



Newsletter November

ISSUE 2/2022

Intellectual Property

Reimbursement of costs in intellectual property law before the change of system 02

Claims in the event of a breach of a cease-and-desist agreement 05

New regulations on the disclosure of price reductions 08

Fairness compensation and the distinction between free use and "non-free" adaptation after the copyright reform – the German Federal Court of Justice's decision "Porsche 911" (I ZR 222/20) 14

ECJ rules on injunction proceedings in patent cases C 44/21 18

Claiming the priority of a patent application for a registered community design – is that possible and if so, what's the deadline? 21

Awards

Leaders League 2022 Germany – Best Law Firms for Patent Litigation 03

Leaders League 2022 Germany – Best Law Firms for Trademark Litigation & Trademark Prosecution 03

Leaders League 2022 Germany – Best Law Firm for Media & Entertainment 06

Leaders League 2022 Germany – Best Law Firms for IT & Outsourcing 06

Leaders League 2022 Germany – Best Law Firms for Healthcare, Pharmaceuticals & Biotech 07

The Patent Lawyer / The Trademark Lawyer Magazine 2022 10

Germany's Best Lawyers 2022 - Handelsblatt Rating in cooperation with the US publisher Best Lawyers 12

Managing IP – IP Stars 17

iam Patent 1000 19

FOCUS Spezial – Deutschlands Top Anwälte 2022 20

Lectures and Seminars 25

Would you like to receive our newsletter? 26

Our Locations 27

Reimbursement of costs in intellectual property law before the change of system

REIMBURSEMENT

In trade mark law, patent law and design law, the legislator has provided that in infringement proceedings the costs of the patent attorney are to be reimbursed in addition to the attorney's fees. An example of this is Section 140 (3) Trademark Act. There are also similar provisions in patent and design law.

The ECJ has now ruled (Case C-531/20, Judg. v. 28 April 2022, NovaText GmbH v. Ruprecht-Karls-Universität Heidelberg) that this regulation is not compatible with the Enforcement Directive 2004/48. In making this assessment, the ECJ relies in particular on the provision in Art. 14 of the Directive, according to which the costs of proceedings shall as a rule be borne by the unsuccessful party, provided that they are reasonable and appropriate and provided that there are no grounds of equity to the contrary.

Since Sec. 140 (3) Trademark Act provides for reimbursement in any case (irrebuttable presumption) and does not contain a weighing decision on reasonableness, appropriateness and equity, the unconditional granting of reimbursement also of patent attorney fees is contrary to European law.

The ECJ emphasised that, as a rule, the defendant of an IP right infringement has to bear the costs of the injured party in full. However, the granting of reimbursement of patent attorney costs (like all other costs) would be subject to reasonableness and appropriateness as well as a final review on the basis of equitable grounds.

§ Section 140 (3) Trademark Act and the corresponding provisions of patent and design law must therefore be interpreted in such a way that reimbursement of costs only takes place if the costs are reasonable and appropriate and equity reasons do not oppose this.

German practice must therefore say goodbye to the relatively unproblematic and automatic reimbursement of patent attorney costs, as well as attorney's fees. The ECJ states that all costs are subject to the condition that they are reasonable and appropriate and do not conflict with reasons of equity.

Also noteworthy is the ECJ's indication that the requirement of reasonableness does not require that the unsuccessful party must necessarily reimburse all the costs of the successful party, but it does require that the successful party be entitled to reimbursement of at least a substantial and reasonable part of the reasonable costs actually incurred by it, referring to the judgment of 28 July 2016, United Video Properties, C-57/15, EU:C:2016:611, para. 29.

Thus, overall, significant changes in the law on reimbursement of costs are foreshadowed. On the one hand, there is no longer automatic reimbursement of patent attorney fees, as it is always subject to reasonableness, appropriateness and equity.

On the other hand, the regulation of the ZPO and the RVG, according to which only the statutory fees under

the RVG are to be reimbursed by the unsuccessful infringer, is probably also contrary to European law. In today's normal case, the party enters into a fee agreement with its lawyer/patent attorney, which leads to a significantly higher amount of legal fees beyond the RVG. These legal fees must also be reimbursed (beyond the limits of the RVG) by the losing party to a substantial and reasonable extent, considering equity. Only to the extent that the attorneys' fees paid under the fee agreement are unreasonable and unreasonable, their refundability is ruled out. This means, therefore, that the amounts of the RVG are no longer the upper limit for the reimbursability of actual legal costs of the plaintiff.

Of course, this means that the entire flat-rate costs reimbursement law in intellectual property is subject to a fundamental reservation, which the legislator should take up and regulate as soon as possible in order to prevent discussions about reimbursable costs from getting out of hand.

Individual courts have already applied the ECJ's decision in cost determination proceedings. For example, in a decision of 13.07.2022 (I-15 W 15/22) in a competition law dispute, which was, however, based on a patent case, the OLG Düsseldorf rejected the costs of

the patent attorney who had been involved, because his involvement had not been necessary. The lawyer could and should also have assessed the patent questions. Thus, the OLG states the following:

"The reasonableness of the costs incurred is assessed on the basis of the principles developed for § 91 ZPO. Accordingly, the decisive factor is whether a reasonable and economically sensible party could consider the cost-triggering measure to be relevant at the time (ex ante) (on section 91 ZPO: BGH NJW 2018, 1693; BGH GRUR 2017, 854 - Anwaltskosten im Gestattungsverfahren; BGH GRUR 2005, 271 - Unterbevollmächtigter III; BGH NJW-RR 2005, 725 mwN). This is the case if the measure was necessary or required for the appropriate prosecution or defence."

However, this view does not seem to be covered by the case law of the ECJ and throws the baby out with the bathwater.

In principle, Section 140 (3) Trademark Act and Section 143 (3) Patent Act, which is identical in content, provide that patent attorney fees must be reimbursed. This provision remains in force. However, it is to be interpreted in conformity with European law to the effect that it is subject to the provision that the costs

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to be reimbursed are reasonable and appropriate for the unsuccessful infringer as a whole and that equity reasons must not stand in the way of this.

An examination of the necessity of the patent attorney's cooperation has not been prescribed by the ECJ and such a provision is also not found in the Enforcement Directive. Rather, all costs actually incurred by the IP right holder must be borne by the unsuccessful infringer if they are reasonable and appropriate and do not conflict with reasons of equity.

The examination of the necessity of the patent attorney's cooperation provided for by the OLG Düsseldorf therefore does not exist when interpreting Section 143 (3) Patent Act in conformity with the Directive.

Rather, the principle from the ECJ decision of 28 July 2016, *United Video Properties*, C-57/15, EU:C:2016:611, para. 29, applies, according to which the infringed IP right holder may claim reimbursement of at least a substantial and reasonable part of the reasonable costs actually incurred by him.

It is therefore foreseeable that the cost fixing proceedings in IP protection will be much more complex and costly than has been the case so far. Basically, the question also arises as to whether the Rechtspfleger is still able to conduct the cost fixing proceedings at all and whether this should not be a genuine task of the deciding panel, i.e. the judicially staffed infringement court chamber. The transfer of the cost fixing procedure to the Rechtspfleger had its correct basis in the fact that a formalised procedure is to be carried out here, the essential cornerstones of which (quotation of costs by the court and lump sums according to the RVG) have already been established. This can no longer be said of today's situation.



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Claims in the event of a breach of a cease-and-desist agreement



In its judgement of 11.11.2021, the Hamburg Upper District Court ruled on claims which the plaintiff based primarily on a cease-and-desist agreement and secondarily on an EU trade mark. The judgment of the Hamburg Upper District Court is reproduced, for example, in GRUR-RR 2022, p. 128 et seq.

The plaintiff is a company under Dutch law. It is the proprietor of the IR trade mark "EVEREST", registered in particular for fruit and vegetables and trade in these goods. The applicant is also the proprietor of an EU word mark 'EVEREST', which claims protection for fresh fruit and vegetables and mushrooms and services relating thereto. The defendant, which is based in Hamburg, is involved in projects for obtaining pasture and cultivation areas in high-rise buildings to be built specifically for this purpose, inter alia using the designation "EVEREST VERTICAL FARMING".

By letter dated 11 June 2018, the plaintiff issued a warning letter to the defendant on the basis of its IR trade mark "EVEREST" and requested it to submit a declaration to cease and desist with penalty clause. The plaintiff enclosed a pre-formulated cease-and-desist declaration with the warning letter, without naming the countries for which the IR trade mark enjoys protection in detail. By letter dated 18 June 2018, the defendant submitted a cease-and-desist declaration with a penalty clause, according to which it

undertook to refrain from using and/or allowing the use of the designation "EVEREST" in business dealings for the development and consultancy in connection with vertical farming projects and/or real estate projects in the field of agribusiness for the Benelux countries, Denmark, Great Britain, Germany, France, Italy and Russia. This declaration was identical in wording - except for the country reference - to the declaration to cease and desist pre-formulated by the plaintiff. By email of 4 July 2018, the plaintiff declared that it accepted the defendant's declaration of 18 June 2018 to the extent submitted. Furthermore, it reserved the right to assert further rights, as the declaration made by the defendant was limited to the enumerated countries. In this email of 4.7.2018, she pointed out for the first time that she was also the proprietor of an EU word mark "EVEREST". Accordingly, it demanded that the defendant issue a further cease-and-desist declaration for the countries of the European Union which were not covered by the cease-and-desist declaration of 18 June 2018. The defendant did not submit the further requested cease-and-desist declaration. By letter of 3 August 2018, the plaintiff informed the defendant that the defendant would continue to use the term "EVEREST Vertical Farming" on its website under the heading "EVEREST". The plaintiff sued the defendant before the Regional Court of Hamburg for injunctive relief, information, assessment of damages, reimbursement of pre-litigation legal costs and payment of a contractual penalty of 5,000.00. The Hamburg Regional Court upheld

the action. The Hamburg Higher Regional Court followed the reasoning of the court of first instance.

The submission of a cease-and-desist declaration has two functions. The submission of a sufficiently punishable cease-and-desist declaration eliminates the risk of repetition of the infringements complained of, so that the cease-and-desist claim is thereby satisfied and no longer exists as far as the cease-and-desist declaration goes. Furthermore, the issue is that the infringed party wants to be entitled to payment of the contractual penalty for future infringements. As already follows from the element "contract" in the word "contractual penalty", such a claim only exists if the parties have concluded a contract. If - as in this case - the infringed party encloses a pre-formulated cease-and-desist declaration with the warning notice, this regularly constitutes an offer to conclude a corresponding cease-and-desist agreement with this content (see in particular BGH GRUR 2010, 1120, para. 15 - Vollmachtsnachweis; Ströbele/Hacker/Thiering, Kommentar zum Markengesetz, 13th edition, on Section 14, para. 537 with further references). N.). A contract is concluded by offer and acceptance. If the infringer signs and returns the pre-formulated cease-and-desist declaration, this constitutes acceptance with the consequence that a cease-and-desist agreement has been concluded. However, if the infringer amends the pre-formulated cease-and-desist declaration (e.g. reduces the contractual penalty demanded in the pre-formulated cease-and-desist declaration) and thus submits a correspondingly

modified cease-and-desist declaration, this constitutes a rejection of the original offer to conclude a cease-and-desist agreement, combined with a new offer to conclude a cease-and-desist agreement with the amendments, Section 150 (2) BGB. In such cases, a contract is only concluded if the infringing party accepts the amended cease-and-desist declaration with a penalty clause. In the present case, the plaintiff had based the warning notice of 11.6.2018 on the IR trade mark and had not limited it in the pre-formulated cease-and-desist declaration to the countries for which the IR trade mark is protected. For its part, the defendant submitted a penalised cease-and-desist declaration that corresponded to the plaintiff's drafting proposal with the proviso that the protected countries were expressly named. It can be argued whether this constitutes an "amendment" within the meaning of § 150 (2) BGB with the consequence that a new offer would exist, or a mere "clarification". However, it did not matter because the plaintiff accepted the cease-and-desist declaration submitted by the defendant with the country reference in an email dated 4 July 2018. However, the plaintiff reserved the right in this email that it would also assert further claims, namely on the basis of the EU word mark "EVEREST" - which was not mentioned in the warning of 11 June 2018. The Hamburg courts correctly did not interpret this reservation as a new offer, but found that by the plaintiff's acceptance according to the email of 4.7.2018, a cease-and-desist agreement for the use of the designation "EVEREST Vertical Farming" for the named Benelux countries, Denmark, Great Britain, Germany, France, Italy and Russia was concluded.

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If the infringer violates the cease-and-desist agreement, he owes payment of the contractual penalty on the one hand. On the other hand, the infringed party is again entitled to injunctive relief, whereby he can demand a higher contractual penalty than in the first warning, because the contractual penalty agreed in the cease-and-desist agreement was obviously not high enough to deter the infringer from further infringements.

Since the defendant was still using the name in question, "EVEREST Vertical Farming", on 3 August 2018, i.e. after the cease-and-desist agreement had been concluded, the plaintiff was accordingly entitled to the asserted claims for injunctive relief, information, assessment of damages, reimbursement of pre-litigation legal costs and payment of the contractual penalty.



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New regulations on the disclosure of price reductions



The new Price Indication Ordinance (PAngV 2021) has been in force since 28 May 2022 (https://www.gesetze-im-internet.de/pangv_2022/). It essentially serves to transpose the Directive of the European Union on Price Indications, as last amended by Directive (EU) 2019/2161 (<https://eur-lex.europa.eu/legal-content/DE/TXT/HTML/?uri=CELEX:32019L2161&from=DE>), into national law. While much has remained the same, the PAngV 2021 also contains some new requirements. One of the most important new regulations is the provision of Sec. 11 PAngV 2021 on the additional obligation to indicate prices in the case of price reductions, which unfortunately creates a large number of uncertainties for the businesses concerned.

Obligation to indicate the total price

Principle

As was already the case under the old PAngV, the total price, i.e. the price to be paid including VAT and other price components, must be indicated in the case of offers of goods and services directed at consumers (Sec. 3 PAngV 2021). The same applies to advertisements stating prices. In principle, the obligated parties, i.e. the entrepreneurs who offer or advertise goods or services to consumers, must indicate the current total price of the respective goods or services. If the total price is changed, the new total price must be indicated.

Expectations

Just as under the PAngV in its former version, exceptions to the obligation to indicate a new total price apply under the PAngV 2021. According to Sec. 9 PAngV 2021, the party obliged to indicate the total price does not have to indicate a new total price in its offer or advertising in the following cases:

- in the case of individual price reductions,
- in the case of general price reductions which are limited in time according to calendar days and which are announced by advertising or in any other way, and
- price reductions for perishable goods or goods with a short shelf life, if the price is reduced because of an imminent risk of spoilage or an imminent expiry of the shelf life and this is made clear to consumers in an appropriate manner.

According to the explanatory memorandum of the German legislator (Drucksache 669/21), individual price reductions are (only) such reductions which the party obliged to indicate the price, for example the trader, grants to a consumer in individual cases in the course of negotiations. This applies in particular to so-called

"haggling". In practice, this exception will probably have little relevance.

Of greater practical importance is the exception for general price reductions, which are limited in time according to calendar days and advertised externally. Unlike under the old PAngV, the exception no longer applies only to price reductions that are advertised, but also to price reductions that are advertised in any other way. According to the reasoning of the legislator, "in other ways" means, for example, cases in which a trader affixes a sticker to a product which indicates a percentage discount.

The third exception extends the corresponding provision of the PAngV old version with regard to goods with a short shelf life.

Additional obligation to indicate prices in the case of price reductions for goods (Sec. 11 PAngV 2021)

The "heart" of the PAngV 2021 is its Sec. 11, which transposes Art. 6a of the EU Directive on price indications into German law.

The provision of Sec. 11 PAngV 2021 stipulates that the party obliged to indicate a total price to consumers must indicate the lowest total price that it has applied to consumers within the last 30 days prior to the application of the price reduction whenever it announces a price reduction for a product. This does not apply

- in the case of individual price reductions, and
- in the case of price reductions for perishable goods or goods with a short shelf life, if the required price is reduced due to an imminent risk of spoilage or an imminent expiry of the shelf life and this is made clear to consumers in an appropriate manner.

The requirements of Sec. 11 PAngV 2021 also apply to the obligated party if it is not required to indicate a new total price pursuant to Sec. 9 PAngV. Whether the obligated party itself or a third party commissioned by it discloses the price reduction is irrelevant for the applicability of Sec. 11 PAngV 2021.

According to the justification of the legislator, the new regulation aims in particular at improving consumer information in cases where a price reduction is used for advertising purposes. Consumers should be able to better classify price reductions and assess the price worthiness of reduced goods. It should be prevented that the obligor raises prices shortly before advertising a price reduction in order to artificially increase the difference between the previous sales price and the reduced offer price in order to improve the advertising effect of the price reduction and thus create the false impression of a particularly low-priced offer. Furthermore, the practice of basing the announcement of price reductions on total prices which were not charged at all before the price reduction is to be stopped.

Up to now, the legality of advertising with price reductions was mainly based on competition law and thus on whether it was misleading (according to Sec. 5 para. 5 UWG, it is presumed to be misleading to advertise with the reduction of a price if the price has only been demanded for an unreasonably short period of time). The new regulation in Sec. 11 PAngV 2021 now goes considerably further.

Price reduction

According to the legislator, the scope of application of Sec. 11 PAngV 2021 is opened if reference is made to the old price in advertisements and offers or if a price reduction is advertised. In its explanatory memorandum, the legislator gives examples of comparisons of the previous total price and the new total price, in particular "instead prices" ("instead of [...] now [...] ") and "strike prices" ("EUR X, EUR Y"), as well as percentage deductions from the previous total price. The European Commission, in a notice in which it has formulated guidelines on the interpretation and application of Art. 6a of the EU Price Indication Directive, gives as further examples "20% reduced", "EUR 10 reduced" and "buy today without paying VAT".

The price reduction can refer to individual goods, certain groups of goods ("20% off all winter jackets") or the entire range.

According to the German legislator, general price

statements without the announcement of a concrete, measurable price reduction, such as the claims "excellent price", "sale" or "low price", do not fall within the scope of Sec. 11 PAngV. The European Commission sees things differently. According to its guidelines, Art. 6a of the EU Directive on price indications should also apply to announcements such as "clearance sale (price)", "special offers" or "Black Friday offers", as such announcements also give the impression of a price reduction. Until clarification is provided by case law, there will be considerable uncertainty at this point.

Both the legislator and the Commission exclude customer retention and loyalty programmes from the provisions of Sec. 11 PAngV 2021 and Art. 6a of the EU Directive on price indications. In the guidelines, the Commission explicitly mentions customer loyalty programmes such as discount cards or vouchers with which the consumer is granted a price reduction on all products of the seller or on certain product categories during longer uninterrupted periods or which enable the accumulation of bonus points for future purchases.

In addition, the requirements on price reductions under the Guidelines do not apply to "genuinely personalised price reductions", such as those resulting from the consumer's previous purchases, for example where the consumer receives a 20% voucher at the time of purchase to be redeemed at the time of the next purchase, or where discounts are granted on special occasions such as the consumer's birthday. However, the Commission explicitly points out that the rules on price reductions apply if the supposed individual price reduction is in fact a price reduction offered to consumers in general. In the Commission's view, this is the case when a trader potentially offers a voucher or discount code to all consumers visiting the shop or online shop ("20% off today when using code XYZ"). The distinction between "real" personalised price

reductions and those that are actually (potentially) offered to all consumers might not always be easy in practice.

The legislator explicitly excludes top-ups and triple offers ("1 + 1 free", "Buy 3, pay 2") from the scope of application of Sec. 11 PAngV 2021. It justifies this by stating that this form of promotion does not advertise a price reduction related to individual goods, but rather offers customers the purchase of additional goods or larger quantities at the same price. In practice, delimitation problems will also arise here, for example, if a trader advertises a price reduction in case the consumer buys more than one item ("50% discount on the second purchased item") or offers a discount on the entire shopping basket above a certain value.

Finally, according to the guidelines, "cash-back" announcements by which a third party who is not the seller of the goods (for example, the manufacturer in the case of promotions in the retail trade) refunds a part of the price paid to the consumer who has purchased a certain good upon individual request during a certain period of time are not covered by the new regulation of Sec. 11 PAngV 2021. Such promotions will therefore continue to be possible without restriction.

Lowest total price

If a price reduction within the meaning of Sec. 11 PAngV 2021 is announced to consumers, the person obliged to indicate a total price must indicate the lowest total price which he has applied to consumers within the last 30 days before the price reduction.

The lowest total price does not have to be indicated in the announcement of the price reduction itself. If the price reduction is not announced by "strike prices" or "instead of prices", it is sufficient that the announcement, e.g. an advertising brochure, clearly refers to the goods covered by

the price reduction ("20% off all winter jackets") and that the lowest total price is attached to or perceptible on the goods concerned.

When determining the lowest total price within the last 30 days before the application of the price reduction, previous price reductions during this period must be taken into account. Thus, if the lowest total price within the last 30 days was a price reduced in the context of a discount campaign, this price must be indicated, even if it is not the "regular" price. If the obligor has been offering the goods to consumers for less than 30 days, he must indicate the lowest total price he has charged consumers since he started offering the relevant goods.

Pursuant to Sec. 11 para. 2 PAngV 2021, in the case of a gradual, uninterrupted price reduction of a product during the period of the price reduction, it is sufficient to indicate the lowest total price that was applied to consumers within the last 30 days before the start of the gradual price reduction.

If the obligor sells goods to consumers at different prices through different distribution channels, the lowest total price of the respective distribution channel for which the announcement of the price reduction is made shall be decisive. The same applies to sales via different branches at different prices.

Lowest total price as reference price?

It is unclear whether the obligor only has to indicate the lowest total price or whether the lowest total price is to be used as the reference price for the price reduction. According to its wording, Sec. 11 PAngV 2021 only stipulates an additional price indication obligation. This suggests that the lowest total price (only) has to be indicated. The legislator also emphasises in its explanatory memorandum that Sec. 11 PAngV 2021 establishes "(only) an additional duty to provide information". In the next sentence, however, it is stated that for advertising reasons, for example when announcing the price reduction in the form of "instead of prices", a further price can be given in addition to the lowest price of the last 30 days and the current price, "as long as it is clear and unambiguous that

the price reduction refers to the lowest price of the last 30 days". This argues for an obligation to use the lowest price as a reference.

In its guidelines, the Commission also takes the view that the obligor must not merely indicate the lowest price, but that the price reduction must refer to the lowest price. The Commission states in this respect that the price reduction must be indicated using the indicated "previous" price as a comparative value, i.e. any indicated percentage reduction must be based on the "previous" price determined in accordance with Art. 6a of the EU Directive on price indications. For example, if the price reduction is advertised as "50% off" and the lowest price in the previous 30 days was EUR 100.00, the seller must show EUR 100.00 as the "previous" price on the basis of which the 50% reduction is calculated, even if the last sale price of the goods was EUR 160.00.

The view of the Commission and (apparently also) of the German legislator is hardly compatible with the wording of Sec. 11 PAngV 2021 and Art. 6a of the EU Directive on price indications. Legal literature (Schröder, WRP 2022, 671; Sosnitza, WRP 2021, 440) rightly points out that the new obligation to indicate the lowest price does not impose any requirements on the design of the price reduction and the advertising itself, but merely establishes an additional information obligation. It is therefore argued that traders are still free to choose the reference point of a price reduction they advertise, taking into account the general prohibition of misleading advertising under the law of fairness, and are by no means required to calculate or indicate the advertised price reduction on the basis of the lowest price within the meaning of Sec. 11 PAngV.

In view of the unambiguous position of the Commission and the at any rate unclear position of the German legislator, there is likely to be a considerable risk for practice of violating Sec. 11 PAngV 2021 (according to Sec. 20 PAngV 2021, the intentional or negligent violation of Sec. 11 PAngV is an administrative offence), if not the lowest price determined pursuant to Sec. 11 PAngV 2021 is the basis for the price reduction, but another (higher) price, even if the lowest price - in accordance with the wording of Sec. 11 PAngV 2021 - is additionally indicated, for example in an

asterisk. Here, too, only the case law will be able to provide clarity.

Basic price

The obligation and the exceptions according to Sec. 11 PAngV 2021 apply accordingly to those who are only obliged to indicate the basic price. Pursuant to Sec. 4 para. 3 PAngV 2021, companies that offer consumers loose goods by weight, volume, length or surface area or advertise as suppliers of these goods to consumers by stating prices must only indicate the basic price. Furthermore, according to Sec. 4 para. 1 PAngV 2021, the total price and the basic price must be indicated if traders offer goods to consumers in pre-packages, open packages or as a sales unit without wrapping by weight, volume, length or area or advertise as suppliers of these goods to consumers by indicating prices, unless the basic price is identical to the total price.

If the total price and the basic price are to be indicated, the wording of Sec. 11 PAngV only requires the indication of the lowest total price within the last 30 days before the application of the price reduction in the case of price reductions that are advertised. Accordingly, the lowest basic price does not have to be indicated additionally.

Prospect

The regulation of Sec. 11 PAngV 2021 is accompanied by a number of ambiguities.

While some forms of promotions can be assessed relatively clearly, such as "x %" promotions or promotions with "save x EUR" (such promotions undoubtedly fall under the new regulation of Sec. 11 PAngV 2021), the classification of other widespread forms of advertising, such as so-called overfill promotions ("x % free" for packaging with an increased filling quantity) or discounts granted on a shopping basket, causes considerable difficulties. The same applies to general price statements without the announcement of a concrete, measurable price reduction ("excellent price", "sale", "low price", "special offer"), which according to the German explanatory memorandum do not fall within the scope of Sec. 11 PAngV 2021, but are supposed to be covered according to the Commission's guidelines.

Furthermore, the view expressed by the Commission in its guidelines that the lowest total price of the last 30 days must not only be "indicated" but must be used as the reference price for the price reduction entails considerable uncertainties and legal risks.

Finally, the requirements of Sec. 11 PAngV 2021

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In **Biotechnology and Health Care Law**, Peter von Czettritz is named

In **Pharmaceutical Law**, Peter von Czettritz and Dr Alexander Meier are named.

In **Intellectual Property Law** Andreas Haberl, Dr. Axel Oldekop,

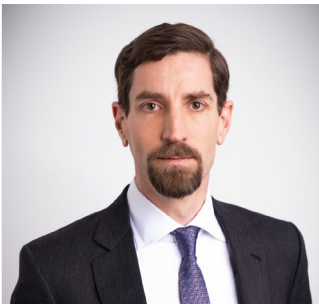
Konstantin Schallmoser LL.M., Jürgen Schneider, Dr. Ludwig von Zumbusch,

Prof. Dr. Christian Donle and Daniel Hoppe named.

Dr. Christian Kau is named in the **Technology Law** section.

(irrespective of the existing ambiguities) lead to a considerable administrative burden for traders, who have to determine and show (or use as a reference) the previous lowest total price for all affected products for every sales campaign in which reduced prices are advertised. For many traders this is likely to be a prohibitive effort, especially since the lowest total price must be determined separately for each individual branch in the case of chain stores. It is to be feared (and in some cases already observed) that the new regulation will lead to traders completely abandoning price promotions. This is certainly not in the interest of consumers.

It is to be hoped that the courts will soon have the opportunity to clarify at least the most important questions of doubt. Until then, traders will have to live with significantly increased costs and not inconsiderable uncertainties and risks in price promotions.



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Fairness compensation and the distinction between free use and "non-free" adaptation after the copyright reform – the German Federal Court of Justice's decision "Porsche 911" (I ZR 222/20)

The First Civil Senate of the German Federal Court of Justice (BGH), which is responsible, inter alia, for copyright law, issued new guiding principles on Sec. 32a German Act on Copyright and Related Rights (UrhG) (fairness compensation) and Sec. 23 German Act on Copyright and Related Rights (UrhG) (adaptations and transformations) in its judgment delivered on 7 April 2022 (published, e.g. in GRUR 2022, 899 et seq.):

- The concept of use within the meaning of Sec. 32a (1) sentence 1 UrhG shall be interpreted to the effect that income or benefits from a use which does not encroach on the scope of protection of an author's exploitation right cannot give rise to a claim under Sec. 32a (1) sentence 1 UrhG for further fair participation by the author.

- The principles developed by the BGH for distinguishing free use from (non-free) adaptation shall continue to apply to works within the meaning of Sec. 2 UrhG even after the deletion of Sec. 24 UrhG (old version) by the Act on the Adaptation of Copyright Law to the Requirements of the Digital Single Market of 31 May 2021 (BGBl. I p. 1204) and the amendment of Sec. 23 UrhG in substance subject to the requirement that the criterion of "fading" is to be understood in conformity with European Union law in the sense of the requirement of a lack of recognisability of the creative elements giving rise to protection.

1. The decision of the BGH concerned a legal dispute between Porsche AG and the daughter of the former head of Porsche's construction department who worked for Porsche from 1931 to 1966. In the course of his work, the plaintiff's father was involved in the development of the car models Porsche 356 and Porsche 911. The extent of the involvement of the plaintiff's father in the design of these Porsche models was in dispute between the parties (para. 1).



Model Typ 354 "T7"



Model "Prime"-356"

The Porsche 911 has been marketed since 1963 as the successor model to the Porsche 356 produced from 1950 to 1956. The dispute concerned the eighth series of the Porsche 911, known as the 991 series, which has been marketed since 2011. As the heir, the plaintiff demanded an appropriate participation pursuant to Sec. 32a (1) sentence 1 UrhG from the sale of the 991 series because, in the plaintiff's opinion, this model had taken over essential design features of both the Porsche 356 model and the first series of the 911 model. The Porsche 356 model was based on the so-called "Prime-356" designed by her father as the originator, and the first model of the Porsche 911 was based on the model also designed by her father and internally designated as the Type 354 "T7", which also had the quality of a work under copyright law (para. 4):



Porsche 911, 991 series

The Regional Court of Stuttgart dismissed the action. The Higher Regional Court of Stuttgart (OLG) also dismissed the appeal filed by the plaintiff. The BGH has now overturned the appeal ruling and referred the case back to the OLG for a new hearing and decision.

2. The BGH first upheld the conclusion of the OLG that the plaintiff was not entitled to a further participation under Sec. 32a (1) sentence 1 UrhG insofar as she claimed that Porsche had used her father's copyrights in the design of the Porsche 356 by marketing the 991 series. In principal, the plaintiff could base her claims on Sec. 32a (1) sentence 1 UrhG. Moreover, the design of the Porsche 356 was a work of applied art within the meaning of Sec. 2 (1) no. 4, (2) UrhG, which had been created by the plaintiff's father. However, the production and distribution of the 991 series of the Porsche 911 did not constitute a use of this work within the meaning of Sec. 32a (1) sentence 1 UrhG (para. 15).

Pursuant to Sec. 32a (1) sentence 1 UrhG in the version applicable since 7 June 2021, the author who has granted a right to another a right of use on conditions which, taking into account the author's entire relationship with the other party, result in the agreed remuneration proving to be disproportionately low in comparison to the proceeds and benefits derived from the use of the work, the other party is obliged, at the author's request, to consent to a modification of the agreement which grants the author further equitable participation appropriate to the circumstances.

The BGH first clarified that the claim to further equitable participation under Sec. 32a UrhG was not only due to the author himself, but also to his heirs. According to Sec. 28 (1) UrhG, copyright is heritable. It is in the author's interest that his copyright benefits his heirs after his death for the period of 70 years specified in Sec. 64 UrhG (para. 23). Furthermore, the OLG had rightly assumed that income or benefits from a use which did not

encroach on the scope of protection of an author's exploitation right could not give rise to a claim for further equitable participation by the author (para. 35).

The OLG had assumed that the production and distribution of the Porsche 911 of the 991 series did not encroach on the exclusive right of the plaintiff's father as author to reproduce (Sec. 16 UrhG) and distribute (Sec. 17 (1) UrhG) the design of the Porsche 356. The design of the Porsche 911 of the 991 series constituted a free use of the design of the Porsche 356 within the meaning of the old version of Sec. 24 (1) UrhG (para. 41).

According to the old version of Sec. 24 (1) UrhG, an independent work created in free use of another's work could be published and exploited without the consent of the author of the work used. In this regard, the OLG had stated that the particularly harmonious lines with a combination of flat and curved elements were decisive for the uniqueness of the external design of the body of the Porsche 356. Furthermore, the absence of hard edges in connection with the memorable front view of the vehicle resulting from the following design elements was decisive: the lack of a radiator grille, the windscreen divided in the middle, the round, slightly slanted headlights integrated into the raised wings and thus flanking the vehicle bonnet and cutting the line downwards in each case, and the round bonnet lying in between. However, according to the OLG, the external design of the Porsche 356 had only a low level of design and thus a very limited scope of protection due to the previously known designs of motor vehicles. Only the body of the Porsche 356, which was designed in many details, had a sufficient level of creativity in its overall impression to be protectable as a work of applied art under Sec. 2 (1) No. 4, (2) UrhG. Since the uniqueness of the body design lay solely in the combination of these design features, the scope of protection extended only to these or marginally deviating designs (para. 60).

Against this background, the OLG further assumed that the overall impression of the design of the Porsche 911 of the 991 series, which was decisive for the status of the Porsche 356 as a work under copyright law, faded to such an extent that it had rather served as an inspiration for the new design (para. 61).

The BGH does not agree with this argumentation of the OLG. However, it comes to the same conclusion. In the opinion of the BGH, the decisive factor in determining whether there is free use is the distance between the new work and the intellectually created features taken from the used work. Free use under the old version of Sec. 24 UrhG therefore required that, in view of the individual character of the new work, the intellectually created features taken from the protected older work faded away (para. 43). However, the old version of Sec. 24 UrhG was considered by the CJEU to be incompatible with Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (para. 46 with reference to CJEU, judgment of 29.07.2019, C-476/17, published e.g. in GRUR 2019, 929 – Metall auf Metall III).

The BGH therefore clarifies for the first time that the principles for distinguishing free use from (non-free) adaptation continue to apply in substance, even taking into account the decision of the CJEU and the amendments to the law made because of this decision, subject to the requirement that the criterion of fading is to be understood in conformity with EU law in the sense of the requirement of a lack of recognisability of the creative features giving rise to protection (para. 47). Sec. 23 (1) sentence 2 UrhG (new version) now provides that there is no adaptation or transformation within the meaning of Sec. 23 (1) sentence 1 UrhG if the newly created work maintains a sufficient distance from the used work.

Against this background, the BGH held that the OLG had assumed that the 991 series of the

Porsche 911 was to be regarded as a free use of the design of the Porsche 356 within the meaning of the old version of Sec. 24 (1) UrhG. However, it had not made any findings as to whether the Porsche 911 of the 991 series was a newly created work protected by copyright (para. 53). Since there was no interference with the author's right of exploitation if the overall impression of the new design did not correspond to the overall impression of the work used, it was not relevant whether the new design was a work protected by copyright. The findings of the OLG thus supported the assumption that the overall impression of the design of the Porsche 911 of the 991 series did not correspond to the overall impression of the design of the Porsche 356 and that there was therefore neither an infringement of the reproduction right nor an infringement of the distribution right of the plaintiff's father (para. 54).

The fact that the OLG had not dealt with the plaintiff's offer of evidence on her father's authorship of the original model of the Porsche 911 (para. 64 et seq.) led to the reversal and remittal to the OLG for a new hearing and decision. The plaintiff had offered her husband as a witness to prove that he had visited his father-in-law and his workplace. There, her father had shown her husband the "Targa"-bracket for "his" Porsche 911 and had made it clear that the 911 and its body had been "his car, his design" (para. 95). Although the plaintiff did not submit this offer of proof before the deadline for filing the grounds of appeal had expired, the OLG did not address the question of whether the plaintiff was therefore precluded from submitting any evidence (para. 96). The assessment of this question was reserved for the Court of Appeal, which had so far not made any statements on a preclusion of the evidence (para. 99).

The decision of the BGH provides clear guidelines for the assessment of a use of a copyrighted work not requiring consent pursuant the new Sec. 23 (1) UrhG. In this respect, it is essentially possible to fall

back on the case law on the old version of Sec. 24 UrhG. Ultimately, a comparison of the respective overall impression of both works is decisive for the decision, in the context of which all adopted intellectually created features are to be taken into account in an overall view.

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ECJ rules on injunction proceedings in patent cases

C 44/21

In its judgment of 28 April 2022, the European Court of Justice (ECJ) [has ruled](#) on the reference from the Munich Regional Court I (21 O 16782/20 - stock of rights in injunction proceedings).

The ECJ gave the following answer to the question referred by the Munich Regional Court I:

Art. 9 (1) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as precluding national case-law under which the grant of provisional measures for infringement of patents is in principle refused if the patent at issue has not survived at least opposition or revocation proceedings at first instance.

The question referred by the Munich Regional Court I has been commented on many times and has also been viewed critically. A summary of the problems and criticism arising from the question referred can be found [here](#).

"In principle"

To summarise briefly: the decisive significance of both the question referred for a preliminary ruling and the ECJ's answer lies in the unresolved ambivalence of the term "in principle".

The ambivalence lies in the fact that this term can take on very different meanings. "In principle" can mean that it is a rule from which there are exceptions or to which there are alternatives. But "in principle" can also mean that the rule is a necessary condition that must occur.

This ambivalence and vagueness of the term "in principle" is at the heart of the discussion and debate that has taken place. According to the undisputed case law of the Higher Regional Courts of Düsseldorf, Karlsruhe and also Munich¹, the granting of a preliminary injunction in patent litigation can only be considered if both the question of

patent infringement and the existence of the patent can be answered so clearly in favour of the applicant that an erroneous decision cannot seriously be expected.

The discussion therefore revolves solely around the question of which standard is applied to this required prognosis decision of certainty of the legal status. The aforementioned Higher Regional Courts have argued that a surviving legal existence procedure is sufficient to be able to assume this certainty.

However, there are alternative groups of cases in which such certainty can also be assumed. This was affirmed, for example

- if the defendant had already participated in the grant proceedings with objections,
- if the patent was generally considered to be protectable,
- if the objections to the validity of the patent proved to be groundless on summary examination, or
- if waiting appears unreasonable for the patent proprietor due to exceptional circumstances (for example, in the case of generic drugs).

The case law of the Higher Regional Courts thus assumed that the term "in principle" only describes a rule for the affirmation of one of several prerequisites of the facts and that there are also alternatives that allow the issuance of an interim injunction in individual cases. The most important one is probably that the objections to the existence of the law prove to be groundless upon summary examination.

Content of the ECJ decision

The now decisive question is therefore what answer to the question referred was actually given by the ECJ at all in the context of this case law.

¹ Munich Higher Regional Court, GRUR 2020, 385 -

Elektrische Anschlussklemme

The ECJ states in the last paragraph before the decision formula that the Enforcement Directive

"precludes a national case-law according to which the grant of provisional measures for infringement of patents is in principle refused if the patent in question has not survived at least opposition or revocation proceedings at first instance."

Here, too, the ambivalent word "in principle" (English version: in principle, French: en principe) appears again when it is pointed out that the granting of an interim injunction may not be "refused in principle".

However, the ECJ's paraphrase of the question referred for a preliminary ruling in paragraph 26 is perhaps illuminating for the understanding of this sentence, where it states:

According to this case law, the grant of provisional measures also requires the existence of a decision in opposition/appeal proceedings before the EPO or the Federal Patent Court (Germany) in nullity proceedings confirming that the patent in question affords protection for the product in question.

The ECJ thus evidently assumed that a decision in substantive proceedings was the prerequisite for a preliminary injunction. Accordingly, the decision in the proceedings on the existence of rights was the condition for the merits of the injunction proceedings².

However, there has never been such a case law in Germany. Conversely, the Munich Regional Court I could have affirmed the issuance of a preliminary injunction, because after the reproduction of the question referred

in the ECJ's decision, the Munich Regional Court I was already convinced that the patent in question was legally valid. So reports the ECJ in marginal no. 24:

The referring court states that it has reached the preliminary conclusion that the patent in question is valid and infringed. The existence of the patent was not endangered.

Obviously, the Munich Regional Court and the ECJ were talking at cross purposes here. The ECJ was obviously of the opinion that the completed validity proceedings were a *conditio sine qua non* for the issuance of a preliminary injunction. In contrast, according to the Munich's Higher Regional Court "Elektrische Anschlussklemme" case law, the preliminary injunction could have been granted even without legal status proceedings if the Regional Court was so certain about the legal status.

Consequences of the ECJ decision

The question that now needs to be answered further is therefore how the ECJ decision will be dealt with.

In fact, it says that according to the Enforcement Directive, a completed state of the law procedure may not be a *conditio sine qua non* for injunction proceedings. However, this has never been the content of the case law.

On the other hand, the decision says nothing about how the patent litigation courts are to obtain sufficient certainty in their prognosis decision on the validity of the patent for revocation.

It would be a misunderstanding to conclude from the ECJ's decision that proceedings on the validity of the patent could

² English version marginal no. 26: ... the patent concerned must also be the subject of an EPO decision in opposition or appeal proceedings, ...

French version marginal no. 26: ... le brevet concerné devrait en outre faire l'objet d'une décision de l'OEB dans le cadre d'une procédure d'opposition ...

or should "in principle" no longer be required and that a lower degree of certainty about the validity of the patent for revocation must therefore be sufficient for a preliminary injunction. For, viewed in the light of day, the ECJ said nothing about this.

It is therefore undisputed that the patent courts will continue to be faced with the task of examining the legal status of the patent in the injunction proceedings in such a way that an erroneous decision is not seriously to be expected.

The ECJ's decision has not materially changed this premise. It is quite likely that the higher regional courts will also maintain this view, so that in the end only the old football wisdom remains:

After the match is before the match.



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FOCUS Spezial – Deutschlands Top Anwälte 2022

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Claiming the priority of a patent application for a registered community design – is that possible and if so, what's the deadline?



The Court of Justice of the European Union (CJEU) will soon decide on the question of whether the priority of an earlier patent application can be claimed for a registered community design application. It will also decide whether the priority period in this case is 12 months or 6 months. In a so far very rare case, it allowed the appeal filed by the European Intellectual Property Office (EUIPO) against a decision of the General Court of the European Union (GCEU) by decision of 10 December 2021, so that it will now make a decision on the merits (C-382/21 P, published e.g. in GRUR-RS 2021, 55882).

1. The appeal brought by the EUIPO against the judgment of the GCEU of 14 April 2021, Case T-572/19 (published, e.g. in GRUR-RS 2021, 7092) concerns an action brought by a Munich-based company against the EUIPO. On 24 October 2018, the company filed an application for registration of 12 Community designs (RCDs) in the context of a multiple application. In doing so, it claimed priority for all RCDs based on an international PCT patent application filed with the European Patent Office (EPO) on 26 October 2017. Although the RCDs were registered by the EUIPO, the claimed priority right for all RCDs was rejected on the grounds that the priority period of six months provided for in Art. 41 (1) of the Community Design Regulation (CDR) had not been observed

(GCEU, loc. cit., para. 12 et seq.). The EUIPO Board of Appeal confirmed this decision (EUIPO, decision of 13 June 2019, ref.: R 573/2019-3).

The action brought against this decision was successful and led to the annulment of the decision of the EUIPO Board of Appeal, against which the EUIPO again appealed to the CJEU.

2. According to Art. 58a (3) of the Statute of the CJEU, an appeal against a decision of the GCEU concerning a decision of an independent board of appeal of the EUIPO shall proceed only if it raises an issue that is significant with respect to the unity, consistency or development of Union law. In the present case, this essentially concerns Art. 41 (1) CDR and Art. 4 of the Paris Convention for the Protection of Industrial Property (Paris Convention).

According to Art. 41 (1) CDR, any person who has duly **filed an application for a design or a utility model** in or for any State party to the Paris Convention or to the Agreement establishing the World Trade Organisation shall enjoy, in respect of the filing of an application for a RCD for that design or utility model, **a right of priority of six months from the date of filing of the first application.**

Art. 4 Sec. C, para. 1 of the Paris Convention provides that a priority period of 12 months shall be granted for patents for inventions and utility models and a priority period of 6 months shall be granted for industrial designs and for trademarks.

Art. 4. Sec. E. para.1 of the Paris Convention further provides that where an industrial design is filed in a country by claiming a right of priority based on an application for a utility model, only the priority period specified for the industrial design shall apply. Paragraph 2 further states that it is also permissible to file a utility model in a country by claiming a priority right based on the filing of a patent application and vice versa.

Although the European Union is not itself a party to the Paris Convention, it is a party to the TRIPS Agreement, which refers to the provisions of the Paris Convention on several occasions, including Art. 4 of the Paris Convention (cf. Art. 2 of the TRIPS Agreement).

3. In the decision appealed by the EUIPO, the GCEU first states that Art. 41 (1) CDR does not regulate the case of an application for a RCD claiming a priority right based on a patent application and therefore does not provide for a time limit for claiming priority in this situation. Contrary to the opinion of the EUIPO, Art. 41 (1) CDR does not conclusively regulate the time limit within which a priority may be claimed in the context of a subsequent RCD application (GCEU, loc. cit., para. 56 et seq.).

The GCEU justified the possibility of claiming priority of a patent application for a RCD by stating that Art. 41 (1) CDR was historically based on the provisions of the Paris Convention on the right of priority and its time limit provisions and therefore had to be consistent with them (GCEU, loc. cit., para. 58). In principle, any provision in the CDR was also to be interpreted in such a way that it remained compatible with the Paris Convention, whereby the context of these terms and the objective of the relevant provisions of the Paris Convention were also to be taken into account. This applied to all areas of intellectual property law (GCEU, loc. cit., para. 61).

Against this background and based on the fact that the CDR did not regulate the priority period resulting from a patent application, recourse should be made to the provisions of the Paris Convention to fill this gap in the CDR (GCEU, loc. cit., para. 66).

In the proceedings before the GCEU, the EUIPO was in principle also of the opinion that the priority of a patent application could be claimed for a RCD. However, it based this on a broad interpretation of Art. 41 (1) CDR, according to which the term "utility model" mentioned there also included international patent applications under the PCT, because according to the definition in Art. 2 (ii) of the PCT a reference to "patents" was to be understood as also referring to utility models. However, according to the EUIPO, this broad interpretation could not affect the duration of the statutory priority period of 6 months, so that the priority of a patent application under the PCT must also be claimed within 6 months (GCEU, loc. cit., para. 20).

In the appeal proceedings before the GCEU, the EUIPO now took a narrower view, according to which the lack of mention of a patent application in Art. 41 (1) CDR did not constitute an unintended gap in law but reflected the decision of the Union legislator to limit priority claims for RCDs only to earlier designs or utility models. It was clear from the wording of Art. 41 (1) CDR that it defined both the types of industrial property rights on which a priority claim could be based, namely an earlier design or utility model, and the length of the period within which such priority could be claimed, namely 6 months from the date of the first application. The fact that this provision does not refer to patent applications must be understood as an intentional exclusion of such applications (CJEU, loc. cit., para. 8 f.).

4. With regard to the priority period which, according to the GCEU, results from a patent application in accordance with Art. 4 of the Paris Convention, the GCEU states that the Paris Convention does not contain any express provision with regard to the priority period in a case where the later application is a design, whereas the claim of priority is based on an earlier patent application (GCEU, loc. cit., para. 72). It stated that the Paris Convention did

contain a rule in Art. 4. Sec. E, para.1 according to which the priority period determined for the later right was decisive if the later right was a design and the earlier right was a utility model, i.e. 6 months. On the other hand, it was clear from Art. 4 Sec. E, para.2 of the Paris Convention that a patent application could be the basis for claiming a priority right for a subsequent application for a utility model. The question therefore arose as to whether Art. 4 Sec. E, para.1 of the Paris Convention was the only express rule of the Paris Convention for the case of two successive applications in respect of rights to which different priority periods apply, reflected a general rule according to which the priority period resulting from the nature of the later right was decisive or whether, on the contrary, it was an exception to a general rule according to which the nature of the earlier right was decisive for the duration of the priority period (GCEU, loc. cit., para. 73 et seq.).

The GCEU agrees with the latter view and states that it follows from the logic inherent in the priority system that the duration of the priority period is generally determined by the nature of the earlier right. This is due to the fact that Art. 4 Sec. C, para.1 of the Paris Convention provides for a longer priority period of 12 months for patents and utility models than for designs, because patents and utility models are more complex. Since, as a consequence, the registration procedure for patents or utility models took longer than for designs, there was a risk that the priority right resulting from the application for a patent or a utility model would lapse if the same relatively short period of 6 months was applied to all rights which could give rise to a priority right. However, the priority right was intended to give the applicant the opportunity to assess the chances of success of an application for the invention in other countries, for which a longer period was necessary in the case of patents and utility models (GCEU, loc. cit., para. 77).

In addition, according to the GCEU, it appeared consistent that the nature of the earlier right determined the duration of the priority period, because the filing of the earlier right gave rise to the priority right. If the creation of the priority right itself and the beginning of the priority period depended on the earlier right and its application, it was logical that the duration of the priority right also depended on the earlier right. On the other hand, there was no reason to assume

that the duration of the priority right generally depended on the later right (GCEU, loc. cit., para. 78).

The exceptional character of Art. 4 Sec. E, para.1 of the Paris Convention had historical reasons and took into account the different duration of the registration procedures for patents and utility models, because utility models were registered and published after a short formal examination, whereas patent applications were generally published only after the expiry of a priority period of 12 months (see GCEU, loc. cit., para. 82 et seq.).

Against this background, the GCEU held that with regard to the situation in which the first application for a patent was followed by the application for a RCD, there was no risk that a patent which had been published for a long time would be re-applied for as a design, so that the purpose of Art. 4 Sec. E, para.1 of the Paris Convention did not apply to a patent application. Consequently, for claiming the priority of a patent application in the case of a RCD application, Art. 4 Sec. C, para. 1 of the Paris Convention must be applied, according to which the priority is 12 and not 6 months (GCEU, loc. cit., para. 84).

5. Against this, the EUIPO argues before the CJEU that the GCEU did not simply interpret Art. 41 (1) CDR in accordance with Art. 4 Paris Convention, but in fact left the priority provisions of the CDR unapplied and replaced them by Art. 4 Paris Convention. In doing so, the GCEU gave direct effect to Art. 4 of the Paris Convention, which is inadmissible due to the lack of definiteness of Art. 4 of the Paris Convention and violates Art. 45 of the Paris Convention, according to which Art. 4 of the Paris Convention essentially has no direct effect (CJEU, op. cit., para. 10 et seq.).

In addition, the EUIPO argues that the GCEU misinterpreted Art. 4 Paris Convention and that the application giving rise to the priority right must have the same subject-matter as the later application. Only by way of exception does Art. 4 Sec. E, para.1 of the Paris Convention provide that an application for a utility model may give rise to a right of priority for a subsequent RCD application which has a different subject-matter from the earlier application. Therefore, the GCEU's conclusion that the time limit for

claiming priority of a patent application for a subsequent RCD application is 12 months has no legal basis (CJEU, op. cit., para. 11).

The decision of the CJEU will have far-reaching effects on the question of novelty and individual character of a RCD. The longer priority period of 12 months assumed by the GCEU for RCD applications claiming the priority of a patent application could induce companies to file patent applications first in order not to have to take into account the 6-month period for RCDs provided for in Art. 41 (1) CDR. Furthermore, the assumption that the type of prior right is decisive for the length of the priority period could lead to the applicant of a so-called "design patent" in the U.S. possibly benefiting from a 12-month priority period, while RCD applicants would only be granted a 6-month period for a later application for a "design patent". Furthermore, the grace period of Art. 7 (2) (b) CDR, according to which the disclosure of a design by the applicant during the 12 months preceding the priority date is not taken into account in the substantive examination of the novelty of a RCD, would possibly be extended from 18 to 24 months.

We will keep you informed in our newsletters on how the CJEU will have decided this very practice-relevant question.



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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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