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M I C H A L S K I



H Ü T T E R M A N N

P A T E N T A N W Ä L T E

Changes to industrial property protection as of 2021 resulting from Brexit

As already reported,¹ the United Kingdom left the EU on 1 January 2020. Of course, a transition period to last at least one year was agreed, during which time all European regulations will continue in force in the UK. The possibility of extending the transition period was rejected by the United Kingdom, so European law, and also European IP rights, now really will no longer have effect in the UK as of 1 January 2021, regardless of whether or not a free trade agreement is in place by then.

The withdrawal agreement itself contains far-reaching provisions relating to industrial property protection, however, specifically by the mechanism of converting European Union IP rights into British IP rights. This applies to all trade marks, designs, varieties, and geographical indications² registered in the EU by the end of the transition period. This conversion will take place automatically and at no cost unless a proprietor of a pertinent IP right opposes conversion by opting out.³

A new registration number system has been introduced to make it easy for applicants. For converted EU trade marks, the registration number of the British trade mark will begin with "UK009," followed by the number of the existing EU trade mark, which must always have 8 digits, with leading zeros added as necessary.⁴

A similar procedure will be followed for British designs, which will simply be prefixed with a "9". If the original EU design was part of a collective application, a four-digit suffix consisting of the respective number and leading zeros will be appended.

With regard to the requirement for use of transferred EU trade marks in the UK, a use in the EU will be recognized as a use in the UK as long as the five-year usage period includes time before 1 January 2021.

Corresponding automatic conversion mechanisms are lacking for trade mark, design, and variety applications that are still pending at the end of the transition period and have not yet resulted in registration. The option exists here, however, to apply for conversion within a period of nine months after the transition period and retain the priority; fees will be charged for this. We will separately inform all proprietors we represent of European Union IP rights and applications at the appropriate time.

As regards the EUIPO, on 18 June 2020 this body published an updated guide to the changes associated with Brexit.⁵ In summary: After 1 January 2021, European Union IP rights will no longer be valid in the UK – and at the same time, British national trade marks and trade names will no longer be relevant for EU trade marks. In addition, British trade mark and design holders will have to be represented before the EUIPO. At the same time, British representatives, whether lawyers or patent attorneys, will lose their power of representation. In ongoing proceedings, however, British representatives can continue in this capacity until the proceedings are complete, including in any appeals.⁶

¹ See our [Newsletter 1/2020](#)

² Note: There are certain special provisions for geographical indications, but these are not discussed further here.

³ Note: The UKIPO has announced that appropriate forms will be available as of 1 January 2021, see <https://www.gov.uk/guidance/eu-trademark-protection-and-comparable-uk-trademarks>

⁴ See <https://www.gov.uk/guidance/eu-trademark-protection-and-comparable-uk-trademarks>

⁵ https://ec.europa.eu/info/sites/info/files/file_import/trademarks_and_designs_de_0.pdf

⁶ Art 97 of the withdrawal agreement



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Dr. Albersmeyer has been named one of the best lawyers of 2020 in the areas of patent law / intellectual property law by [Best Lawyers](#) and in [Handelsblatt](#) as well.

At first glance, the situation seems to be simpler for patents. Because the European Patent Convention is an international treaty independent of the EU, everything remains the same as before, at least in the short term. Great Britain has also announced that it does not intend to participate in the Unitary Patent system.⁷

Changes will take place in supplementary protection certificates, however, because they are based on EU law. Here, the UK has announced that it will grant equivalent protective rights and convert existing protective rights. British patent law was changed in this regard in April 2019.⁸ But one significant difference is that the introduction of so-called “manufacturing waivers,” under which production solely for export cannot be prohibited, has not yet been implemented in British law since the “manufacturing waiver”⁹ did not come into force until June 2019. Whether or not this will take place is still under discussion.

The long-term consequences of Brexit should not be underestimated, however. Up to now, the UK, as part of the EU, is also part of the so-called Brussels Regulation, which means among other things that a lawsuit in the UK – depending on the precise circumstances – can block parallel lawsuits in other EU countries. After the transition period, the UK is no longer part of the Brussels Regulation, which means that a lawsuit in the UK no longer has a blocking effect in Europe. It is also the case that sales, etc. in the UK no longer trigger exhaustion for Europe.¹⁰

The change that may well have the most serious effect in the long term is that the UK will lose influence with regard to patent jurisprudence. Measured purely by the number of patent infringement cases, the UK was and is in fourth or fifth place in Europe, but certain cases in both the biotech and mobile telephone fields have been viewed as landmark decisions, and the European courts, in particular the German courts, have taken note of them.¹¹ As a result, judgments in the UK did and do very much act as signals beyond the UK’s actually secondary importance as a patent litigation venue (measured by the number of cases).

It is to be expected, however, that case-law practice in this arena will diverge because of the introduction of the Unitary Patent system without the UK on the one hand and because of the irrelevance of future CJEU decisions for the UK on the other hand. From a psychological standpoint, the UK already is no longer “part of the team.” It is quite likely that this influence will decrease in Europe over the long term and the importance of, e.g., French lower courts will increase instead. The same also applies to the decisions of the Unified Patent Court.

CJEU “Testarossa” ruling – a Pyrrhic victory for trade mark holders (?)

As already reported,¹² in a startling decision the Düsseldorf Regional Court annulled Ferrari’s “Testarossa” trade mark because of revocation in a cancellation action. The reasoning – summarized – was that Ferrari had not manufactured Testarossas for more than twen-

⁷ See our [Newsletter 8/2020](#)

⁸ For details, see: <https://www.gov.uk/guidance/changes-to-spc-and-patent-law-after-the-transition-period>

⁹ See our [Newsletter 5/2019](#)

¹⁰ Note: more specifically: the European Economic Area (EEA). Both of these also apply to trademarks and designs as well, of course.

¹¹ As only one example, consider the fact that the German Federal Court of Justice cited the Unwired Planet ruling of the first instance in its *Sisvel v. Haier* judgment (KZR 36/17), see our [Newsletter 6/2020](#)

¹² S. unser [Newsletter 5/2017](#)

ty years, and the replacement parts and service business did not represent genuine use of the "Testarossa" trade mark.

In response, Ferrari appealed, whereupon the Higher Regional Court of Düsseldorf stayed the proceedings and referred some questions to the Court of Justice of the European Union; these questions have fundamental importance for the area of trade mark use.

The CJEU's answers (decision C-720/18 and C-721/18)¹³ are now known, and in sum they largely accommodate the interests of trade mark proprietors – with the exception of one important procedural aspect, which nonetheless could turn out to have greater import in the long run.

To begin with, the Higher Regional Court of Düsseldorf had asked whether use of a trade mark for only a portion of the goods for which it was filed can represent use. In this specific case, the "Testarossa" trade mark was registered for "land vehicles, in particular motor cars and parts thereof," but only luxury cars were sold.

The CJEU now clarified that genuine use of the trade mark can be present even in this case *"unless it is apparent from the relevant facts and evidence that a consumer who wishes to purchase those goods will perceive them as an independent subcategory of the category of goods in respect of which the mark concerned was registered."* The CJEU did not assume this to be true for the present case, however. In addition, the Higher Regional Court wanted to know whether genuine use exists even when the trade mark proprietor is not selling new goods, but only used goods. The CJEU also allowed this, and explained: *"The fact that the proprietor of the trade mark cannot prohibit third parties from using his trade mark in respect of goods already put on the market under that mark does not mean that he cannot use it himself in respect of such goods."*¹⁴

Another question addressed the extent to which the provision of services could also represent use of a trade mark that is registered for goods. Provided that these services are offered under the trade mark, the CJEU saw no difficulty here, either. While trade mark proprietors can feel vindicated up to this point,¹⁵ the CJEU's answer to the sixth and last question may yet give them headaches.

According to the German Code of Civil Procedure, the applicant bears the burden of proof for facts he has asserted. This is inherently a problem in an application for revocation, since the applicant here is scarcely in a position to prove non-use on the part of the defendant (= the trade mark proprietor).

Until now, this was dealt with in German law in that the trade mark proprietor in a revocation action is required *"to explain in a substantiated and comprehensive manner how he or she has used it, without however being required to provide evidence thereof."*¹⁶ The final burden of proof still resided with the applicant, however.

The Higher Regional Court now wanted to know whether these principles continued to apply or whether this was incompatible with EU law. The CJEU now answered very clearly that German practice must be changed and that the burden of proof instead resides with the trade mark proprietor.



¹³ <http://curia.europa.eu/juris/document/document.jsf?text=&docid=232724&pageIn-dex=0&doclang=DE&mode=lst&dir=&occ=first&part=1&cid=9614172>

¹⁴ Paragraph 59 of the decision

¹⁵ Note: Another answer relates to the 1892 Convention between Germany and Switzerland regarding the recognition of trade mark use. It is not discussed here for reasons of space and also because it is of lesser importance for the present case.

¹⁶ Paragraph 74 of the decision

It remains to be seen whether and to what degree this will ultimately make a difference in future revocation actions. Nonetheless, at least in principle this represents a significant worsening of the procedural position of trade mark proprietors. While they may previously have only had the obligation to provide a substantiated explanation (with no obligation to furnish proof), this is no longer the case: they now bear the burden of proof.

In future, this burden of proof will also apply in revocation actions before the German Patent and Trade Mark Office (DPMA).¹⁷ Such proceedings are themselves significantly more attractive for petitioners as compared to the previous proceedings before the courts of general jurisdiction, such as the “Testarossa” case itself was. Since the flexible non-use defense in opposition proceedings was eliminated at the same time,¹⁸ a revocation action is imperative in such cases if use is to be examined.

If trade mark proprietors now additionally bear the burden of proof, thus making the defense of a trade mark more difficult than in the past, it could be that such revocation actions will be initiated before the DPMA in future even more often than already anticipated. For this specific case, it is now the turn of the Higher Regional Court again, and this court must judge whether the substantiated acts of use that have been submitted (and may yet be submitted in the future) are sufficient.

The Federal Court of Justice on “distinctiveness” in trade marks containing descriptive information

In the “YOOFOOD/YO”¹⁹ judgment, the Federal Court of Justice has again expressed its views on the question of the likelihood of confusion for trade marks that contain some descriptive information.

The subject matter of the judgment was an opposition from the “YO” trade mark to the more recent “YOOFOOD” trade mark, both of which had been registered primarily for foods and beverages.

The German Patent and Trade Mark Office (DPMA) and the German Federal Patent Court both rejected the opposition, but the latter permitted appeal. Now the Federal Court of Justice has found in favor of the opponent.

The Federal Patent Court had reasoned that the overall impression of the trade marks was crucial, and the element “FOOD” here, which is not contained in “YO,” contributed to forming this overall impression, and thus no likelihood of confusion existed.

The Federal Court of Justice rejected this with the following headnote:
“The comprehensive evaluation of the likelihood of confusion for opposing signs does not exclude descriptive elements from the evaluation of similarity from the outset or as a general rule. However, this does not rule out the possibility that one or more components of a complex sign may predominate in the overall impression of the sign. This criterion should also be used as a starting point when evaluating a combined sign in which multiple components form a word.”

The matter was thus returned to the Federal Patent Court, with the task of examining “in the evaluation of the overall impression with respect to phonetics, appearance, and mean-



¹⁷ See our [Newsletter 1/2019](#)

¹⁸ See Hüttermann, Mitt. 2019, 62

¹⁹ Federal Court of Justice, Ruling of 9 July 2020, I ZB 80/19 – [YOOFOOD/YO](#)

ing, whether the disputed sign "YOOFOOD" is perceived as a homogeneous complete term or whether the "FOOD" component of the sign is disregarded by the general public as a mere subject reference.²⁰

After the "Injekt/Injex"²¹ decision appeared to point in a different direction, this decision breathes new life into the theory of "distinctiveness" [Prägetheorie], which holds that the non-descriptive elements of a sign must be given primary consideration for the likelihood of confusion.

This complicates the examination and evaluation of the legal situation. It should be noted, however, that the "YOOFOOD" trade mark was the more recent mark; it would have been interesting to see how the Federal Court of Justice would have assessed the matter if this had been the opposing trade mark.

Patent infringement action in the dispute over German armed forces assault rifle contract award – Heckler & Koch vs. C.G. Haenel

At the present time, the awarding of an armed forces (*Bundeswehr*) contract with a volume of approximately 250 Million euros for assault rifles may turn on a patent infringement action. In this case, the established supplier Heckler & Koch AG lost out to the newly chosen supplier C. G. Haenel GmbH in the contract award process.

In response, Heckler & Koch AG submitted an application for review. Back in the summer, the firm filed an infringement action before the Düsseldorf Regional Court based on the German portion of European patent 2 018 508. This combined action has now placed the contract award process in a new light.

In previous hearings, the Düsseldorf Higher Regional Court had determined that it is necessary in the contract awarding process to examine whether a competitor's ability to deliver could be restricted by third-party IP rights. It is not strictly necessary in this event for the infringement action to be completed before the contract award process. Instead, the authority awarding the contract can carry out its own assessment of the patent infringement risk. However, it remains to be determined in the present case whether the contract awarding authority of the armed forces was informed in a timely manner of the patent infringement action that had been pending since the summer. C. G. Haenel GmbH was required to do so under public procurement law. The suitability of both bidders as suppliers is to be examined once again in a next step. As a result, the cards may be dealt anew – possibly to the benefit of the patent holder, Heckler & Koch AG.

For companies that are active as patent applicants and whose sales also depend on the outcome of contract award processes, an active patenting strategy could thus be worthwhile in this regard as well; of course, the "patent card" must be played at the right time.

²⁰ Paragraph 33 of the decision

²¹ See our [Newsletter 6-2020](#)

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We wish all the best to your family, staff members, colleagues, and of course to you yourself, in these difficult times

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