



## Newsletter July

ISSUE 2/2020

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## Further growth in Soft-IP at Preu Bohlig's Düsseldorf site

**The Düsseldorf office of Preu Bohlig has been strengthened with the addition of lawyer Anja Böhm, LL.M. (Cape Town).**

Anja Böhm is particularly active in trademark, competition and copyright law as well as press and media law and will thus further strengthen the team around partner Dr. Torben Düsing at the Düsseldorf office. Prior to joining Preu Bohlig, Anja Böhm was a lawyer in the Soft-IP team of Osborne Clarke in Cologne. The arrival of Anja Böhm is accompanied by the growing practice in soft-IP as well as media and press law at the Düsseldorf office of the law firm. „Preu Bohlig has grown at all locations in recent months,“ says Dr. Torben Düsing. „The fact that we have gained a new colleague in Düsseldorf in soft-IP and in press and media law is a sign of the healthy development of the location and the increasing demand for advice in these areas“. With the arrival of Anja Böhm, Preu Bohlig now has 34 lawyers, 32 of whom are active in the field of intellectual property. Preu Bohlig & Partner is a partnership of lawyers. At its offices in Munich, Berlin, Düsseldorf and Hamburg as well as in Paris and in association with renowned law firms abroad, Preu Bohlig offers advice in the fields of commercial law for national and multinational companies and institutions. The main focus of the firm is on intellectual property rights, competition and copyright law, pharmaceutical law, press and media law as well as commercial and corporate law.



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## IP Stars 2020

IP STARS 2020 rankings of the leading firms.

Preu Bohlig & Partner is listed in „Patent Contentious“ (Tier 2, 2019) und „Trademark“ (Tier 3, 2020)

**Andreas Haberl, Dr. Alexander Harguth and Prof. Dr. Christian Donle** are named as „Patent Star 2020“.

## Liability for trademark infringements in the case of „fulfilled by Amazon“ shipping / ECJ – Judgment of 02.04.2020 – Case C-567/18



**In its ruling of April 2, 2020, the European Court of Justice (ECJ) decided by preliminary ruling that a company which stores and dispatches trademark infringing goods for a third party does not make its own use of the EU-trademark and is, therefore, not liable for the trademark infringement if it has no knowledge of the trademark infringement (printed in BeckRS 2020, 4826).**

The ECJ's preliminary ruling was based on the following facts:

The cosmetics company Coty filed a claim against Amazon for infringement of the EU-trademark „Davidoff“ and demanded an injunction regarding the possession and distribution of trademark-infringing perfumes. However, Amazon did not offer and distribute these perfumes as a seller, but took over the storage and dispatch of the goods for independent third party sellers (so called 3P-sellers) on the Amazon Marketplace platform (so-called fulfilled by Amazon or fbA-procedure).

The District Court of Munich I (LG München I) and the Higher Regional Court of Munich (OLG München) dismissed the action. In the opinion of both courts, the storage of goods for a third party shall not constitute own possession and the dispatch of the goods for a third party shall not constitute own distribution of Amazon. A liability based on the principles of the so called Störer-

haftung (Breach of Duty of Care) of Amazon was ruled out, since Amazon could not be expected to proactively examine the large number of products in its warehouse for counterfeit characteristics, which were often only known to the manufacturer itself.

The Federal Court of Justice (BGH) suspended the proceedings in the appeal instance and referred the question to the ECJ for a preliminary ruling as to whether the so-called warehouse and carrier privilege also applies in cases in which the company is fully integrated into the operational process because the platform operator, stockist and sender all belong to the same group and only goods offered on the platform are stored and shipped (BGH GRUR 2018, 1059 – Davidoff Hot Water III). The BGH tended to apply the warehouse and carrier privilege (e.g. BGH GRUR 2009, 1142 – MP3-Player-Import) also to the present case, i.e. to deny liability for lack of own action.

In his opinion, the Advocate-General of the ECJ, however, affirmed an own obligation of Amazon: Amazon was actively involved in the distribution of the goods and - unlike a pure carrier - had its own economic interest in the sale (through the sales charges). The ECJ, nevertheless, finally decided the case differently: Only autonomous actions, with which the market player pursues own purposes of offering goods or placing them on the market, can be prohibited. Any possession and distribution must, therefore, be carried out for the company's own marketing purposes. In its decision, the ECJ left open the question of whether or not there might be a liability of Amazon based on the principles of the Störerhaftung, as this question was not part of the BGH's preliminary request. However, a liability based on the Störerhaftung regularly presupposes positive knowledge of the trademark infringement of the third party.

The decision of the ECJ and the legal view of the BGH expressed in its request are highlighting an established case-law which privileges trading platforms but holds strictly liable the 3P-sellers operating on the platform. For example, 3P-sellers on Amazon's marketplace platform are liable for competition violations or trademark infringement if an offer in which they are listed as sellers has been modified by a third party (Amazon or other 3P-sellers) without their knowledge, since they would have to reckon with such manipulation at any time (see BGH GRUR 2016, 936 – Angebotsmanipulation bei Amazon [for trademark law] and BGH GRUR 2016, 961 – Herstellerpreisempfehlung bei Amazon [for competition law]). The BGH only set the limit of this liability in the case of customer reviews which were incorrect in content (BGH GRUR-RS 2020, 3414). The Federal Court of Justice justifies this very far-reaching liability of the 3P-sellers as the liability flip-side of the economic advantages of using an open and wide-reaching trading platform. In the opinion of the BGH, it does not matter that it is actually not possible for 3P-sellers to regularly check several thousand offers for (infringing) third-party insertions.

In the opinion of the author of this article, it is not comprehensible why these strict liability principles should

not also apply to Amazon in regard to the fbA-procedure. Amazon profits directly from the offers of the 3P-sellers (through sales fees) and must reckon with the fact that trademark infringing goods are sold via the platform, as well. By handling the entire sales process, Amazon is actively involved in the trademark infringement. The fact that Amazon is hardly able to check the originality of the goods is, according to the above, not really a matter of importance.

Finally, it remains open whether the liability privilege also applies if the 3P-seller agrees to the mixing of stocks additionally to the fbA-procedure. In this variant of the fbA-procedure, the various stocks (from Amazon and other 3P-sellers) of a product are combined and the buyer is supplied from the nearest warehouse where the product is in stock. The retailer in realiter no longer holds a specific stock, but only a certain proportion of a total stock. Amazon selects independently and without instructions a product from the total stock, which the buyer receives. At least in this case, an active independent action by Amazon and thus liability in the case of a trademark infringement could be affirmed.



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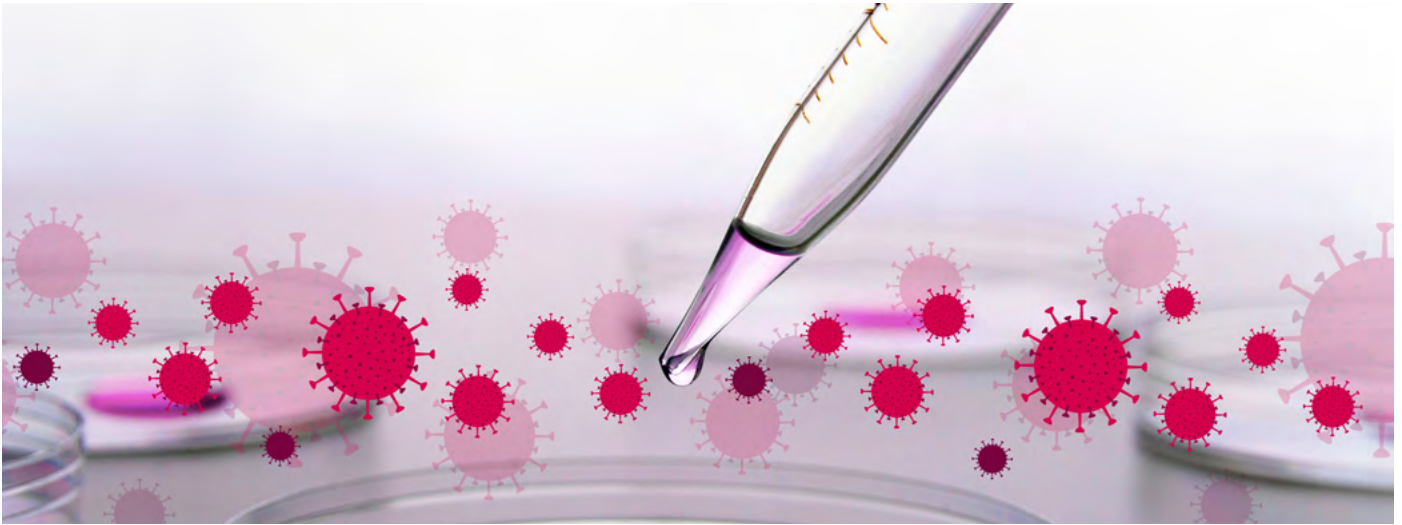
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## „Exclusive license to operate“



**In the case „Bacterial Cultivation“, the Düsseldorf Higher Regional Court had to decide in a patent infringement suit, among other things, whether the second plaintiff was actively legitimised. The decision of the Düsseldorf Higher Regional Court is printed in GRUR-RR 2020 S. 137 et seq.**

The following persons are authorized to conduct patent infringement proceedings:

the owner of the patent entered in the register,

the exclusive licensee,

the simple licensee under certain conditions.

The exclusive licensee may independently enforce the claims arising from §§ 139 ff. Patent Act. He is not dependent on an assignment of claims and may claim compensation for his own damage caused by the infringing acts (established case law, see e.g. BGH GRUR 2008, 896 et seq.)

The simple licensee, on the other hand, cannot independently assert the claims under Sec. 139 et seq. In order for the simple licensee to be actively legitimised, it is necessary that the patentee or the exclusive licensee authorises the simple licensee to assert the claims to injunctive relief, recall and destruction in his own name (so-called declaration of status of proceedings) and assigns the claims to information and accounting, compensation and damages to

the simple licensee. Furthermore, the simple licensee must have a vested interest in the enforcement of the claims. Such „own interest“ of the ordinary licensee is regularly given because he may lose sales revenue due to the actions of the infringer.

In the present case a „technical licence agreement“ was concluded on 1.11.2011. It was obviously not clear from the wording whether the second plaintiff had received an exclusive or a simple licence. In the legal dispute, the second plaintiff submitted a supplementary agreement dated 23/26 June 2017 to the „technical licence agreement“ of 1 November 2011. In this agreement it stated inter alia :

„In clarification of Art. 7.1 of the existing license agreement, the exclusive licensee granted to H to C for the German part of the European Patent EP.... retroactively valid from 1.11.2011.“

The declaration of litigation status and assignment agreement required for the active legitimisation of the simple licensee was obviously not available. Accordingly, the legitimisation to take action of the second plaintiff was only given if the retroactive clarification/confirmation of the exclusive

license was effective. If this was not the case, the action would have to be dismissed for lack of legitimation to act.

The Higher Regional Court of Düsseldorf initially stated that it was not possible to retroactively convert an exclusive licence into a simple licence by means of a later agreement because of the character of an exclusive licence which is effective towards everyone. It was also not possible to retroactively convert a simple licence into an exclusive licence by means of a later agreement.

However, a retroactive grant of an exclusive license was unobjectionable if the licensee had exercised it in the period covered by the agreement in any case with the consent of the property right owner as such and had made use of the protected technical teaching. In such a case, the subsequent „granting“ of an exclusive license would ultimately only bring the already de facto situation into paper form. The subsequent licensing would then correspond to a subsequent approval of the practice practised until then, which would take into account the fact that the licensee had in fact already had the same position as he later had under the exclusive license agreement.

According to the Oberlandesgericht Düsseldorf, those conditions are fulfilled in the present case. Accordingly, the second plaintiff has been the exclusive licensee since 1 November 2011 and thus actively legitimised.

However, if the second plaintiff had not been able to prove that it had in fact already had an exclusive licence since 1 November 2011, this might have had the consequence that it would not have been able to prove its active legitimation with the consequence that its action would have been dismissed.

The licensor in the decided case was probably domiciled abroad (Japan). The Düsseldorf Higher Regional Court therefore also had to deal with the question of which law was applicable in particular to the Supplementary Agreement of 23/26 June 2017.

For the question of the applicable law, a distinction must be made between the granting of an exclusive licence and the granting of a simple licence.

For the granting and transfer of an exclusive license right, the so-called protection country principle is relevant. The connection to the country of protection principle is mandatory and not open to a different choice of law by the parties. If the subject matter of the exclusive license is thus a German patent or the German part of a European patent, German law applies to the granting and transfer of the exclusive license.

For the granting and transfer of a simple licence, on the other hand, the contractual statute is relevant. For all contracts concluded since 17.12.2009, the Rome I Regulation is applicable in the European legal area. For contracts concluded before 17.12.2009, Art. 27, 28 EGBGB old version continue to apply.

The supplementary agreement of 23/26 June 2017 at issue here was concluded after 17 December 2009, so that the Rome I Regulation was applicable. Pursuant to Art. 3 para. 1 sentence 1 Rome I Regulation, a contract is subject to the law chosen by the parties. The contracting parties had wisely made use of this option and agreed on the applicability of German law.

If the parties had not made a choice of law, the question of the applicable law would have had to be assessed according to Art. 4 Rome I Regulation. For license agreements, the question of the applicable law is, according to the prevailing opinion, governed by the law of the licensor's habitual residence (see Munich Commentary on the BGB/Martiny, International Private Law II, on Art. 4 Rome I Regulation, para. 265). Thus, if the contracting parties had not made a choice of law in the present case, the law of the licensor's habitual place of residence would have been decisive for the supplementary agreement of 23.6/26.6.2007, i.e. Japanese law. This would have given the defendants the opportunity to dispute that the Supplementary Agreement of

June 23/26, 2017 was valid under Japanese law. This in turn might have led to the German court having to obtain an expert opinion on the question of validity under foreign law, § 293 ZPO.

In the present case, the parties to the contract have „circumnavigated“ this „pitfall“ by agreeing to German law (which is always recommended for legal disputes in Germany in the case of such agreements).



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## **Legal 500 Germany 2020 – Health**

### **Regulatory law - Health sector**

Preu Bohlig & Partner remains one of the regulatory heavyweights in the market. The team around the experienced practice group leader Peter von Czettritz, which since the beginning of 2019 also includes the pharmaceutical, patent and competition specialist Alexander Meier, who joined from HOYNG ROKH MONEGIER, is active both in a forensic and purely advisory capacity. The team's third-party opposition practice is particularly well recognized, but they offer a wealth of experience that goes far beyond this, including advice on medical devices and competition law. In addition, the team also advises on food, cosmetics, compliance and product liability issues.

## FSM starts work – YouTube and Facebook can now transfer decision on the illegality of reported content

**According to § 3 Network Enforcement Act, providers of social networks are obliged to maintain a procedure for dealing with complaints about illegal content.**

According to this, social networks must provide an easily recognisable, directly accessible and permanently available procedure for their users, with the help of which the providers immediately take note of the complaint, check whether reported content is illegal within the meaning of the Network Enforcement Act (§ 1 (3) Network Enforcement Act) and, if necessary, remove the content or block access to it. According to § 3 (2) no. 3 b) Network Enforcement Act, social networks can also transfer the decision as to whether content is illegal to an institution of regulated self-regulation recognised under § 3 (6 - 8) Network Enforcement Act.

In January 2020, the Federal Office of Justice recognised the association Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e. V. (FSM) as the first institution of regulated self-regulation. So far, the FSM has mainly been active in the field of youth media protection.

In order to be recognised as an institution of regulated self-regulation, the institution must guarantee, in accordance with § 3 (6) Network Enforcement Act, the independence and expertise of its auditors as well as proper equipment, ensure that the reported content is examined quickly within seven days and set up an appeal body. Further, the examination must be governed by rules of procedure that regulate the scope and procedure of the examination as well as the obligations of the participating social networks, and provide for the possibility of reviewing decisions. The institution must also be supported by several social networks and be open to other social networks. So far, Facebook and YouTube have joined the FSM.

The FSM has set up the Network Enforcement Act Review Panel, which is an external expert committee that makes the decisions. Currently, the review panel consists of 50 lawyers. A three-member committee in accordance with the rules of procedure makes the de-

cisions. After the social network has forwarded the report on a content to the FSM, the FSM convenes the three-member committee based on a schedule of responsibilities. If the review panel considers the content to be illegal, the FSM forwards the decision to the social network, which is bound by the decision. The FSM publishes the decisions anonymously on its website. The social network then informs the user responsible for the content in question and the complainant of the decision taken. The user responsible for the content can request a review of the decision within two weeks. For this purpose, he/she must present facts or legal considerations which in his/her view justify a different assessment of the facts. The social network has to inform the user about this possibility.

In April 2020, Preu Bohligh successfully brought about the first published decision of the FSM for a client. The client - a well-known German television presenter - was described as an „old Nazi pig“ in a video published on YouTube. On 16.04.2020, the illegal content was reported to YouTube and a request for deletion was sent to the social network. YouTube announced on 22.04.2020 that the case would be forwarded to the FSM. The responsible committee decided on the case on 28.04.2020, the decision was sent by YouTube on 30.04.2020.

The structure and the wording of the decision are comparable to those of a judgement. The committee weighs up the interests of the complainant against those of the user responsible for the content. The decisions are comprehensive and make reference to relevant case law and legal commentary literature.

The commencement of work by the FSM is to be welcomed. Now, when reporting content published on Facebook or YouTube, it can be expected that this content will be forwarded to the FSM, which may lead to a



strengthening of the rights of users affected by illegal content, but also of the rights of users responsible for the content. The previous handling of reported content by social networks has been increasingly criticised, as in particular users have complained about the hasty deletion of their posts. The draft law amending the Network Enforcement Act passed by the Federal Government on 01.04.2020 should also be seen in this light, as it, among other things, intends to strengthen the rights of users by improving the user-friendliness of the reporting channels, but also by introducing a counter-notification procedure (§ 3b Draft Network Enforcement Act).



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## Chambers Europe 2020 – IP: Patent Litigation and Trade Mark & Unfair Competition

Preu Bohligh & Partner is listed in the category of “Intellectual Property: Patent Litigation” and „Trade Mark & Unfair Competition“:

**What the team is known for:** Well known for expertise in patent litigation, regularly acting for clients from the technology, energy and manufacturing sectors. Represents clients in patent infringement and parallel validity proceedings, and often advises on employee invention disputes. Assists with licence enforcement and trade secrets matters. Also offers capabilities in trade mark and unfair competition matters including border seizure proceedings and product piracy matters.

**Strengths:** „They approach the technical aspects very well“, says one interviewee, who adds that „the individual client relationship and the agreement of a strategy are very good“.

**Work highlights:** Represented Fresenius Medical Care in proceedings regarding the violation of its know-how by FilaTech.

**Notable practitioners:** Andreas Haberl handles patent infringement cases in the life sciences and manufacturing sectors. „He has a very strong understanding of the technology and our approach“, says one client who adds that „we always get a very good overview of the status of cases and advice for our next actions.“

Christian Donle is at his most visible in patent litigation in the technology sector, in particular representing defendants. Donle draws praise from sources for his appearances before court. „He is able to break down complex issued in very simple words,“ reports one interviewee, who adds that Donle is „really a person who makes a difference in the courtroom“.

## The „Eisblock“ decision of the BPatG - DPMA has to examine absolute grounds for refusal in relation to each of the goods and services claimed



**In March of this year, the Federal Patent Court modified its case law on the requirements for the statement of reasons for a decision to reject a trademark application with the decision „Eisblock“.**

Up to now, the BPatG has only affirmed a substantial procedural deficiency within the meaning of Sec. 70 (3) No. 2 MarkenG if the reasons given by the trademark office did not indicate which reason was decisive in fact and law for the decision to reject the application with respect to the goods or services claimed, or if no reasons were given at all (cf. BPatG BeckRS 2019, 2127 - MOVE, with reference to BGH GRUR 2003, 546, 548 - TURBO TABS). A deficient or incomplete statement of reasons was not considered as a procedural deficiency. In practice, this led to the fact that trademark applications were more often rejected with rather formulaic reasons - and without discussing the claimed goods and services in detail.

The Federal Patent Court has now opposed this official practice with the decision on the word mark „Eisblock“ issued on 30 March 2020. The 26th Senate decided with

regard to the application for the trademark applied for goods and services in classes 25, 33 and 41 that it would be a substantial procedural violation within the meaning of Sec. 70 (3) No. 2 MarkenG if not all goods and/or services claimed were taken into account when examining the absolute grounds for refusal under Sec. 8 (2) Nos. 1 to 4 MarkenG.

Although a global statement of reasons is sufficient if the same considerations concern a category or group of the goods and/or services applied for, this would, however, only mean that the same reasoning relevant for different goods and/or services would not have to be repeated for each individual item of the list of goods/services, but that groups of goods and/or services could be assessed together. The duty to state reasons would be violated if different goods and/or services were treated equally without further justification or were not assessed at all

(GRUR-RS 2020, 7394). The rejection of trademark applications with only general reasons can therefore now be countered by referring to the „Eisblock“ decision of the Federal Patent Court.



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## **Legal 500 Germany 2020 – Trademarks**

Preu Bohligh & Partner is active in an advisory capacity both in the planning and development of trademark portfolios, including representation in the necessary application procedures. This also includes trademark law assistance in the establishment of companies and the support of due diligence in the context of transactions. The team also offers full legal advice in litigation, from summary proceedings to main proceedings and border seizures. The team also remains visible in design law issues. By further strengthening the Hamburg office at associate level and intensifying the cooperation with the Paris office, the group further expanded its market share. **Christian Donle, Torben Düsing, Astrid Gérard, Andreas Haberl, Jürgen Schneider and Ludwig von Zumbusch** form the heart of the team.

## Federal Constitutional Court once again decides on the right to be heard in injunction proceedings

**In a further decision, the German Federal Constitutional Court (BVerfG) commented on 30 April 2020 (1 BvR 1246/20) on a decision order (issued without oral hearing).**

In a conflict between two police trade unions regarding the right of expression, one had issued a warning letter to the other. The union issuing the warning letter had subsequently filed a motion for an interim injunction. Although the reply of the trade union that had been warned off was attached to this application for an injunction, its extensive annexes were not. Moreover, the applicant extended its presentation of the facts in the application for an interim injunction and also extended it to other statements that had not previously been the subject of the warning letter. The Regional Court issued the order without hearing the defendant, rejecting the originally filed motion and partially granting the auxiliary motion.

As a result, the Federal Constitutional Court suspended the enforcement of the order because the defendant had not been heard.

### Initial situation

It was known from earlier decisions (in particular 1 BvR 1783/17) that the Federal Constitutional Court also requires a legal hearing in the injunction proceedings (with very few exceptions in which the purpose of the injunction proceedings would otherwise be undermined). This can be done in the injunction proceedings, for example by giving the parties an opportunity to submit written comments or by means of an oral hearing. However, the Federal Constitutional Court also provides for the possibility of an earlier hearing, for example, by the applicant issuing a warning letter before legal action is taken and the defendant responding to the warning letter.

### New rules for the legal hearing

For the warning letter and the reply letter to satisfy the requirement of the right to be heard as a prior hearing,

the Federal Constitutional Court requires that

- the facts of the case for which the warning letter has been issued and the reasons for the requested injunction are identical to those of the application for an injunction submitted to the court,
- the application for an injunction is filed without delay after the expiry of the reasonable period of time granted for the declaration to cease and desist, and
- the reply by which the defendant rejects the request for an undertaking to cease and desist is submitted together with the application.

It is not sufficient if the warning letter does not comply with the required form or if the application is substantiated differently from the warning letter or with additional presentation.

Furthermore, a hearing is required if the court gives the applicant information pursuant to § 139 of the German Code of Civil Procedure (ZPO) of which the defendant does not otherwise become aware or only becomes aware after the issuance of an order. The Federal Constitutional Court put it in a nutshell: „A unilateral secret procedure over a period of several weeks, in which the court and the applicant exchange information on legal issues without involving the defendant in any way, is in any case incompatible with the procedural principles of the Constitution“.

With the present decision, the Federal Constitutional Court confirms these principles and clarifies that in the case of a previous warning letter, the reply of the later defendant must be submitted in full, i.e. including the annexes. This was not done here, which the Federal Constitutional Court criticized as the first mistake.

In addition, the applicant had broadened its argumentation to include further legal aspects and had extended the application for an injunction to other statements that had not been included in the warning letter. The Federal Constitutional Court criticised this as a second mistake because it was constitutionally required to hear the defendant also on these arguments and facts. Especially regarding the newly introduced attacks and arguments, the court should have heard the defendant because there was no longer any congruence between the application on which the decision was based and the pre-litigation warning letter. This applied even more to the newly attacked facts that had not yet been the subject of the warning letter.

It is also remarkable that the court sees no reason to depart from this principle even in the special situation of corona control measures. It was still possible to be heard by telephone.

### **Urgency also required for the appeal hearing**

Especially remarkable is the comment of the Federal Constitutional Court that the duty to conduct proceedings in a timely and balanced manner does not end with granting the preliminary injunction. In particular, the hesitant scheduling of a date for the oral hearing after the opposition had been filed was to be objected to as a violation of the equality of arms in the proceedings in the case of a preliminary injunction issued exceptionally without the involvement of the other party. The practice of many regional courts will therefore have to change here, which previously court orders relatively quickly, but then only scheduled the opposition hearing after months.

### **Consequences for the practice of law**

All in all, this case law will therefore have a significant impact on the work of lawyers in injunction proceedings:

- One essential consequence is that the warning letter - previously a rather formal written document in legal practice - as well as its substantiation and justification become considerably more important in material terms.

- At the same time, the categories under which according to the previous case law of various courts of instance it was possible to waive a warning letter are likely to be limited almost completely to the case of the possible frustration of claims. This concerns in particular the cases of asserting the sequestration claim or the claim to be handed over to the bailiff for the purpose of safekeeping and securing a subsequent claim for destruction. The categories of the unreasonableness of the delay associated with the warning letter and the foreseeable unsuccessfulness of the warning letter should be irrelevant with this case law.

In the preparation of the warning letter, much more emphasis will now have to be placed on completeness and particularly on the legal arguments. It is therefore necessary to provide reasons for warning letters (if an injunction procedure is intended) and also to make the legal explanations more clearly recognisable. Basically, one must already formulate those positions that are to be presented later in an injunction procedure. This applies not only to the facts, but also to the legal arguments. The result must therefore be that the application for an injunction must already be in view when the warning letter is formulated and justified.

- In this connection, it is not advisable to follow the current practice of including the response of the warned defendant in the application with further arguments for an injunction, on which the defendant has not had the opportunity to comment. If it appears necessary for the success of a ruling to comment on the reply and to present further arguments, this should be done in a further extrajudicial (warning) letter. With this second (warning) letter, the person being warned should be requested again to submit the required cease-and-desist declaration within a short period of time. The possible (second) letter rejecting the request must also be enclosed with the application for injunction. In particular, the application for injunction must then be filed immediately. The time factor is thus becoming more and more important and significant in practice - one must therefore pay even more attention to the requirement relating to urgency.



- Conversely, on the liabilities side, each of the arguments of the warning letter must also be answered. Instead of a protective brief, the arguments can be included in the reply. For this purpose, all legal and factual aspects must be dealt with and answered. This increasingly raises the question of setting a time limit for a warning letter. A deadline set in the warning letter which does not allow a substantiated reply must be answered on the liabilities side by stating that a substantiated statement will be made within a reasonable period. A court will then certainly have to wait this deadline in order to avoid being accused of violating the right to be heard and of the principle of equality of arms.

- To date, the Federal Constitutional Court has not decided the case in which an applicant has issued a warning letter prior to the proceedings, but the defendant has not responded to the warning letter. It is therefore unclear whether the warning letter alone and the opportunity for a pre-litigation reply that is thus given to the defendant is sufficient to satisfy the fundamental right to be heard in the proceedings. This would certainly require an obligation to respond to a warning letter. Such an obligation could possibly be derived from the (tortious) legal relationship on which the application for an injunction is based. This, however, presupposes that the warning letter is justified, which is not the case with an unjustified warning letter by definition.

- Since the right to be heard must be granted before the decision on the claim for injunction and thus on the justification of the warning letter, a court seized may have to give the defendant the opportunity to comment in the absence of an answer. Otherwise, the court would de facto impose a duty to reply to every warning letter, even if it is unjustified and however abstruse.

- This question of how a court deals with an application for an injunction, to which the warning letter is attached but to which the defendant has not replied, will be the key question as to how the warning letter and the injunction proceedings will develop. If the courts come to the conclusion that the theoretical possibility of a reply to the (out-of-court and pre-litigation) warning letter is already the granting of the right to be heard, a court order could be issued even without a reply from the defendant. If, however, the right to be heard and procedural equality of arms is more than the opportunity for an out-of-court response, the court will have to make up for the hearing in the injunction proceedings.

The answer to this question would entail significant changes in the behaviour of the respective attacked party. If a court would have to grant the right to be heard in an intra-judicial proceeding because the defendant had not yet commented prior to the proceedings, the defendant will not comment at all prior to

## Best Lawyers 2021

**Dr. Christian Kau** is named as „Lawyer of the Year“ in Technology Law.

Preu Bohligh is named as „Law Firm of the Year“ in Pharmaceuticals Law

**Peter von Czetttritz and Dr. Alexander Meier** are listed as „Best Lawyer in Health Care Law and Pharmaceuticals Law“.

the proceedings and will not deposit a protective brief. This is because the defendant would then open the way to the court order in the first place. It would thus be much more advantageous for him not to respond to the warning letter and instead to rely on the hearing in the injunction proceedings in order to be able to respond precisely to the specific application for an injunction and its annexes.

However, it seems unlikely that the courts will choose this path. The decision of the Federal Constitutional Court is also likely to point in a different direction. The Federal Constitutional Court considers it to be constitutionally unobjectionable if the defendant has merely been granted the opportunity of a counter-statement before the proceedings. The decision expressly states that the constitutional principle of equality of arms in the proceedings is satisfied if the opportunity to reply to a warning letter is given and the reply is then submitted in full.

The courts are therefore likely to consider the absence of a reply by the defendant to the warning letter (with a sufficient period to reply) as a sufficient grant of the right to be heard.

This makes it even more important for the defendant to reply to the warning letter.

The decision of the Federal Constitutional Court will therefore have to entail substantial changes in procedural law and in particular in the practice of lawyers prior to injunction proceedings.



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## Can a „partridge“ be a brand?



**To anticipate the answer: Yes, it can (under certain conditions).**

On 16.07. 2018, the word mark „Rebhuhn“ (in English: „Partridge“) was registered in Germany for goods in class 32 (non-alcoholic beverages; fruit drinks; fruit juices; grape juices), for goods in class 33 (alcoholic beverages, except beers; wines; spirits; liqueurs; brandies; sparkling wines; sparkling wines) and for services in Class 35 (advertising, marketing and sales promotion; retail and wholesale services, including via the internet, in respect of non-alcoholic drinks, fruit drinks, fruit juices, grape juices, alcoholic beverages, except beers, wines, spirits and liqueurs, brandies, sparkling wines).

The trade mark office for class 33 of the German Patent and Trade Mark Office rejected the application for registration by decision of 15 May 2019 on the ground of lack of distinctive character. The Trade Mark Office stated as a reason that the trade mark applied for for class 33 was an indication of intended purpose because it indicated that the goods and services claimed were a good match for the poultry „partridge“. Partridges are considered by gourmets to be a delicacy, both because of their eggs and their meat, and they were once a favourite prey of the nobility. Today they are kept as pets or farm animals. Thus, the sign „partridge“, in its promotional form, is limited to a purely factual indication without any recognisable content indicating its origin.

By order of 29 February 2020, the Federal Patent Court (Ref.: 26 W (pat) 539/19) set aside the decision of the trade mark office for Class 33 and stated that the sign „Partridge“ could not be denied any distinctive character for the goods and services claimed.

Distinctiveness within the meaning of § 8 para. 2 No. 1 MarkenG is the (concrete) ability of a mark to be perceived by the public as a distinctive sign that the goods or services in question come from a particular undertaking and thus distinguish those goods or services from those of other undertakings. Only the absence of any distinctive character would constitute a ground for refusal, so that a generous standard would have to be applied. Any distinctive character, however slight, is sufficient to overcome the ground for refusal. The date of filing of the application for registration of the mark is decisive for the assessment of distinctive character.

Word signs would be considered to be devoid of distinctive character if the target public were to attribute to them merely a descriptive conceptual content which is in the foreground, or if it consisted of common words or phrases from the German language or a well-known foreign language which the public would always understand only as such and not as a means of distinguishing them, for example because of their use in

advertising. Furthermore, indications which refer to circumstances which, although not directly relevant to the goods or services claimed, establish a close descriptive link with them and therefore justify the assumption that the public will readily grasp the descriptive content of the term and will not perceive the term as a means of distinguishing their origin are also devoid of distinctive character. In that regard, it is sufficient that a word sign, even if it has not hitherto been used descriptively for the goods and services claimed or even if it is a neologism, may designate, in one of its possible meanings, a characteristic of those goods and services.

The Federal Patent Court went on to say that if these requirements were applied, the word sign „partridge“ would not have the necessary distinctive character for the goods and services claimed and reproduced verbatim above. According to the Bundespatentgericht, a partridge is a pigeon-sized species of bird weighing up to 450 g, of the order of henbirds with back and wing covers of grey-brown colouring, with a rust-red head and neck and a dark brown spot on the belly, the population of which has declined by 94% throughout Europe since 1980, according to a data collection of the European Bird Census Council.

More information on a partridge follows. In conclusion, the term „partridge“ is in any case not descriptive of the non-alcoholic and alcoholic beverages mentioned in detail.

Accordingly, the term „partridge“ can be registered as a trade mark for the goods and services claimed. Something different would apply if the sign „partridge“ were to be registered for „poultry and game“ in Class 29. In such a case, it is likely to lack the necessary distinctive character.



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## Infringer's profits from the unlawful use of photographs

**In a case decided by the Higher Regional Court of Frankfurt am Main, the plaintiff asserted his claim for damages for the unlawful use of photographs on the basis of the infringer's profit. In particular, this also concerned the question of whether the profit which the infringer made with the products depicted in the photos should also be taken into account for determining the infringer's profit. The Senate answered this question in the affirmative. The complete decision is e.g. printed in WRP 2020, p. 761 et seq.**

The plaintiff in the proceedings is a renowned fashion photographer. On the basis of a licence agreement concluded with the defendant, he took photographs of models which the defendant used for the design of product packaging for hair dyes. The defendant used these photographs without the consent of the plaintiff even after the termination of the license agreement.

The photographs were in accordance with § 72 Para. 1 i. V. m. § 2 Abs. 1 Nr. 5 Copyright Act. The photographer was therefore entitled to the claims under the Copyright Act for the photographs still used after the termination of the licence agreement, thus also a claim for damages pursuant to § 97 (2) Copyright Act.

In the case of an unlawful use of photographs, the appropriate licence fee is usually demanded as compensation, whereby the infringed party can in this respect, for example, rely on the recommendations of the Mittelstandsgemeinschaft Foto-Marketing (Association of Small and Medium-Sized Enterprises for Photo Marketing) (cf. Dreier/Schulze, Commentary on the Copyright Act, on § 72, marginal no. 29). However, in assessing damages, the profit which the infringer has made from the infringement of the right may also be taken into account, § 97(2) sentence 2 Copyright Act.

Profit is sales minus costs. The defendant had not sold the photos here, but hair care products and thus made a profit. Therefore, first of all the question arose whether the profit which the defendant had made with the hair dyes should be taken into account in the infringer's profit for the unlawful use of the photos. The Higher Regional Court of Frankfurt am Main answered this question in the affirmative on the grounds that in principle any causal connection between the infringement of the

property right and the profit obtained was sufficient. It could not be ruled out that the photos depicted on the product packaging also played a role in the customer's decision to purchase the product (hair dye). The plaintiff did not know what profit the defendant had made with the hair dyes. In order to prepare the claim for damages, the plaintiff had a claim for information against the defendant, according to which the defendant had to provide information about the turnover achieved with the hair dyes, the costs and the profit. The costs which were without exception attributable to the products in question (hair dyes) were then to be deducted from the turnover (see in particular BGH WRP 2001, 276 - Gemeinkostenanteil; BGH WRP 2007, p. 533 - Steckverbindergehäuse). In the case of the resulting profit, the extent to which the profit is based on the infringement of the property right must be further examined in the context of causality (see BGH GRUR 2009, p. 856 - Tripp-Trapp-Stuhl), the so-called causality share. According to the information provided by the defendant, the profit which the defendant had made with the hair dyes after the termination of the license agreement amounted to approximately EUR 2.45 million according to the findings of the Higher Regional Court of Frankfurt am Main. The defendant paid the plaintiff a lump sum of € 65,000.00 for the damages to which he was entitled. In the lawsuit, the plaintiff valued the causality share of the photos he had taken at 30 % and thus demanded 30 % of the profit. The first instance (Frankfurt am Main Regional Court) took a causality share of 10 %. The Higher Regional Court of Frankfurt am Main, however, came to the conclusion, with detailed justification, that the causal element of the photos for the customers' decision to buy the hair dye was only 2.5 %. This resulted in damages to which the plaintiff was entitled, which were just below the payment of € 65,000.00 already made by the



defendant. Accordingly, the Higher Regional Court of Frankfurt am Main dismissed the action.

The author or the person entitled to use the work - like the owners of industrial property rights such as patents, trademarks, designs, etc. - has the right to choose in accordance with § 267 German Civil Code whether he calculates the damages to which he is entitled on the basis of an appropriate licence fee or on the basis of the infringer's profit. How he exercises this option depends on the information provided by the infringer. In principle, the entitled party can first of all demand all information which may be of importance for the determination of the damages, and in the case of the unlawful use of photos in question here, accordingly also the information on the turnover and profit which the infringer has achieved with the products depicted.



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## Chambers Europe 2020 – Life Sciences

Preu Bohlig & Partner is listed in the category of “Life Sciences”

**What the team is known for:** Compact life sciences practice with a following of long-standing clients in the pharmaceuticals sector. Represents clients in injunction and enforcement proceedings. Further experience handling liability disputes. Offers assistance with advertising and product classifications.

**Strengths:** One client appreciates that the team is „very quick and precise“, further adding: „They know our business well and aren't just looking from the legal perspective, but also keep in mind the business outcomes and needs, so they have a broader perspective when dealing with matters.“

Another source underlines the „fast and reliable operation“ of the team.

**Notable practitioners:** Peter von Czettritz boasts particular expertise in contentious mandates, representing clients in injunction proceedings, as well as competition and liability disputes. He also offers experience in product classification issues. One interviewee describes him as a „very knowledgeable and experienced high-quality lawyer.“

## Of Cigarettes and brandy: Court of Justice on the use of a trade mark in the course of trade



**On 30 April 2020, the Court of Justice ruled on the conditions for presuming use of a trade mark „in the course of trade“ in connection with the import and storage of infringing goods (C-772/18).**

The decision follows a request for a preliminary ruling from the Supreme Court of Finland on the question of the distinction between use of a trade mark in the course of trade and purely private conduct, in particular where a private individual uses the trade mark for another in the course of his business. Other questions related to the receipt and storage of goods dispatched into a Member State and released for free circulation there and the subsequent transport to a third country outside the European Union for resale there.

In the main proceedings, a natural person „B“, residing in Finland, had received from China a consignment of 150 ball bearings on which a trade mark of a third party was affixed. After customs clearance was completed, B took the goods from the customs warehouse at Helsinki airport to his home. A few weeks later, the bearings were delivered to a third party for export to Russia. B was only involved in the storage of the infringing goods as an intermediary. In return he received only a carton of cigarettes and a bottle of brandy.

In the course of criminal proceedings conducted for trade mark infringement, B was acquitted on the grounds that he could not be proved to have deliberately committed an offense. However, the court prohibited B from continuing or resuming the conduct in question and ordered B to pay damages to the trade mark proprietor. B appealed against that judgment.

The Court of Appeal held that Mr. B had not acted with the intention of obtaining economic benefit and that the ‚remuneration‘ received by B (cigarettes and a bottle of brandy) was merely the consideration for the temporary storage of the goods on behalf of a third party. Consequently, B did not use the sign in the course of trade and claims for damages were unfounded. The trademark owner appealed against this decision to the Supreme Court in Finland, which referred the case to the Court of Justice for clarification of the term „use in the course of trade“ within the meaning of Article 5(1) and (3)(c) of Directive 2008/95 (repealed and replaced by Directive (EU) 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trade marks).

The Supreme Court pointed out that the Court of Justice had decided in its judgment of 16.07.2015 (C-379/14 - TOP Logistics) that the owner of a tax and customs warehouse who merely stores goods for a third party, on which a sign identical or similar to a trademark is affixed, does not use this sign. The question was whether that case-law could be applied *mutatis mutandis* to the main proceedings, in which a person imported, held and temporarily stored goods for a bottle of cognac and cigarettes on behalf of a third party before collecting them for onward dispatch to a third country.

Furthermore, the Finnish Court pointed out that it is not clear from the ECJ's case-law whether the amount of the economic advantage obtained by a private individual as a result of an alleged infringement of trade mark rights is a criterion relevant to the meaning of whether there has been use of the trade mark in the course of trade.

The Finnish Supreme Court referred four questions for a preliminary ruling, which can be summarized as follows: Can it be assumed that a trade mark has been used in the course of trade by a person who, in order to obtain a specific advantage, provided his address for the import, stored and temporarily warehoused goods which are manifestly not intended for private use on behalf of a third party before delivering them for further shipment to a third country?

In its answer to the questions referred for a preliminary ruling, the ECJ states that the question of „use in the course of trade“ within the meaning of (now) Article 10 (2) of the Directive must be answered solely on the basis of objective criteria. In principle, the rights of the trademark owner can only be invoked in connection with a commercial activity. If, by reason of their scale, frequency or other characteristics, the activities in ques-



## Legal 500 Germany 2020 – Patent

### Patent Law: Dispute Resolution

Preu Bohlig & Partner advises a client base consisting mainly of large German companies, but is continuously expanding its list of international clients, especially US, French, Japanese and Chinese clients. In addition to infringement proceedings, the range of advice includes nullity proceedings as well as opposition and appeal proceedings. The pure law firm has a broad base in Germany with offices in Düsseldorf, Hamburg, Berlin and Munich and also created a direct link to the French market by opening the Paris office in 2015. The practice is headed by **Christian Donle**, **Alexander Harguth**, **Daniel Hoppe**, **Christian Kau** and, in Paris, **Konstantin Schallmoser**.

tion extend beyond the scope of a private activity, the seller is acting in the course of trade.

The ball bearings in question weighed 710 kg and were thus obviously not intended for private use. Accordingly, these transactions were to be regarded as part of a business activity.

A person who gives his address as the place to which the goods in question are to be dispatched, who carries out customs clearance for those goods or arranges for it to be carried out and releases them for free circulation, makes an 'import' within the meaning of Article 10(3)(c) of the Directive (formerly Article 5(3)(c)), irrespective of whether the import was carried out on the initiative of that person.

The ECJ points out that the fact that a person has imported such goods and released them for free circulation is sufficient for a finding that the goods are being traded in the course of business, irrespective of how the goods are subsequently handled (e.g. temporary storage or placing on the market within the Union or export to a third country).

It is not important for the presumption of use in the course of trade that the private individual did not use the trade mark in his own business dealings, but as an intermediary in the economic interest of a third party. Use is assessed irrespective of the ownership of the goods.

Finally, the amount of the remuneration received by a person in return for his activity is irrelevant for the assessment of the existence of „use of a trade mark in the course of trade“.

Against this background, the ECJ holds that the use of a trademark in the course of trade includes accepting a delivery and retaining infringing goods for the benefit of third parties for the purpose of reselling them in a non-European country, even if these acts are performed by an intermediary who does not engage in trade as an occupation.

This ruling represents a further step towards securing the rights of trademark owners against the import of infringing goods into the European Union. The scope of action of counterfeiters by involving private individuals as intermediaries is hereby restricted.



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## Federal Cartel Office intervenes in patent infringement proceedings

**In a remarkable letter, the Federal Cartel Office, in a large number of patent law disputes, requested the Regional Courts of Munich, Mannheim and Düsseldorf to suspend their infringement proceedings pending there and to refer a total of four questions to the ECJ.**

The disputes concern the infringement proceedings of Nokia from various mobile phone SEPs against Daimler on account of a telematics control unit (TCU) which establishes a radio link between the vehicle and the base stations of the mobile phone networks.

Nokia refuses to grant the suppliers (on different levels) of the TCU a licence on their standard essential patents and instead demands a certain amount per TCU from the car manufacturer.

In a 24-page statement the Federal Cartel Office outlined the position of the parties and in particular the legal implications from the point of view of the antitrust authority. In particular, the questions are addressed as to whether it is not necessary under antitrust law to grant a licence to any buyer and thus to any supplier on request, irrespective of its production stage. Finally, the question is also addressed whether the car manufacturer can counter Nokia's claim that all of its suppliers have demanded a license from Nokia and in one case even filed a lawsuit against Nokia for a license offer.

Furthermore, the central question is raised whether an SEP holder is free to choose one market level of licensees and exclude all other market levels from licensing.

The referral questions suggested by the Federal Cartel Office go to the heart of the dispute. Nokia has disputed

that it is obliged to grant a licence to anyone, although the ETSI rules, which set out the standardisation procedure, provide precisely that.

The Federal Cartel Office's questions will therefore give the ECJ the opportunity to take a clarifying look at the entire standardisation system and have far-reaching consequences, in particular for IoT. Since the legislator has remained inactive in this economically enormously important area, the ECJ will therefore set the future rules on European antitrust law if the German courts follow the Federal Cartel Office's request and refer the proceedings to Luxembourg.



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## Handelsblatt in cooperation with „Best Lawyers“:

Preu Bohligh & Partner was selected as „Law Firm of the year 2020“ in pharmaceutical law in Handelsblatt in cooperation with „Best Lawyers“.



## Sisvel vs. Haier (docket number KZ R 36/17) – oral hearing at the German Supreme Court



**On 5 May 2020, the German Supreme Court’s Antitrust Senate held its oral hearing in the patent infringement case Sisvel vs. Haier (docket number KZ R 36/17). The oral hearing was long awaited within the professional circles as it was expected that the German Supreme Court would use this possibility to give guidance on the interpretation of the ECJ-decision Huawei vs. ZTE (docket number C-170/13) in Germany and would elaborate on the requirements of the FRAND-defense in an encompassing manner.**

A multitude of unresolved questions on the interpretation of the European Court of Justice’s decision Huawei vs. ZTE, however, were not addressed in the Supreme Court’s oral hearing. The discussion virtually only referred to the requirements of “declaration of willingness” and (related to that) “delaying tactics” and discussed one aspect with regard to discrimination only. The Cartel Senate appeared to be very certain in its adjudication of the FRAND-defense from the very beginning and rendered a decision in favor of Sisvel already in the evening of 5 May 2020.

Presiding Judge Meier-Beck first emphasized in the oral hearing that the Cartel Senate considers the FRAND-defense to constitute a defense that all SEP-users basically have, provided that there is a dominant position conferred by the respective SEP. The (already expired) standard essential patent (SEP) in suit (German part of EP 0 852 885 that expired in September 2016) was considered to be essential to the GPRS-standard and Meier-Beck emphasized in this regard that the Cartel

Senate has no doubt that a GPRS-essential patent confers a dominant position in the market.

Meier-Beck further emphasized that one has to keep in mind that Art. 102 TFEU only requires that the SEP-proprietor has to grant a license on FRAND-terms and that this duty to grant a license ends when it becomes obvious that the SEP-user is in fact not willing to conclude such a licensing agreement.

As a side remark, however, Meier-Beck also mentioned that the abuse of a dominant position may be given if the SEP-proprietor does not disclose certain information required by the SEP-user in order to ascertain the licensing offer’s FRAND-conformity. The Senate would be inclined to impose a “secondary burden of proof” (sekundäre Beweislast) on the SEP-proprietor in this regard.

Meier-Beck then started elaborating on the, according to the Senate, decisive aspect of the case. Meier-Beck

set out that the SEP-user has to clearly demonstrate willingness to conclude a “licensing agreement on FRAND-terms”. In this regard he inter alia referred to Judge Birss’ remark in the UK High Court decision *Unwired Planet vs. Huawei* [2017] EWHC 711 (Pat) quoting: “ready to take a license on whatever terms are in fact FRAND”.

In the case at hand, however, the Senate indicated that Haier fell short of this requirement. The first email in which Haier responded to Sisvel’s initial licensing request was sent by Haier with considerable delay. Further, Haier’s first e-mail did not emphasize that Haier was prepared to take a “license on FRAND terms”. Such a behavior triggers a “critical glance” on the SEP-user’s subsequent behavior in terms of “delaying tactics”. When applying this “critical glance”, Haier’s overall conduct in the negotiation process, however, could not be regarded to fulfill the appropriate (high) standard of a willing licensee.

Haier (quite vigorously) contested the accuracy of the Senate’s view, pointing to cultural differences in terms of communication style as well as the fact that Haier provided for FRAND counter-offers in the negotiation process.

The subsequent discussion on the discrimination aspects of the case focused on one single agreement that Sisvel concluded with another Chinese group of companies with regard to Sisvel’s Wireless portfolio (the Wireless portfolio was subject to Sisvel’s licensing offer). Sisvel had alleged in second instance at the Düsseldorf Court of Appeal that pressure was exercised by the Chinese Government in order to force Sisvel to conclude a licensing agreement with the Chinese group of companies with royalty fees far below adequate (FRAND) royalty fees. The Düsseldorf Court of Appeal had ruled in this regard in first instance that because of this prior concluded licensing agreement (that Sisvel had to disclose within the FRAND-litigation proceedings in second instance) Sisvel discriminates against Haier. In consequence the Court of Appeal rejected Sisvel’s allegation that the Chinese Government exerted pressure on Sisvel to be “unsubstantiated”.

It appeared that the Cartel Senate did not really want to finally position itself with regard to the implications of such an (alleged) exercise of pressure by a foreign government. Meier-Beck, however, remarked that if it is true that pressure was exercised, the Senate would be inclined to disregard such an agreement when considering the FRAND-discrimination aspect.

The Supreme Court decision’s reasoning will be published in several weeks. It remains to be seen whether the German Supreme Court considers this case to be exceptional or whether it in fact wants to significantly raise the bar in terms of a SEP-implementer’s pre-trial communication. A take-away message already at this stage is that an SEP-implementer should apply extra-caution in the communication/negotiation process and always specifically indicate that the implementer is ready to take a license on whatever terms are in fact FRAND.



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## Clear criticism of the Federal Constitutional Court following the decision on the UPCA; chances for a new bill are good, however

**In its decision of 13 February 2020, the Federal Constitutional Court had declared the Act on the Approval of the UPCA to be unconstitutional. Konstantin Schallmoser and Andreas Haberl comment on this controversially discussed judgment in detail in GRUR Prax 2020, 199.**

The decision has rightly met with considerable criticism. In essence, the following points of criticism can be identified: The Federal Constitutional Court did not consider it necessary to schedule an oral hearing prior to a negative decision, in which it would have been possible to point out gaps and errors in the Senate's arguments and to correct them if necessary (see also Winfried Tilman, in: GRUR 2020, 441). On the other hand, there is a lack of substance in crucial passages, and the premise under which the change in case law is considered permissible is simply conjured up. Finally, and this weighs most heavily, the Federal Constitutional Court has taken three years to allow the Act on Approval to fail on formal grounds. Three years which represent an eternity for an international project. The Federal Constitutional Court has thus put the Federal Government and the Federal President in an awkward position internationally.

In addition, interviews such as that of the judge rapporteur Huber in the Frankfurter Allgemeine Zeitung of 12 May 2020, according to which it was made clear once again in the UPCA decision that the primacy of European law could not be applied without restrictions, have created little confidence. This is also regrettable and shows little tact.

In its decision, the Federal Constitutional Court claims without justification that the competences to be transferred to the UPC are a non-reclaimable transfer of sovereign rights. The fact that the United Kingdom will not participate in the UPC despite ratification already speaks against this. Withdrawal is therefore legally and factually possible without doubt. There was thus no reason to draw a line between this and existing court practice. Also, the transfer of competence to the UPC

under Art. 83 UPCA is fluid, as the national court systems remain competent for seven years; for national patents they even remain exclusively competent. Also, any formal defect could have been remedied in the phase of provisional applicability. The prerequisites for the creation of a new legal instrument of formal transfer control were therefore certainly not in place. If, however, doubts about the formal constitutionality of the law arose, the Federal Constitutional Court, which deliberately has hardly any democratic legitimacy, would have had to take up its criticism of the democratic legitimacy of a unanimous vote in the Bundestag far more quickly in such a situation, in order to give the democratically elected institutions the opportunity to correct this error. A decision after three quarters of a legislative period, especially on shaky legal arguments, undermines the democratic structure.

It is not without reason that the Federal President, in his farewell speech to Prof. Voßkuhle (albeit with a view to the ruling on the European Central Bank), admonishes: „I hope for cooperation rather than confrontation between the institutions.“ Obviously, the Federal President was not able to fully come upon this ability to cooperate at the Federal Constitutional Court.

This is also true because the Federal Constitutional Court answers the question of whether the creation of the Unified Patent Court would entail a material amendment of the Basic Law in a single sentence when it postulates that this is „obvious“. Thus, the depth of reasoning has shrunk to a questionable minimum. The Federal Government, the Bundestag, and a whole series of institutions had always taken a stand on this question and had come to a different conclusion. The Federal Constitutional Court does not even deal with

this. This also harms the democratic and legal discourse.

It is also regrettable that the Federal Constitutional Court does not conclusively clarify a number of points. Thus, with regard to the legal status of the UPC judges and the selection and appointment procedure, one can assume that the UPC judges are in conformity with the Basic Law. However, the question has not been finally decided.

The same applies to the powers of the UPC administrative board. The Federal Constitutional Court states that an equal participation of Germany in the decisions of the Administrative Committee is in principle ensured and that these decisions require a majority of three quarters, and that Germany also has a veto right in the case of revisions of the Convention. The court also points out that the regulations on the procedure as well as on the decision-making powers of the UPC cannot be changed by the Administrative Committee, an extension of the competences of the UPC by the Administrative Committee is not possible, and the Federal Constitutional Court also does not criticise the regulations on the reimbursement of costs in Art. 69(1) UPCA and Art. 41(2) sentence 2 UPCA.

But here, too, the Federal Constitutional Court does not take a final decision because of the inadmissibility of the complaints, thus opening up the possibility of a new constitutional complaint.

The Federal Constitutional Court does not make a final statement on the question of whether the establishment of an unconditional primacy of Union law in Article 20 UPCA violates the Basic Law. However, Art. 20 UPC is a consequence of the priority of EU law as demanded by the European Court of Justice in its Opinion 1/2009 of 8 March 2011 and thus an indispensable part of the UPC (see Haberl, Schallmoser, GRUR-Prax 2011, 143). There is therefore much to suggest that the Federal Constitutional Court would only declare this provision unconstitutional if its application by the UPC and the ECJ should result in a violation of the Basic Law.

All in all, one can only regret the Federal Constitutional Court's action. The Federal Constitutional Court should have recognised that the adverse consequences that have now occurred could have been avoided, at any rate by milder means. Thus, it would have been obvious not to block the execution of the law, but to block the deposit of the ratification document by the Federal Government. In particular, this would have made it possible to start the phase of provisional application of institutional provisions and to bring the project out of its deadlock. In the context of a temporary injunction, the doubts about the formal legality could have been expressed and corrected immediately.

The procedure therefore raises the question of whether the interaction between the constitutional bodies is still functioning satisfactorily. It must be remembered that the Federal Constitutional Court has caused serious damage to the project of a unified European patent system, above all because it did not examine the formal conditions for transfer in advance and quickly and bring this point to a speedy decision, for example in a temporary injunction. The Federal Government, Bundestag and Federal Council had assumed that the Act on approval did not require a 2/3 majority. The Federal Bar Association and the German Bar Association also agreed with this view. Almost all of the statements were already available at the end of 2017. After the Federal Constitutional Court had already asked the Federal President in April 2017 not to promulge the Act, it would have been appropriate to take up and work through the formal aspects of the act of transfer in a first step. A constitutional body cannot and must not allow itself three years for this. Loyalty to the institution and respect for democratically elected parliaments would have made it necessary to take a decision quickly.

The annulment of the Act of Assent on purely formal grounds after almost exactly three years leaves a serious damage in the fabric of the constitutional organs. If the Federal Constitutional Court recognises a formal error, but at the same time sees that, due to the support of the project in the Federal Government and the given majority situation in the Bundestag and Bundesrat, the newly formulated formal requirements could have been

met quickly, it seems strange that the Federal Constitutional Court has not, by means of a speedy decision, put the ball back in the court of the competent constitutional bodies much earlier, but has instead taken almost an entire legislative period to do so.

The Federal President should also have clearly pointed out the risks that result from an excessively long duration of the proceedings. After all, the Federal President is under the obligation to make a decision under Article 82(1) of the Basic Law and, according to general opinion, must at all events issue the document within a reasonable period or expressly refuse to do so.

Perhaps one should have been warned in the case of a judge rapporteur who had already mentioned the word „coup d'état“ in connection with the Maastricht Treaty. In any case, it is lasting that a majority could be found in the Senate for this - albeit a narrow one - which would expose all other constitutional bodies and the Federal Republic of Germany internationally. It cannot be right that the Federal Constitutional Court at any rate makes policy so clearly and blatantly. There is no way around the feeling that the Federal Constitutional Court and, above all, the judge rapporteur, were concerned to put as many obstacles as possible in the way of a project that was not approved by the Senate.

In the meantime, the Federal Government has drafted a new bill. This also takes up the criticism of Art. 20 UPC, but rightly takes the position that the primacy of EU law should not be a problem for Germany's ratification.

With regard to the Brexit, the draft law is of the opinion that the central division in Paris as well as the branch in Munich could replace the department of the central division in London (which has been abolished) by simple means of interpretation of the UPCA. This is correct and also welcome (see also Tilman, loc. cit.).

The approval law is expected to be passed before the end of this legislative period, possibly even in 2020. In the meantime, the majority situation in the 2nd Senate of the Federal Constitutional Court has also changed: Prof. Voßkuhle has resigned and the Second Senate is

now headed by Prof. Doris König, who in her dissenting opinion has taken a very critical view of the decision of the Federal Constitutional Court. It therefore remains to be hoped that the newly introduced Act on Approval can be executed by the Federal President. Then the approximately eight-month phase of provisional applicability could begin at the end of 2020 or the beginning of 2021, and the UPC could begin its work as a newly established court towards the end of 2021. For, it has been heard that the Federal President will probably not suspend its execution once again at the request of the Federal Constitutional Court.



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## International Comparative Legal Guide – Drug & Medical Device Litigation 2020



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## Preu Breakfast on 14 May 2020 in Hamburg on the topics of the modernisation of trademark law and patent law



**Even the Corona crisis did not stop us from holding our now well-established Preu Breakfast in Hamburg. Of course, an event at the Hotel Hafen Hamburg was not possible this time. For the first time we therefore offered a Preu Breakfast in the format of a webinar. We are pleased about the very good response.**

Besides the modernisation of trademark law and the amendments to the trademark law which came into force in May 2020, the topic was also an outlook on the upcoming changes in the field of patent law. Since the beginning of the year, a discussion draft for a 2nd Patent Law Modernisation Act has been available.

For the trademark part of the lecture we were able to win attorney Jürgen Schneider from our Munich office. In half an hour Jürgen Schneider was able to lead us through the innovations in trademark revocation and nullity proceedings. The patent law part of the lecture was given by attorney Daniel Hoppe from the Preu Bohlig team in Hamburg.

Due to the good response to the new format, we also decided to offer a Preu Breakfast in webinar format at the Munich office. Even though the classic form of the Preu Breakfast combined with personal meetings is still the best possible variant, the webinar format also offers a variety of advantages. This means that all participants do not have to travel to the event, which can be a bit more time-consuming. Furthermore, we can easily bring

together speakers from different offices. The webinar format is always suitable for a regular exchange of information on technical topics in a relaxed atmosphere.



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## Preu Breakfast on 23 June 2020 in Munich on the subject of „Prosecution of trademark infringements in distribution systems“



**Due to the Corona crisis, we offered a Preu Breakfast in Munich for the first as a webinar. We are very pleased about the good response.**

The topic of the webinar was „Prosecution of trademark infringements in distribution systems“. Jakob Nüzel and Andreas Haberl from our Munich office explained the legal situation and current case law on distribution systems, remedies against presentation of branded goods on the Internet, the prosecution of trademark infringements, the burden of proof (especially exhaustion), the scope of a cease and desist declaration or a court title, international jurisdiction as well as further possibilities to act against trademark infringers.

Afterwards, the participants had the opportunity to ask questions via a „chat“, which were forwarded to the speakers by the „co-host“ and discussed in the forum.

Even though we are all looking forward to hold the well-known format of the Preu Breakfast in the Munich offices again, the discussion of professional issues via the webinar was a good alternative.



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## Current events, seminars and lectures

see website „News“

**July  
2020**

**Current:** Video training „Abgrenzungsvereinbarungen kompakt“  
(Online Akademie Heidelberg) – see [www.preubohlig.de/aktuelles](http://www.preubohlig.de/aktuelles)



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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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