

Trademark Litigation 2021




Germany

Meissner Bolte Patentanwälte Rechtsanwälte Partnerschaft mbB

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A Global Guide



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With our international team of European, German, Italian and UK qualified Patent and Trade Mark Attorneys in combination with specialist IP lawyers, we are always at your side: protecting your brand and helping you assert your rights under all aspects of Intellectual Property Law. Our Trade Mark experts are highly experienced in defending and promoting the image of your company and products; whether they

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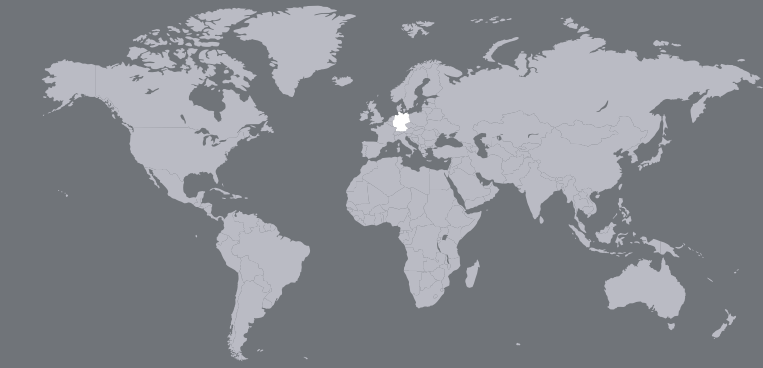
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Legislative framework and causes of action Trademark law, rules and regulations

The following provisions apply with respect to German national trademarks:

- the German Trademark Act; and
- the EU Trademark Regulation.

The Trademark Act was modified in 2019 in order to implement EU Directive 2015/2436 (known as the Trademark Modernisation Act). A 2019 amendment to the act allowed for the possibility to register trademarks such as sound marks, multimedia marks and holograms, among others. Trademarks can be filed in electronic formats; the requirement of graphic representation has been abolished. A certification mark can be registered by an independent entity in Germany, which protects certain properties of products or services.

EU trademarks, which automatically include Germany, are ultimately regulated by the EU Trademark Regulation 2017/1001, both in terms of substantive law and procedural law. However, specific national provisions are applicable in those cases where this is expressly permitted by the regulation (eg,

Article 17). Section 125b of the Trademark Act contains provisions that supplement the EU Trademark Regulation both substantively and procedurally.

Germany is also a party to all international treaties regarding international registration trademarks, in particular the Madrid Agreement and the Protocol Relating to the Madrid Agreement, with Sections 107 to 125 of the Trademark Act serving to transpose the Madrid System into German law.

The legal framework for any litigation proceeding before the civil courts is governed by the German Procedural Code.

Further relevant treaties applicable in Germany include:

- the Paris Convention for the Protection of Industrial Property;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- the Nice Agreement; and
- the Vienna Agreement.

Causes of action

The following give cause for an infringement action before the German civil courts:



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Michael Munsch advises his clients in all areas of IP law, with a focus on trademark and patent litigation. He represents his clients both in and out of court. In relation to patents, his experience covers a wide range of technical fields (in particular telecoms, electronics, mechanical engineering and pharmaceuticals) and ranges from simple proceedings to complex, often international disputes. A particular focus of his work is in the field SEPs and the associated antitrust aspects (in particular the FRAND licence defence). Furthermore, Mr Munsch is experienced and provides comprehensive advice to all other IP-related aspects, including trademark and design protection, portfolio analysis, licensing, contract drafting and unfair competition law.



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Samantha Köhler advises national and international companies on all aspects of IP law, focusing on trademark and competition law, including data protection aspects. She is also experienced in advertising regarding German and cross-border patent and utility model disputes. Ms Köhler has comprehensive experience in IP-related disputes and regularly represents parties before the German courts. She is experienced in a wide range of industry sectors, from the automotive industry and windows production, to medical devices. Ms Köhler's clients respect her expertise in obtaining and defending preliminary injunctions in trade fairs and other urgent matters.

She regularly publishes articles regarding legal issues on unfair competition law and design rights. Her publications include the article 'Labelling requirements concerning influencer marketing' (GRUR-Prax 2019, 343).

- infringement of an (earlier) registered trademark with protection in Germany (either a German national trademark, an EU trademark or an international registration designating Germany and/or the European Union);
- infringement of an unregistered trademark (Section 14 of the Trademark Act); and
- infringement of commercial designations (ie, company names, titles and domain names (Section 15 of the act)).

Alternative dispute resolution

Mediation proceedings are offered by some German courts (eg, Dusseldorf). However,

such mediation proceedings are possible only after the main proceedings on the merits have been filed and provided that both parties agree to mediation. Arbitration proceedings are independent from standard court proceedings and are available only if both parties have stipulated that option in advance.

Litigation venue and formats **The court system and litigation venues explained**

Trademark infringement cases are heard before the district courts as a first instance, either by way of preliminary injunction proceedings or



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Tobias Wuttke heads the litigation department of Meissner Bolte. Each year he deals with more than 30 in-court IP litigation cases and even more out-of-court disputes. Dr Wuttke's mission is to solve these disputes and obtain the best possible result for his clients. He believes in the importance of intellectual property and has a passion for developing IP awareness among entrepreneurs, industry and public institutions. His tasks include complex national and cross-border procedures in IP law, particularly litigation proceedings in patent, utility model, design and trademark law; portfolio analysis, build-up and exploitation; forensic advice in pharmaceutical law, unfair competition and antitrust law; drafting contracts in all areas of technology transfer and R&D agreements; as well as know-how protection.

a main proceeding on the merits. A total of 21 specialised district courts can hear trademark infringement cases. The most prominent – and the busiest – courts for trademark matters are Cologne, Dusseldorf, Frankfurt, Hamburg and Munich.

In general, the commercial divisions – established within the district courts – are competent. These chambers comprise one professional judge and two honorary judges with professional experience in business and trade matters. All members of the commercial division have the same voting rights. However, the parties often implicitly agree to let the

ordinary civil divisions decide the case – these are composed of three professional judges. In less complicated cases, the parties have the option to agree that a single judge can decide the dispute. Appeals filed before the higher regional courts are heard by three judges.

German trademark litigations are front-loaded. Proceedings on the merits therefore commence with the filing of a statement of complaint with the court, which contains the requests and a detailed account of the infringement. The statement of complaint is then formally served on the defendant.

There is a maximum of two further instances.

Forum shopping

Forum shopping is possible under certain circumstances. The jurisdiction of the competent court is determined by:

- the place of the defendant's domicile;
- the place where the infringer committed the infringement; or
- the place where the damages resulting from the trademark infringement occurred.

In cases where these venues do not concur, it is for the plaintiff to decide where to go. For example, if the alleged infringer is located in Germany and offers the disputed products for sale online, every German district court will be competent to hear this matter since the disputed products are accessible throughout Germany via a website. This is true with respect to German trademarks, but not EU trademarks. According to the Supreme Court's decision in *Parfummarken* (BGH, I ZR 164/16), infringement proceedings based on an EU trademark in cases of cross-border infringement before a German court require an overall assessment of the infringer's acts in order to determine the original infringement rather than focusing on separate infringing acts. However, in its recent decision C-172-18 (5 September 2019), the European Court of Justice corrected this case law and held that the decisive factor is whether internet offers are "directed" to consumers of an EU member state that is different from the member state in which the website owner is domiciled.

Jury versus bench

No jury trial is available in Germany.



The term ‘unlawfully marked goods’ includes infringing products and, under certain circumstances, original goods of the trademark owner

Damages and remedies

Available remedies

For trademark infringement in particular, the following remedies are available:

- injunctive relief;
- damages;
- claims for information and rendering of accounts;
- claims for the destruction of the infringing products;
- claims for the recall and definite removal from sales channels;
- claims for the publication of the judgment;
- claims for inspection; and
- claims for the preservation of evidence.

Damages can be calculated in three ways:

- the trademark owner’s or plaintiff’s lost profits;
- licence analogy (ie, damages calculated based on the amount that the infringer would have paid as an appropriate licence fee if it had obtained permission to use the infringed right); and
- the infringer’s profit – the profits that the infringer made as a result of the infringement (product-related costs incurred specifically through the manufacture or distribution of the infringing products are deductible; overhead costs are not).

The plaintiff may choose between the above calculation methods and has the option to alternate between these methods until a final decision on damages is handed down. The plaintiff may even choose one method for past use of the trademark and another for future use. A trademark owner’s lost profits are seldom chosen due to the difficulty of proving what profits the owner would have made had the infringement not occurred. Damages do not tend to be punitive in nature.

In order to calculate the amount of the claim for damages and to decide on one of the calculation methods, the trademark owner has the right to information regarding the origin and the sales channels for unlawfully marked goods and services according to Section 19(1) (2) of the Trademark Act. In special cases, these claims not only exist against the infringer but may also exist against certain third parties.

The claim for information includes names and addresses of manufacturers, suppliers, other previous owners of the products or services, commercial customers and the quantity of goods manufactured, delivered, received or ordered, as well as the prices paid.

The claim for information can be applied in the main proceedings as well as in preliminary injunction proceedings (see Section 19(7) of the Trademark Act).

According to Section 18(1) of the Trademark Act, the claim for destruction of the illegally marked goods is provided. This claim against the infringer is independent of fault.

The term ‘unlawfully marked goods’ includes infringing products and, under certain circumstances, original goods of the trademark owner. Original goods of the trademark owner must be destroyed if:

- the goods were put on the market outside the European Union or the European Economic Area by the trademark owner and then reimported by third parties without the owner’s consent; and
- the goods were changed or were otherwise worsened by third parties after the goods had been put on the market by the trademark owner.

The destruction claim is excluded if the claim is disproportionate. It may only be asserted in the main proceedings. In the context of a preliminary injunction, the claim for

destruction may not be ordered as it cannot be reversed. Preliminary injunction proceedings in Germany are only intended to secure a provisional state of affairs, not to cause an irreparable condition.

If the trademark infringement is confirmed, there is a statutory claim for the recall and definite removal of the infringing products from the distribution chain. Such remedy is, however, granted only if it is not disproportionate. In practice, such remedy is painful since the infringer is obliged to inform all its customers and to request them to send back the infringing products in return for the reimbursement of the purchase price.

Theoretically, there is a statutory claim for the publication of the judgment once the trademark infringement is confirmed (Section 19c of the Trademark Act). However, in general, the 21 specialised district courts that can hear trademark infringement cases do not provide such relief.

Regarding claims for inspection and claims for the preservation of evidence there is a statutory claim for inspection pursuant to Section 19a of the Trademark Act.

Injunctive relief

The claim for injunctive relief is the most important remedy where infringement is confirmed. The scope of the injunction is vast since the injunctive relief covers activities that are identical to the accused infringement, but in addition, under governing German practice, it also covers such activities that are “in their core” identical (known as the ‘core theory’). There is a significant risk for accused infringers to find design-around solutions that clearly depart from the “core of the infringement”. Any violation of injunctive relief subjects the infringer to a penalty of up to €250,000.

Evidencing the case

Investigations and first steps

In general, each party must set out and prove the actual features of the legal rule favourable to it. The plaintiff must prove the conditions on which its claims are based, the alleged infringer must prove the facts that deny the claims, whereas the concrete distribution and extent of the burden of proof in the course of the

proceedings depends on the submissions in the specific case. The more detailed the submission with respect to one fact, the more detailed must be the response. This means that it is the plaintiff’s duty to substantiate all facts relevant to the decision (ie, all facts should be presented precisely and, if possible, indicating the source of knowledge).

Survey evidence

Surveys can provide important evidence. They are particularly important when it comes to proving the reputation of a trademark or its acceptance through use. Since it must comply with certain requirements in order to be accepted to demonstrate reputation, it is highly advisable to engage independent and experienced market research agencies to conduct such surveys. This reduces the risk of potential objections.

Typically, surveys are meant to represent a cross-section of the total population or of particular consumer groups recruited from it, or by investigating different types of experts. The survey results are documented in written reports.

Use of expert witnesses

In practice, the judges deciding the case are competent to assess the distinctiveness of a trademark or the likelihood of confusion. However, expert witnesses are an effective tool in order to provide reliable information on customer awareness, particularly in cases of non-traditional trademarks (eg, 3D marks), the reputation of a trademark and in order to assess the scope of protection of a trademark. Expert opinion will be presented to the court in written form. During the oral hearing, the judges and both parties can ask the expert to answer specific questions regarding their written opinion. Cross-examination (such as that found in the United States) does not exist in Germany.

Available defences

It is the duty of both parties to respond to the submission conclusively and, in case of a dispute, to substantiate its allegations. This includes any defence that the other party may rely on.

Where the specific facts of the submission of one party are substantially disputed by the

other party, it is the burden of the party to provide sufficient proof for this fact, either by way of documents, witnesses or experts. The defence strategy therefore also depends on the concrete degree of substantiation by the other party.

In addition to arguing that the earlier trademark is not used by the defendant and that there is no likelihood of confusion between the trademarks in question, the following defences are available:

- non-use defence – the earlier trademark is ready for cancellation if it is not genuinely used by the trademark owner for five years following its registration;
- claiming intervening rights;
- bad faith registrations may be deleted on request by the defendant;
- claims have lapsed due to limitation periods;
- forfeiture (toleration of (infringing) use for more than five years);
- the alleged trademark infringer may file an own declaratory action for non-infringement, particularly following a failure to respond to a warning letter; and
- wherever a preliminary injunction is at risk, the potential infringer may file protective letters with all relevant infringement courts – such a document will be considered by the court and it may protect against an adverse decision (the court will most likely not decide without hearing both parties in an oral hearing).

Appeals process

Trademark infringement cases are heard in up to three instances. The decision of the district courts (first instance) can be appealed to the higher district courts (second instance), which will be a full legal review of the case. Therefore, in general, the appeals court must base its review on the facts and evidence determined by the first-instance court, which is why it is of utmost importance to submit all relevant facts and evidence at first instance.

However, under very narrow circumstances new facts and evidence are permitted where:

- there is doubt in relation to the correctness and completeness of the facts determined by the first-instance court based on concrete indications; and
- if explicitly allowed by law, in particular by Section 53(II) of the Procedural Code:
 - the court has apparently overlooked one aspect or inaccurately determined it as irrelevant;
 - the new facts were not considered due to a procedural error; and
 - the delayed submission of the new fact is not due to negligence.

A third instance is available only in specific circumstances. An appeal to the Federal Court of Justice may be permitted by the Court of Appeal if the case is of fundamental importance or if a decision by the Federal Court of Justice is necessary for the further development of the law. In practice, the courts of appeal rarely allow an appeal. Parties who are dissatisfied with a decision can also request that the Federal Supreme Court allow an appeal despite the refusal of a court of appeal. Such non-admission appeals are rarely successful. If the appeal is allowed by the court of appeal or if the non-admission appeal is successful, the case is referred to the Federal Supreme Court for a decision. **WTR**

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