the advertising of a Bavarian brewery for its beer specialties on its website with the statement that the advertised beer is „digestible, palatable - but not heavy“ or „refreshingly digestible“ is permissible. A Berlin consumer protection association filed a complaint against this advertising. In its decision of May 17, 2018, the FCJ confirmed the decisions of the previous instances according to which the challenged advertising statements constituted a violation of Article 4 (3) sub-para. 1 of Regulation (EC) No 1924/2016 (Health Claims Regulation) and thus constituted an unfair commercial act within the meaning of § 3a German Act Against Unfair Competition (breach of law) (cf. para. 13 et seq.).

2. According to Article 4 (3) subpara. 1 Health Claims Regulation, beverages containing more than 1.2 % by volume of alcohol shall not “bear” “health claims”.

The FCJ first states that the beer specialties advertised by the brewery „bear“ the contested information within the meaning of this provision. Referring to the ECJ's decision of September 06, 2012 „Deutsches Weintor“ (C-544/10; GRUR 2012, 1161), the FCJ states that beverages as liquids cannot „bear“ a health claim in the sense that they are physically attached to the claim. Therefore, the provision must be interpreted as meaning that beverages “bear” a health claim if the containers in which they are placed bear an indication which clearly refers to the beverages. This includes – in particular – labels or neck loops (cf. para. 23).

3. However, the FCJ interprets the term „bear“ even further and states that the term includes not only information attached to the product by means of labels or neck loops, but also corresponding advertising statements on the internet for the products (cf. para. 26 et seq.).

The FCJ justifies this with Article 1 (2) subpara. 1 Health Claims Regulation, according to which the Regulation shall apply not only to nutrition and health claims made in the labelling or presentation, but also for claims in advertising of food. Referring to the objective of the Regulation to ensure a high level of consumer protection, the FCJ sees no reason to restrict the wording of Article 4 (3) subpara. 1 Health Claims Regulation only to health claims on the containers of alcoholic beverages.

4. The FCJ further states that the term „digestible“ is a „health claim“ within the meaning of Article 2 (2) no. 5 Health Claims Regulation (cf. para. 32 et seq.). According to Article 2 (2) no. 5 of the Regulation, „health claim“ means any claim that states, suggests or implies that a relationship exists between a food category, a food or one of its constituents and health.

5. The FCJ also interprets the term „health claim“ broadly in accordance with the ECJ's decision „Deutsches Weintor“. According to the FCJ, „health claims“ also includes any claims expressing that there are no negative or detrimental effects on health which in other cases go hand in hand with the consumption of the food, or that such effects are less significant. In that regard, account should be taken not only of the effect of a single consumption of a certain quantity of a foodstuff, but also of the effect of repeated, regular or even

frequent consumption of that foodstuff (cf. para. 34).

6. Against the background of the ECJ's decision „Deutsches Weintor“, the FCJ expressly rejects its previous opinion in earlier decisions that „digestible“ is not health-related if it merely expresses that the product does not burden or impair the body and its functions and thus does not express that the product has a health-promoting effect (cf. para. 36).

In the present case, the FCJ is now of the opinion that the target public understands the term „digestible“ as „good or easily compatible“ (cf. para. 53).

7. The defendant brewery argued that the term „digestible“ was a description of beer traditionally used in the German brewing industry. However, this did not convince the FCJ. With regard to that argument the FCJ is of the opinion that the term „beer“ as a category of alcoholic beverages does not contain any health claim and that the category „digestible beers“ as such does not exist for alcoholic beverages (cf. para. 49). Furthermore, the term „digestible“ does not refer to the taste, enjoyment or adiposous effect of the beer, but to health (cf. para. 50).

8. The conclusion of the FCJ's decision is that the prohibition on health claims for alcoholic beverages is



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not limited to indications on their containers, but also applies to health claims in advertising. In addition, the term “health claim” covers not only any claim of improvement in health status due to consumption of the advertised food, but also claims expressing that the continued consumption of a food is not detrimental to health.



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FOCUS Spezial 2018

Preu Bohlig & Partner is one of the top commercial law firms in Germany. This is the result of a survey carried out by the data company Statista for the news magazine FOCUS. We were named in

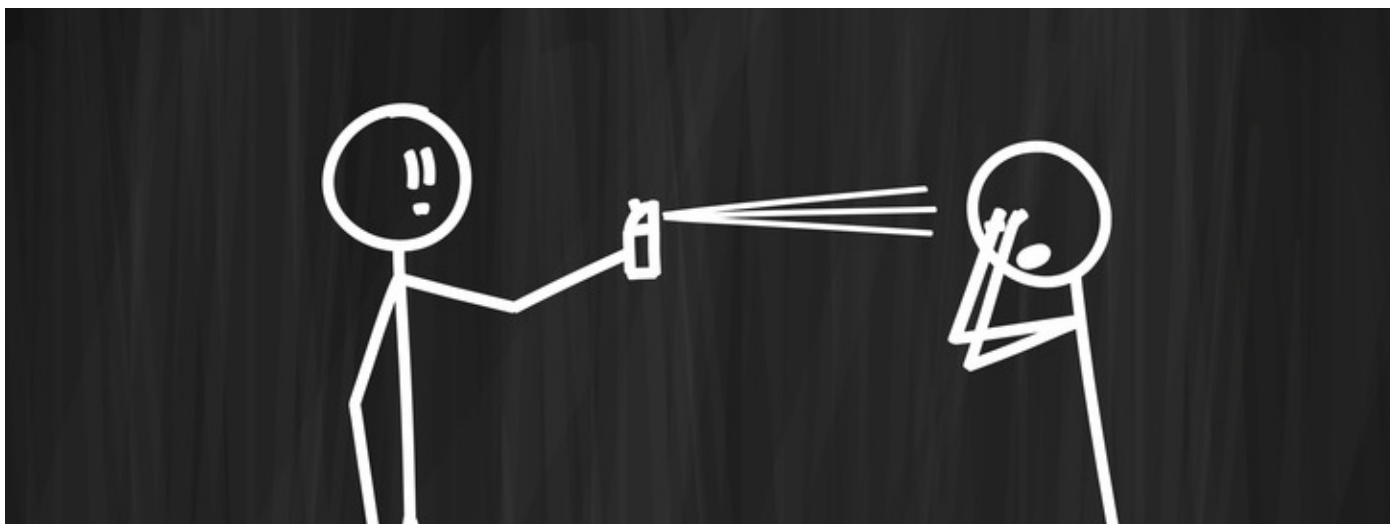
Patent law

Trademark law

Health & Pharmacy

Abusive (malicious) trademark application?

The Higher Regional Court Frankfurt am Main has to decide in infringement proceedings in the case „Pfefferspray“ inter alia on the plea that the trade mark in dispute is ready for cancellation due to malicious application pursuant to Sec. 8 (2) No. 10 MarkenG. The complete judgment of the Higher Regional Court Frankfurt am Main of 3 May 2018 is reproduced e.g. in WRP 2018, page 1110 et seq.



The decision was based on the following facts:

Since 1994, the plaintiff has used the signs „MK-3“, „MK-8“ and „MK-9“ for irritant sprayers (popularly known as „pepper spray“). To the applicant's knowledge, the defendant has also been using those signs since 2000 for irritant sprayers. A third company, the applicant's former supplier and the defendant's current supplier, was the proprietor of a Union trade mark „MK“ for irritant sprayers. The trademark protection ended in 2011 because the third company did not renew the term of protection of the trademark „MK“.

On 03.02.2016 and 02.06.2016 the plaintiff registered the signs „MK-3“, „MK-8“ and „MK-9“ as German trademarks for irritant sprayers.

As soon as those marks were entered in the register, the applicant issued a warning letter to the defendant concerning the use of those signs for irritant sprayers. The defendant refused to submit the required cease-and-desist declaration and undertaking. The plaintiff

then brought an action for an injunction and also asserted subsequent claims for information, damages, destruction and reimbursement of costs. In the infringement proceedings, the defendant raised the objection that the action marks were ready for cancellation on the grounds of malicious filing pursuant to Sec. 8 (2) No. 10 MarkenG. In principle, the defendant cannot plead in infringement proceedings that the plaintiff's trademark should not have been registered because of absolute grounds for refusal pursuant to Sec. 8 (2) MarkenG because the infringing judge is bound by the registration of the trademark. An exception applies to the malicious trademark application because this absolute obstacle to protection is not examined in the application procedure. Thus, if a malicious trademark application has been filed, the defendant may plead this in infringement proceedings.

The Higher Regional Court of Frankfurt am Main upheld the action. An infringement of the plaintiff's trademarks was undisputed because the defendant used identical signs for identical goods. The plea of malicious trade-

mark filing raised by the defendant was, in the opinion of the Higher Regional Court of Frankfurt am Main, unsuccessful.

The Higher Regional Court of Frankfurt am Main stated the following:

The applicant for a mark does not act unfairly simply because he knows that another company uses the same mark in Germany for the same goods without having acquired formal trademark protection (see also BGH GRUR 2008, page 621 et seq. - Academics). There is no right of prior use in trademark law. It is therefore not objectionable in principle if someone applies for a trademark for certain goods or services, although he knows that another person or company has already used this sign for identical goods or services, but has failed to protect this sign as a trademark.

It is only if special circumstances are added that such an application for a trade mark must be contested. Such special circumstances may lie in the fact that the proprietor of the trade mark, being aware of a prior user's *acquis* worthy of protection, uses, without sufficient objective reason, the same or a confusingly similar designation for the same or similar goods or services with the aim of disrupting the prior user's *acquis*, or with the intention to block the use of the designation by the applicant, or that the applicant for the sign uses the blocking effect arising from the registration of the sign by virtue of trademark law and unobjectionable from the point of view of competition law as a means of competition.

In the opinion of the Higher Regional Court of Frankfurt am Main, the plaintiff had no intention of obstructing the competition in this case. The applicant had a sufficient objective reason for filing the trade mark application. The applicant has been using those signs since 1994, so that it cannot be denied the right to protect the use of those signs by means of trade mark protection. Furthermore, everyone - including the defendant - had the opportunity to have those signs protected as trade marks after the term of protection of the Union trade mark „MK“ for the third company had expired in 2011.

Should the trademark applicant be able to demonstrate that he has a factual reason for the trademark application and uses the trademark himself, this objection will generally not be upheld.



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Frankfurt Higher Regional Court: First Published German Court Decision on the Erasure of Personal Data

The General Data Protection Regulation (GDPR) has not attracted too much attention of the German courts yet. Apart from a decision of the Lüneburg Administrative Court concerning CCTV and a decision of the Cologne Higher Regional Court concerning the rights and obligations of photographers, there has not been really relevant case-law during the GDPR's first 100 days. The supposed flood of frivolous lawsuits has failed to appear.



The Frankfurt Higher Regional Court has recently decided on a lawsuit brought against a search engine operator. The plaintiff had sued the US based search engine operator for the removal of search results presenting and linking allegedly objectionable content on certain internet pages. The court jumped at this opportunity to provide guidance on the scope and application of Art. 17 GDPR, the right to erasure. It dismissed the claim – with a daring argument (judgment of September 6, 2018, case number 16 U 193/17).

1. Starting point

The plaintiff used to work as the managing director of a large registered charity organisation in Hesse with approximately 500 employees and more than 35.000 members. The organisation had a financial deficit of approximately EUR 1 million in the year 2011. Around that time the plaintiff called in sick due to health problems. The press repeatedly reported about the charity organisation's financial difficulties, partly naming the

plaintiff as well as the fact that he was constantly not on duty for health reasons. The plaintiff has been seeking an order against the defendant to refrain from responding to search requests containing his first name and surname with several concrete URLs, which linked to corresponding press reports.

2. The court's decision

The court's decision contains several important statements ranging from less surprising ones as for instance the applicability of the GDPR on non-EU search engine operators to the more complicated details of the right to erasure and the weighing of the data subject's and the processor's interests.

a) Applicability of the GDPR on search engines offered to customers in the EU

The court started out with the obvious statement that the processing of information conducted by a search

engine operator was covered by the term processing of personal data within the meaning of Art. 2 (1) GDPR. It went on to explain that this processing of data was within the territorial scope of the GDPR according to Art. 3 (2) GDPR. According to Art. 3 (2) lit. a) GDPR, the regulation applies to the processing of personal data of data subjects who are in the European Union by a controller or processor not established in the European Union, where the processing activities are related to the offering of goods or services to such data subjects in the Union. The GDPR does not define the terms goods and services. According to the court, these terms need to be given a broad interpretation, in particular in view of the fact that the GDPR does not require monetary compensation of the data subject. In the case at hand the court argued that the search engine services were offered in the German language to users in Germany who according to an uncalled-for consideration of the court, for all intents and purposes, paid for these services by providing their personal information to the search engine operator.

b) Scope of the right to erasure

The court then held that a claim for removal of search results may be covered by Art. 17 GDPR. Before the entering into force of the GDPR, the majority of the German courts had not considered the claim for removal of search results to be covered by a right to the erasure of personal information, but by a distinct legal claim to cease and desist based on tort law. In view of the GDPR, the court abandoned that position. According to the court, under the GDPR, it must be taken into account that the ECJ considered the obligation to remove search results as an obligation to delete personal information within the meaning of Article 12 lit. b) of Directive 95/46/EC (ECJ, judgment of 13 May 2014, C-131/12 – Google Spain). The ECJ ruling was included in the discussions on the wording of Art. 17 GDPR. Against that background, it was not apparent that the legislator intended to exclude claims for removal of search engine results from the scope of Art. 17 GDPR. However, according to the court, the right to erasure was a limited one in the context of search engine operators. The data subject's right to request removal may be limited to the

deletion of specific hits that are displayed upon the entry of specific search terms, e.g. a name. As the case may be, the search engine operator does not need to remove the search hits or the links to websites from the search index completely, but may continue to display them upon the entry of other search terms. In the case at hand, the court nevertheless dismissed the claim.

c) Purpose of data processing of search engine operators

The court discussed whether a right to erasure could possibly have come into existence at all. To this end, it considered whether or not the personal data was no longer necessary in relation to the purposes for which they were collected or otherwise processed, Art. 17 (1) lit. a) GDPR. The court discussed this in two respects: On the one hand, it assessed the legal situation with regards to the search results including the links to the press articles as such and held that the purpose of the presentation of the search results continued to exist, i.e. making the linked websites accessible. On the other hand, the court considered the press articles to which the search results referred. In that respect the court argued that a necessity to keep the personal data only ceased to exist once a legitimate information interest had disappeared. Whether or not this was the case depended on a weighing of the involved parties' interests, similar to the weighing of interests necessary for assessing a legitimate interest according to Art. 6 (1) lit. f) GDPR. The court did not go into more details at this point as it dismissed the claim for other reasons.

d) Disclosure of data concerning health in the press

According to the court, it needed to be taken into account that there was an unlawful data processing pursuant to Art. 17 (1) lit. d) GDPR insofar as the linked articles contain health data of the plaintiff whose processing is inadmissible pursuant to Art. 9 (1) GDPR. In particular, the information that the plaintiff called in sick and was in a rehabilitation was health related information covered by Art. 9 GDPR. The processing of this data was not justified by the interest to inform the public about the allegation that the plaintiff had tried to elude

his responsibility for the charity organisation's crisis by calling in sick. The court called this a circular argument. It is important to note that the court held that the disclosure of health data had been lawful before the entering into force of the GDPR, i.e. under the Federal Data Protection Act in its version applicable before 25 May 2018. It is also important to note that the court made no distinction between the lawfulness of the information on the websites to which the search results referred and the lawfulness of the information processing in the context of the search results.

According to Art. 4 (2) GDPR processing includes, inter alia, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available of personal data. Therefore, the definition of processing covers the compilation of search results including links to the websites at least as an otherwise making available of personal data. In that respect, i.e. in the context of processing, it is irrelevant whether or not the search results themselves contain the critical personal data, e.g. the data concerning health. The situation is more difficult to assess with respect to the (personal) information affected by the right to erasure. The court did not discuss the scope of the right to erasure under these – typical – circumstances of the case. In particular, the court did not draw a distinction between the erasure of critical information itself, as for instance of health data as such, and of other information relating to this critical information, such as the search result data set, which does not necessarily contain personal data at all. Based on the definition of Art. 4 (2) GDPR, one may treat such search results as personal information due to their purpose of establishing access to the personal data hosted on another website. However, this certainly does not go without saying, and clarification by the court would have been very welcome.

e) The twist: The weighing of the conflicting interests and the application of the notice-and-take-down-procedure to the right to erasure

Taking into account the court's above assessment, the rest of the decision is not easy to understand. Given

that the (continuing) disclosure of health data was unlawful under Art. 9 GDPR, the outcome of the case may seem straightforward. In fact, it is not.

According to Art. 17 (3) lit. a) GDPR, the court must weigh the conflicting interests, i.e. the plaintiff's interest in enforcing his right to erasure, in particular to have links to his health data erased, and the defendant's freedom of expressing opinion and information. Or on a more abstract level: on the one hand the plaintiff's right to respect for private life in accordance with Art. 2 (1) in conjunction with Art. 1 (1) of the German Constitution, Art. 8 (1) of the European Convention on Human Rights, and Art. 7, Article 8 of the EU Charter of Fundamental Rights; on the other hand, the defendant's right and the defendant's customers' freedom of communication in accordance with Art. 5 (1) of the German Constitution, Art. 10 (1) of the European Convention on Human Rights and Art. 11 of the EU Charter of Fundamental Rights. This weighing of interests must be exercised even if the processing of personal data was unlawful within the meaning of Art. 17 (1) lit. d), which is one of the scenarios where the right to erasure comes into existence. Interestingly, the court did not discuss the question of whether or not this weighing of interests is possible and necessary at all in cases of a continuing violation of Art. 9 GDPR, i.e. in cases of unlawful processing of health data (advocating against the weighing of interests in such cases Worms, in: Beck Online Commentary of the Data Protection Law, 25. Ed. [August 2018], Art. 17 GDPR mn. 80).

The court did not only weigh the conflicting interests but went on to argue that, according to the case law of the German Federal Court of Justice, search engine operators are only subject to specific obligations to remove search results if they have been notified of an infringement of personal rights that is obvious and clearly recognisable at first glance. A similar argument had been made by the Hamburg Higher Regional Court recently in passing (judgement of 10 July 2018, 7 U 125/14). According to the Frankfurt court, such notice was necessary in order to enable the search engine operator to identify in the large number of indexed internet pages those that infringe the rights of third parties. For example,

le, an infringement of personal rights may be obvious in the case of child pornography, an instigation of violence against persons, obvious confusion of persons, the existence of a legally binding decision against the primary infringer, the lapse of any information interest over time or hate speech. According to the court, this standard applied by the Federal Court of Justice to a claim for cease and desist under tort law must apply to the right to erasure, too.

According to the court, the press articles were lawful when they were published. Therefore, the defendant did not have reason to spot an infringement of personal rights that was obvious and clearly recognisable at first glance in the press articles. Moreover, the defendant acted lawfully in linking the press articles to the list of search results in spite of the disclosure of health data contained therein. In this respect, it must be taken into account that without search engines the internet would no longer be usable due to the flood of data and thus the use of the internet as a whole is dependent on the existence and availability of search engines. With regard to press articles taken up by the search engine, the interest of the authors protected in Art. 5 (1) of the German Constitution also needed to be taken into account.

3. Conclusion

The court's reasoning does not become entirely clear. In particular, it remains unclear why exactly the court dismissed the claim. Parts of the reasoning read as if the court holds the press articles to be lawful. Other parts of the reasoning suggest that the court required an infringement of personal rights that was obvious and clearly recognisable at first glance. Such requirement, however, has not been laid down in Art. 17 GDPR.

One might argue that the unlawful processing of personal data does not trigger a claim for erasure as long as the aggrieved person has not informed the search engine operator, as otherwise the operation of search engines services would become virtually impossible. This position may find support in Art. 17 (3) lit. a) GDPR according to which no claim for erasure comes

into existence as long as the processing is necessary for exercising the freedom of expression of opinion and information. It may also be based on Art. 17 (1) GDPR according to which the erasure shall be effected without undue delay. One may argue that undue delay can only occur if the data processor, i.e. the search engine operator, has concrete and secure knowledge of the facts that establish a data subject's right to erasure.

The argument becomes more difficult as soon as the search engine operator is on notice. The notice-and-take-down procedure was conceived to handle cases where the service provider does not have a primary obligation to identify possibly infringing content. However, the case at hand does not concern such secondary liability, but a distinct GDPR claim directed, as the court rightfully points out, specifically to the search engine operator.

The claim to erasure pursuant to Art. 17 (1) GDPR is not limited to cases where the unlawfulness of the data processing or even the preponderance of the data subject's interests is readily apparent. Based on the Frankfurt Higher Regional Court's approach, a data subject will never be in the position to enforce his or her claim to erasure against a search engine operator as long as the claim is not a clear-cut one. This might overcomplicate the enforcement of the data subject's right to erasure against search engine operators. It is understandable that the court has sought a way to protect the business model of search engine operators against data protection claims for erasure. However, the legal basis of such protection may need to be reconsidered.



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Illegal exploitation of trade secrets by employees who have left the company

With its decision „Hohlfasermembranspinnanlagen II“ (hollow fibre spinning system II) (judgment of 22.03.2018, I ZR 118/16), the German Federal Court of Justice (FCJ) further develops its previous case law on the protection of trade secrets. The decision deals with the question i) on the certainty of claims, ii) on the requirements for the disclosure of trade secrets, iii) on the confidential nature of facts and iv) on the requirements for an act of infringement, in this case the unauthorized exploitation of trade secrets.



The decision is based on the following facts:

The plaintiff develops and manufactures special fibre spinning systems, which the plaintiff uses exclusively for its own production of hollow fibre membranes for dialysis filters. At the heart of the spinning lines are the nozzle blocks on which the nozzles for fibre production are mounted. The plaintiff's spinning systems originally had a capacity of 1024 threads and, since 1999, a capacity of 1536 threads. Defendant 1 also manufactures and distributes fibre spinning systems for the production of hollow fibres for dialysis filters. Defendant 2 is the managing director of defendant 1 and a chemist specializing in the production of hollow fibres. Before joining defendant 1, he worked for the plaintiff as a production manager. The defendant 1 has offered for the first time since 2004 a spinning system with 1536 threads. The plaintiff asserts that the defendants copied hollow fibre spinning systems with 1024 and 1536 threads using construction drawings, plans and other information of the plaintiff and further holds the opinion

that this is, among other things, an illegal exploitation of its trade secrets.

The Regional Court upheld the claim and ordered the defendant to cease and desist from manufacturing and distributing the fibre spinning systems and also ordered the defendants to disclose accounts.

However, the court of appeal amended the judgment of the first instance and dismissed the action on the ground that the plaintiff had not submitted sufficient evidences for both a trade secret itself and an infringing act within the meaning of Section 17 German Act Against Unfair Competition (UWG). The plaintiff did not specifically state which part or element of its spinning system constituted a trade secret. Nor had the plaintiff explained which construction plan of the spinning systems, respectively in which individual part of it, contained a trade secret. Furthermore, the plaintiff had not

shown that the defendant had made unauthorized use of knowhow obtained from the plaintiff. The mere fact that the parties' spinning systems had similarities does not permit such a conclusion.

The FCJ annulled the decision and referred the case back to the court of appeal for a new decision:

a) The FCJ states that claims are sufficiently precise if - as in the present case - the injunction claimed by the plaintiff is directed against the infringing embodiment. A description of the circumstances from which the plaintiff derives an infringement is not necessary. In this respect, it had to be taken into account that the principle of certainty of claims must not result in the plaintiff being forced to disclose business or trade secrets in the written claims disrespecting his legitimate interests of confidentiality.

b) The FCJ further states that the concrete dimensions and arrangements of the nozzle bodies and nozzle blocks of a hollow fibre membrane spinning system in construction plans and in the end product itself can be considered as violated or unlawfully exploited trade secrets. In the present case, the plaintiff submitted an expert opinion and adopted the result and the favorable findings of the regional court as its own. The FCJ clarifies that a further specification of the details by which the trade secret is embodied has no significance for the merits of the claim for injunction with regard to the present form of infringement. This was only relevant for the scope of the injunction, i.e. the question as to whether similar acts of infringement were also covered by the injunction order.

c) With regard to the assessment as a trade secret, the FCJ explains that a certain fact is available to a limited group of persons, also possibly a larger one, is no contradiction. It was also irrelevant whether an employee was aware of the relevant circumstances. The confidential character of a fact is regularly not neutralized by the fact that processes in a production plant become known to the employees. The assessment as a trade secret was only excluded if it was obvious, i.e. if the fact was generally known.

Furthermore, a fact being part of the public domain was of no significance for the question of disclosure. Rather, the assessment as a trade secret depends on whether the relevant fact can only be found, made accessible and thus usable by the entrepreneur with a great deal of time or expense. This applied in particular to construction plans comprising the dimensions and arrangements of technical components of a machine. By using them, a considerable amount of the company's own construction work is regularly saved.

d) With regard to the question of the infringing act, the FCJ first points out that a former employee may use the knowledge acquired during the period of employment without restriction later, if he is not subject to a non-competition clause.

However, this only applied to information that the former employee kept in his mind. The entitlement did not refer to information, which the former employee was only aware of because he could use written documents, which he had prepared during the employment. A former employee was therefore not entitled to refresh the knowledge he had acquired by taking away or stealing construction documents and to use the knowhow comprised in these documents for his own purposes. If such documents were available to the former employee and if he took a business or trade secret of his former employer out of them, he obtained this secret without authorization within the meaning of Section 17 para. 2 no. 2 UWG. Such a flaw does not lose its significance under competition law simply because the employee is in a position to develop such equipment or parts of it himself.

For the question as to whether an unauthorized exploitation had been presented in the present case, the FCJ refers to the findings of the regional court. In view of the large number of similarities in the spinning systems at issue and in particular in the layouts and individual dimensions of the respective nozzle blocks, the court had found that a subsequent takeover without the use of construction plans, specifications, photos or detailed sketches appeared to be ruled out.

Note:

In fact, this case had the specific circumstance that the plaintiff's trade secrets relate to a technique which the plaintiff uses exclusively within its own company and which it does not disclose to any third party. This was the basis for the assumption that the concrete construction enjoys protection as a trade secret of the plaintiff. The complexity of the construction in detail and the degree of conformity of the spinning systems at issue allowed the court to consider that they had been used improperly. From a legal point of view, the FCJ has further developed its previous case law in particular on the confidentiality of a fact which is known to the employees of a company and/or belongs to the state of the art and is therefore regularly known through publication, and on the unlawful exploitation of trade secrets by employees who have left the company (cf. FCJ, judgement of 23.02.2012, I ZR 136/10 – MOVICOL, GRUR 2012, 1048, 1049; judgement of 13.12.2007, I ZR 71/05 – Schweißmodulgenerator, GRUR 2007, 727, 728 f.; judgement of 07.11.2002, I ZR 64/00 – Präzisionsmessgeräte, GRUR 2003, 356, 358).

It is also not surprising that the FCJ is of the opinion that a more detailed description of the circumstances from which the infringement arises is unnecessary if reference is made to the infringing embodiment in the written claim. However, with regard to the certainty of the written claims, the FCJ points out the plaintiff's interest in the secrecy of its business and trade secrets and takes this into account (FCJ, judgment of 22.03.2018, I ZR 118/16 – Hohlfasermembranspinnanlage II, para. 19). In less clearly defined cases, this opens up a certain scope for argumentation.

It is to be expected that the case law will also transfer the principles of the protection of business and company secrets set out once again in the present decision to the new law on the protection of business secrets, which will be introduced by the Law on the Protection of Business Secrets (GeschGehG) in implementation of Directive (EU) 2016/943 of June 8, 2016 (Directive (EU) 2016/943). Although the new law will place higher demands on the presentation of the secret character, i.e. it

will additionally require the presentation of appropriate secrecy measures according to the circumstances (§ 2 No. 1 lit. b) of the government draft of the GeschGehG of 18.07.2018 (RegE GeschGehG); Art. 2 No. 1 lit. c) RL (EU) 2016/943). However, higher requirements for the secret character of facts themselves are not to be expected. Thus § 2 No. 1 lit. a) RegE GeschGehG and Art. 2 No. 1 lit. a) RL (EU) 2016/943 provide that information constitutes a trade secret if it is not generally known or readily accessible and therefore of economic value. This corresponds to the assessment of the case law of the Federal Court of Justice that it depends on whether the relevant fact can only be found, made accessible and thus usable by the entrepreneur with a great expenditure of time or money.

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No exhaustion of trademark rights for luxury goods in case of presentation in inadequate environment

In the „Japanese cosmetics manufacturer“ case, the Higher Regional Court of Düsseldorf had to decide in an interim injunction procedure whether the trademark rights for luxury goods were exhausted if they were offered indiscriminately in a supermarket alongside everyday and mass products. The judgment of the OLG Düsseldorf is reproduced e.g. in GRUR-RR 2018, p. 335 et seq.



The claimant in the proceedings was the German subsidiary of a Japanese group and was authorized to enforce the trademark rights of the parent company. High-quality, high-priced cosmetic products are offered and sold under these brands. The defendant in the proceedings is part of a chain of several hundred supermarkets in Germany which sell not only food but also household goods, electrical appliances, textiles, shoes and cosmetics. In particular, the defendant also offered luxury goods bearing the trademarks of the Japanese cosmetics manufacturer. It was undisputed between the parties that these goods offered by the defendant had been placed on the market in the European Union or the European Economic Area with the consent of the applicant.

If goods have been placed on the market in the European Union or the European Economic Area with the consent of the trademark owner, the trademark rights with regard to these products are generally exhausted, Art. 15 (1) UMG or Art. 24 (1) MarkenG. In these cases, the trademark owner can no longer assert his rights

with regard to these goods.

However, such exhaustion of the trademark rights does not occur if „legitimate reasons“ justify that the owner opposes further marketing of the goods, in particular if the condition of the goods has changed or deteriorated after they have been put on the market, Art. 15 (2) UMG or Art. 24 (2) MarkenG.

There was no subsequent alteration or deterioration of the goods in the present case.

The words „in particular“ in Art. 15 (2) UMG or Art. 24 (2) MarkenG make it clear that there may also be other „legitimate reasons“ which may justify an exception to the principle of exhaustion of rights.

The ECJ considers the existence of a legitimate reason possible even if the use of the trade mark is liable to damage its reputation (see ECJ, GRUR Int. 1998, p. 140 marginal 43 - Dior/Evora; see also Ströble/Hacker/Thiering, MarkenG, 12th ed., § 24 marginal 164).

In the case of luxury and prestige goods, the reseller may not unfairly act contrary to the legitimate interest of the trade mark owner. He must therefore take care that his advertising does not undermine the reputation of the trade mark by damaging the luxury and prestige character of the goods in question and the luxurious appearance emanating from them.

In the case decided, the Düsseldorf Higher Regional Court determined the following:

„The applicant’s cosmetic articles are found indiscriminately next to everyday and mass products and are also offered like these. A somehow elevated presentation of the product does not take place. The possibility of the financing makes it appear affordable for everyone. The products stand thereby on a level with the other offered articles and find themselves evenly straight also in a multiplicity of products of most different categories. The prestige value of the goods is thus cast into considerable doubt, as this form of distribution ultimately negates the applicant’s claim to securing the exclusivity and luxurious appearance of her branded goods and the quality requirements she sets for distribution.“

In the opinion of the Düsseldorf Higher Regional Court, such a presentation was therefore likely to damage the reputation of the trade mark in question for luxury goods. For this reason, the applicant’s trademark rights were not exhausted, with the result that the interim injunction applied for had to be issued.

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Right to be heard in injunction proceedings

In a recently published decision (1 BvR 1783/17, order of 30 September 2018), the Federal Constitutional Court clarified that the principle of equality of arms and the right to a fair hearing also exist in the injunction proceedings.

In a press law case, the Federal Constitutional Court overturned a decision of the District Court of Cologne that had prohibited a press organ from making certain statements without the defendant having received a preceding warning letter or been heard in the court proceedings.

The Federal Constitutional Court makes it clear that the fundamental right of the rule of law and equality (Article 3 of the Constitution) normally requires that the defendant in an injunction proceeding is heard before the court decision. Such a hearing can also take place through the warning letter because the respondent then has the opportunity to file a protective brief. If a warning letter has not been issued and the respondent has therefore not been able to comment on it, the court must at least grant a written hearing on short notice.

Exceptions can only arise if special circumstances of the proceedings require the defendant to be taken by surprise, for example in the case of arrest, pre-trial detention, apartment searches or, according to prevailing case law, probably also in the sequestration of infringing objects.

Apart from these exceptional cases, however, the defendant must be heard.

This case law is likely to have considerable effects, particularly in the area of competition law and industrial property law. There the legislator has already ordered in the Unfair Competition Act that a warning letter shall be issued before court actions. However, the legislator has not imposed an obligation to do so. The Federal Constitutional Court is now de facto introducing this warning letter burden; otherwise the judge must hear the debtor in the ongoing injunction proceedings.



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Recent developments in FRAND jurisprudence

The case law of the courts of instance on the questions of how to deal with standard essential patents has been further substantiated in the past year.



There is an increasing number of court decisions refusing to grant injunctive relief to patent holders because they have not fulfilled their antitrust obligations to grant a non-discriminatory, reasonable license offer by the end of the oral hearing.

Probably the most significant development in the case law of SEPs is the fact that the courts in Mannheim and Düsseldorf have clearly emphasized the SEP holder's duty of transparency, from which extensive information obligations derive, which the SEP holder must fulfil at an early stage.

An important question that arises often in practice is the extent to which the patent holder must fulfil his negotiation and offer obligations before filing an infringement action and whether and how he can remedy this omission in court.

The Mannheim Regional Court has announced in several decisions that it will probably change its case law to the effect that pending infringement proceedings must be suspended in order to create a pressureless negotiating situation to allow negotiations and to remedy the omitted negotiating obligations. At this point, the infringement courts in Düsseldorf have so far worked with

graded preclusion rules and procedural promotion obligations. A very clear line cannot yet be discerned here.

The licence offer must formulate the FRAND conditions in writing and enable the recipient to understand why the submitted offer meets FRAND criteria on the basis of objective criteria.

Other licence agreements must be made transparent, including the reasons for different treatment. A blanket reference to other licensees without further explanation of the license terms and a reference to a portfolio of a third party as well as an expert opinion not made available are not sufficient. The information to be provided by the SEP holder on the „manner of its calculation“ in the context of the offer corresponds in terms of content to what he as plaintiff must present in infringement proceedings in order to sufficiently demonstrate the FRAND conformity of his offer to the court. In particular, it is necessary to submit evidence on license agreements already concluded and on relevant court decisions. Whether the submission of licence agreements alone is sufficient to prove the adequacy of the licence fees depends in particular on the number of licence agreements concluded. If there is a sufficient number of licence agreements and acceptance on the market

(e.g. market share of products licensed at a certain fee level), no further information on the appropriateness of the licence fee level will normally be required. The SEP-owner has to provide information on all license agreements already concluded, otherwise, there is always a risk that only those contracts will be submitted that support the required level of royalties. Non-discrimination can also only be verified if information is provided on all licence agreements. In addition, the SEP holder must submit any court decisions dealing with the licence agreements in order to calculate the required licence fees. This is because court decisions or information on the appropriateness of the proposed licensing conditions can be considered as neutral and expert opinions. The infringer has a legitimate interest in such decisions, while it is up to the SEP holder to make such relevant aspects transparent. The SEP holder must also submit other decisions on the infringement and the legal status of the IPR(s) to be licensed. If none of these exist, the SEP holder must present evidence of the appropriate level of licence fees, for example, for comparable licence agreements (preferably in the same or comparable technical area). Further explanations of the portfolio and its effects on the level of fees are also necessary if the plaintiff's patent is not licensed individually. Only when the infringer has received this information it can be seen as an offer, FRAND compliance which the infringer has to examine for and to which he must respond in accordance with the requirements of the ECJ.

Significant changes in case law have also occurred with regard to the issue of non-discrimination. Licensees are treated unequally if the patent holder of a SEP grants special or preferential contractual conditions to individual licensees, which it refuses to grant to other licensees; this also applies if it selectively enforces its prohibition rights from the SEP. Such selective enforcement is to be assumed if the patent owner initiates infringement proceedings against individual competitors in order to force them into a license agreement, while leaving other competitors free to use his intellectual property rights. There is also discrimination if the hardware suppliers of a network operator are denied licences and the network operator is attacked. The licence offer must be fair and reasonable in absolute terms and

relative to other licensees in terms of its amount and other licensing conditions and must not discriminate. The SEP holder must grant the same prices and other terms and conditions to trading partners in the same situation. However, this only applies to comparable situations - there is therefore no obligation for schematic equal treatment. However, a licence offer is not FRAND if the patent holder cannot explain why a flatrate licence with a one-off payment was granted in favour of a large manufacturer, whereas unit licences with individual invoicing were requested in this case.

A substantial course correction of the case law also results from several decisions of the Düsseldorf courts, according to which the SEP holder cannot in principle invoke the confidentiality interests of his licensing systems and conditions. There is no legally protectable interest in the secrecy of the license terms that the SEP holder actually takes on the market, unless the SEP holder is in a position to present other actual circumstances. The mere reference to confidentiality clauses in license agreements is not sufficient. The promise to license in a fair and non-discriminatory manner requires transparency of the applicable license conditions for the interested party. Otherwise the interested third party cannot find out what the license conditions already in place look like. In view of the obligation to treat everyone equally, it is not clear what legally justifiable interest the licensor should have in keeping his licence conditions, with which he owes equal treatment to the market participants, secret from the public. In principle, therefore, SEP holders cannot be required to conclude confidentiality agreements during the proceedings.



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„Das neue Europäische Patentsystem“	11. April 2019, Hotel Victoria, Nürnberg	Andreas Haberl, Konstantin Schallmoser
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Editor: Preu Bohlig & Partner Partnergesellschaft mbB (Professional partnership with limited professional liability) based in Munich, entered in the partnership register of the Municipal Court of Munich (Germany) under PR2.

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