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German company names: forfeiture of the claim for injunction relief – BGH I ZR 50/14 of 05.11.2015 ConText

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In one of its latest decisions (I ZR 50/14 of November 5, 2015 – ConText) the Bundesgerichtshof (Federal Court of Justice) has ruled that the forfeiture of a claim requesting injunction relief due to an infringement of a company name by another company name has to be determined according to the general principles of forfeiture of claims under German law, Sec. 242 BGB (German Civil Code). This differs from the Trademark Directive 89/104/EEC regarding the infringement of trademarks by a registered trademark which stipulates a fixed forfeiture time frame of five years from knowledge. Even if this provision of the Trademark Directive does not cover the above mentioned case (forfeiture of claims of company name infringement by another company name), shouldn't the Bundesgerichtshof better strive for a uniform interpretation or have presented the case to ECJ?

The background is as follows: The plaintiff used the company name "ConText" for translation services since 1988, the defendant started using the name "Context" in 1992 and relied on preclusion of the claim due to acquiescence. In Europe the right of company names is not fully harmonized. Hence, German case law considers that the scope of protection of company names as specified in Secs. 5, 15 MarkenG is determined exclusively according to national law. However, in its decision I ZR 149/96 – BIG PACK concerning the right of company names the *Bundesgerichtshof* has pointed out that any regulation which is implementing the Trademark Directive and which refers without differentiation to all kinds of marks (trademark, company name etc.) shall be interpreted in a uniform manner and in accordance with the Trademarks Directive. Does this case law already require a uniform interpretation of the conditions of preclusion of claims?

The forfeiture of trademark claims is harmonized by Art. 9 of the Trademark Directive (see Hildebrandt, Trademark Law in Europe, p. 231 seqq.). Sec. 21 MarkenG implements this regulation into German law:

(1) The proprietor of a trade mark or of a commercial designation shall not be entitled to prohibit the use of a registered trade mark with earlier seniority for the goods or services for which it has been registered insofar as he/she has acquiesced, for a period of five successive years, in the use of the trade mark while being aware of such use, unless the registration for the trade mark with earlier seniority was applied for in bad faith.

(2) The proprietor of a trade mark or of a commercial designation shall not be entitled to prohibit

the use of a trade mark within the meaning of section 4 No. 2 or 3, of a commercial designation or of any other right within the meaning of section 13 with earlier seniority insofar as he/she has acquiesced, for a period of five successive years, in the use of this right while being aware of such use unless the proprietor of this right acted in bad faith at the time of acquisition of the right.

(3) […]

(4) Subs. 1 to 3 shall not affect the application of general principles regarding the forfeiting of rights.

The provision regulates, correspondingly, in para. 1 that the preclusion of trademark and company name claims against an infringement by a registered trademark applies after five years from knowledge. Thereby, Sec. 21 MarkenG does not differ between trademarks and other commercial signs ("The proprietor of a trade mark or of a commercial designation shall not be entitled to prohibit…"). A uniform interpretation in accordance with the Trademark Directive is thus required – at least to this extent.

Sec. 21 para. 4 MarkenG which states that the regulation of Sec. 21 MarkenG shall not affect the application of general principles regarding the forfeiture of rights under German law. This provision might be – at least with regard to trademark claims against an infringement by registered trademarks – contrary to the Trademark Directive which constitutes in Art. 9 – according to ECJ decision C-482/09 Budvar/Anheuser-Busch – an exhaustive rule. Instead, ECJ solves such cases of long term coexistence by denying an adverse effect on the essential function of a trade mark. Hence, in cases of infringement by a registered trademark, irrespective of whether the claim is based on a trademark or a company name, Sec. 21 para. 1 MarkenG should not be supplemented by other provisions. To clarify the question whether or not Art 21 Sec. 4 MarkenG infringes the Trademark Directive it would be preferable anyway if the courts made a reference for a preliminary ruling to ECJ.

Beyond that also in the current case of an infringement of a company name by another company name a uniform interpretation of the conditions of the preclusion of claims arising from trademarks and other marks seems appropriate.

Sec. 21 para. 2 MarkenG exceeds the requirements of the Trademark Directive and regulates the forfeiture of trademark or company name claims against an infringement by non-registered trademarks or other commercial signs in the same way. Here again, para. 4 declares the additional applicability of the general principles under German law in respect to the forfeiture of claims which is just a question of good faith assessed on the circumstances of the individual case whereas a time frame is not fixed. It rather depends on whether a status has been created by a prolonged honest and undisturbed use of a mark which has a significant value for the user of the mark and which must be maintained in good faith whereas the infringed trademark holder may not challenge this position as the trademark holder enables the user of the mark to obtain this position through his behaviour in the first place.

The wording of the Directive which does not cover the case mentioned in Sec. 21 para. 2 MarkenG does insofar not preclude the applicability of para. 4 MarkenG and the general principles under German law. However, also in cases in which claims based on an infringement of a company name or a trademark by a non-registered trademark or – as in the current case – a commercial sign the applicability of general principles exceeding the provisions of the Trademark Directive is

questionable. Such an approach as given now by the Bundesgerichtshof leads to a special treatment for different combinations of trademark and other mark conflicts. Especially, in cases in which the holder of the earlier rights or the infringer has different types of rights (registered and non-registered trademarks, company names or other commercial signs), the forfeiture of these rights can develop in totally different ways. Legal certainty – which is the main reason for the harmonisation of the definition of forfeiture according to recital 12 of the Trademark Directive (1989) – would look quite different!

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