PATENT LAW UPDATE GERMANY

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WHEN IS "PATENT PENDING" MISLEADING?

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The label "patent pending" on a product or a packaging may be misleading and therefore constitute a violation of German Unfair Competition Laws. This follows from a recent decision rendered by the Higher Regional Court of Munich (Judgment dated June 1, 2017, GRUR-RR 2017, 444 - Patent pending), with which the appeals court corrected a more lenient first-instance decision by the Munich Regional Court.

In the case at hand the defendant, a manufacturer of dental hygiene products, had included a label on the packaging of an interdental brush stating "patent pending". The plaintiff sued the defendant for misleading advertising in view of the fact that the defendant had not (yet) been granted a patent, but only filed a patent application, which had not even been published at the time.

As a starting point, the Higher Regional Court confirmed that with these products, the defendant targeted the general consumer audience. The Higher Regional Court further agreed with the Regional Court that those parts of the target audience, both having deeper knowledge of the English language and being familiar with the topic of advertising with labels regarding intellectual property rights, were to properly understand the term "patent pending" as pointing to a pending patent application.

In deviation from the first-instance court however, the appeals court held that the larger part of the target audience was likely to be misled, as they would attribute a different meaning to the label "patent pending", expecting that there was a pending patent, i.e. that a patent had already been granted, for the respective product. The general part of the consumer audience cannot be expected to be familiar with the different stages of patent prosecution (application - publication - grant). Instead, the general consumer understands the note relating to a "patent" to reflect a protected technological innovation of the respective product, without limiting this understanding to a mere application in view of the term "pending".

With this decision, the Higher Regional Court of Munich joins a line of prior case law of other German courts (c.f. OLG Hamburg, GRUR 1999, 373 LS; OLG Düsseldorf, Mitt. 1996, 355, 357; LG Düsseldorf Mitt. 1991, 93). The German courts usually assume that the target audience typically only glances over such advertising labels and does not give them further consideration. Instead, the average consumer in this context tends to take a simplified view. It must therefore be assumed that a significant part of the target audience is not familiar with the term "patent pending". At least parts of the target audience will not deliberate on the meaning of the combined term "patent pending" and conclude from the familiar part "patent" that a patent was already granted. It can also not be excluded that the target audience will misunderstand the legal term "pending" as reflecting

a pending, i.e. existing patent and therefore assume the existence of a granted and not yet expired patent.

The language aspect plays a crucial role in this assessment. German courts have frequently held that knowledge of the English language – in particular knowledge of English language legal terms of patent law – cannot generally be expected to be present within the wider consumer audience. The label "patent pending" will therefore, irrespective of its meaning in the English language, be misinterpreted as saying that the advertised product is protected by a granted patent in Germany. Hence, misleading advertising was found in cases where there was no granted patent, and in particular where a patent application had not even been published (c.f. OLG Düsseldorf, Mitt. 1996, 355, 357; OLG München, GRUR-RR 2017, 444, 446 with reference to BGH, GRUR 1984, 741, 742 - patented).

Moreover, in view of the relatively low price category of the products in question, it cannot be expected that the wider target audience addressed here will greatly concern themselves with the term and its meaning, neither at the purchase nor in a post-sale situation.

In contrast, the Regional Court of Munich held the opinion that those parts of the target audience which had a somewhat realistic notion of patent protection were to understand the term "pending" correctly. This opinion is shared by some legal commentaries, which assume that the label "patent pending" is now common at least with respect to international applications and distributed products. They argue that "patent pending" has become a term which nowadays is correctly understood also by the average consumer (c.f. Bornkamm, in Köhler/Bornkamm, UWG, 35th ed., § 5 Rn. 4.132).

However, given that the appeal courts have taken a different view, the clear recommendation in practice is to avoid creating an impression that a patent had already been granted (and thereby potentially misleading the consumers) when using such advertising labels. For this purpose, the state of the patent prosecution proceedings should be clearly and unambiguously reflected.

Hence, *prior to publication* of the application, such labels should either be omitted or at least combined with a note, explicitly explaining that no rights can be derived from a patent application vis-à-vis third parties prior to its publication. As this may be challenging to communicate properly due to the limited space available on products and packaging, it may often be better to wait with either market entry or at least with applying such label until the application was published. An application may be published as early as around 9 months after filing. *Subsequent to publication*, in order to be on the safe side, one should use clear and unambiguous labels such as "patent application published" or "applied for patent". Such labels do not bear the risk of misleading even wider target audiences according to the applicable case law.

In case you have any questions, please do not hesitate to contact us.

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