

DaimlerChrysler Beats Trademark Speculators in Federal Court of Justice.

Suggested Citation: *DaimlerChrysler Beats Trademark Speculators in Federal Court of Justice.*, 2 German Law Journal (2001), available at <http://www.germanlawjournal.com/index.php?pageID=11&artID=44>

[1] In an opinion issued by the First Civil Senate on November 23, 2000, the *Bundesgerichtshof* (Federal Court of Justice) ruled in favor of DaimlerChrysler and against the claim of a "trademark speculator," establishing clear boundaries under Germany's Trademark Law for the dubious practice of trademark speculation. The automaker's right to use the trademark "E-Klasse" (in Germany) for a line of cars was challenged by a French trademark speculator who had registered the mark "Classe E" with the French trademark authorities, in November, 1992. By April, 1993, the trademark speculator had acquired international trademark registration for the mark "Classe E," including rights to the mark in Germany. DaimlerChrysler, which had used a series of similar marks for various product-lines (Mercedes C-Klasse/C-Class and Mercedes S-Klasse/S-Class) for more than twenty years, negotiated with the speculator for licenses for the use of the "E-Klasse" mark in France (DM 150,000) and Switzerland (DM 50,000). The automaker, however, did not seek a license from the speculator for its use of the mark in Germany.

[2] In upholding the decisions of the lower courts (Regional Court Frankfurt am Main (*Landgericht*) and State Supreme Court Frankfurt am Main (*Oberlandesgericht*)) the FCJ reaffirmed the central thrust of Germany's new trademark legislation of 1996: to free the trademark regime from its ties to established business activity in order to extend to independent entities (advertising agencies, trademark designers and private persons) the right to acquire trademarks. Pursuant to the *Markengesetz* (Trademark Law), marks, business symbols and details of geographic origin are protected. (Part I., Para. 1). These protected expressions can consist of "words inclusive of personal names, illustrations, acoustic signals, three-dimensional figures inclusive of products of packages, as well as unique designs inclusive of colors and color schemes. . .which are intended to differentiate products or services of one firm from those of another firm." (Part I., Paras. 3.1 and 3.2). Protection is afforded those marks: (1) that have been entered into the Federal Patent Office Registry; (2) that have been used in business transactions, so long as they have been accepted by the participants in the transactions as marks; and (3) that are notorious/well known (within the meaning of Art. 6 of the Paris Convention on the Protection of Commercial Property). (Part I., Para. 4).

[3] The holder of a protected mark has exclusive rights to the mark (Part I., Para. 14), including the right to grant licenses for the use of the mark (Part I., Para. 30). Exclusive title is supported by the right to bring legal actions to force a party to refrain from using the mark or to collect damages for the unauthorized use of the mark. (Part I., Para. 15).

[4] The FCJ concluded, however, that the rights and privileges afforded by the Trademark Law give-way in the face of abuse, especially in the case of trademark speculation. An abuse unworthy of protection arises, according to the FCJ, when: (1) a single entity registers a large number of marks for products and services; (2) without a sincere intent to use the marks for one's own firm, as an independent agent of the marks or in a concrete advisory capacity to a firm that will use the marks; and (3) the marks registered have characteristics similar or identical to marks belonging to others and the objective is to pursue a "refrain-from-use/damages claim" against those holding similar or identical marks.

For More Information: Press releases of the Federal Court of Justice (BGH) (German) on-line: www.uni-karlsruhe.de/~BGH

Full text of the German Federal Trademark Law (*Markengesetz*) (German) on-line: www.transpatent.com

DaimlerChrysler's Mercedes E-Class cars on-line: www.mercedes-benz.com