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STUDY ON COMPANY NAMES, TRADE NAMES & OTHER BUSINESS IDENTIFIERS

COUNTRY REPORT GERMANY

This paper provides a summary on the protection of company names, trade names and other business identifiers **in Germany**. The primary target of the survey is to provide a broad overview on certain aspects. In order to obtain full and clear information about the protection of company names, trade names and other business identifiers in Germany, one needs to consult a legal expert for each particular case.

1. Protection of company names, trade names and other business identifiers

Company names, trade names and other business identifiers are protected by the German Trade mark Act, since the adoption of the Trade mark Directive into German law came into effect in 1995. Before the adoption, the subject signs used to be protected by the Act against Unfair Competition (Sec. 16 former Act against Unfair Competition).

Sec. 5 Trade mark Act provides that company signs (Unternehmenskennzeichen) and titles of works (Werktitel) shall enjoy protection as commercial designations (geschäftliche Bezeichnungen). The present study does not deal with work titles. Company signs are signs used in trade as a name, company name or special designation of a business operation or an enterprise (the latter named besondere Geschäftsbezeichnung). Business signs and other signs intended to distinguish the business operation from other business operations which are regarded as signs of the business operation within affected trade circles shall be deemed equivalent to the special designation of a business operation (Geschäftsabzeichen).

Basically, as in other countries, a company name may be defined as the official name or designation of a trader or an undertaking (e. g. the firm name), whereas the definition of a trade name (besondere Geschäftsbezeichnung) may be read as the commercial name (e. g. shop signs for stationary shops or web-shops) that identifies a particular business activity, which may differ or coincide with the company name and/or the company's main business. For example, let us assume that McDonald's Deutschland LLC is the company running the McDonald's website and some of the shops in Germany. McDonald's Deutschland LLC would be the company name (including the company's catch word McDonald's). The McDonald's cafeterias that are run in Germany are independently designated as McCafé by McDonald's. Assuming that there is no McCafé company in Germany, the designation "McCafé" would be the trade name, being independently protected from the company name McDonald's.

As regards the territorial scope of protection, German law tends to grant per se quite extensive nation-wide protection for company names and trade names upon start of use, however finally depending on the particular field of activity of the business conducted. For certain kinds of businesses the territorial scope of protection may be limited, restricted to the place or territory where the business is located (for example local hair dressers, pubs, pharmacies, restaurants, etc.), unless the owner can prove that the business has been intended to be effected nation-wide from the start.

Other business identifiers (Geschäftsabzeichen) could be graphical signs without a word element, like the apple-logo of Apple Inc. Such signs can gain protection as an independent business identifier if they have acquired distinctiveness by use, the territorial scope may be restricted to the prove of acquired distinctiveness for the subject territory.

Of course, all signs outlined above could potentially be protected as trademarks as well.

2. Inherent distinctiveness

Company names and trade names shall be inherently distinctive to be protected in Germany. The threshold for distinctiveness is lower than for trademarks. Company names and trade names enjoy protection if they show a minimum of distinctiveness. Depending on the circumstances of the specific case, a sign with descriptive elements could be protected as a company or trade name (for example "City Hotel" for a locally run hotel and "NetCom" or "CompuNet" in relation to computing and data processing), whereas such signs may be rejected as trade marks for lack of distinctiveness. Basically, other business identifiers (Geschäftsabzeichen) such as a picture logo without word elements lack inherent distinctiveness, so that they need to show acquired distinctiveness through use to be protected.

3. Protection through acquired distinctiveness

Company names and trade names which are not distinctive per se can be protected if the owner can show acquired distinctiveness through use. The designation "Telekom" for telecommunication services or "Deutsche Bank" for banking services would be an example for such protection. Broadly speaking, the means of evidence and other particulars for proving acquired distinctiveness of company names / trade names and trademarks are quite alike. As mentioned before, other business identifiers (Geschäftsabzeichen) such as a logo without word elements lack inherent distinctiveness, so that they need to show acquired distinctiveness through use.

4. Registration in the (commercial) register not mandatory for protection

Under German law, the registration in the commercial register or any other business register is not necessary for the protection of a company name, trade name or other business identifier. Some designations cannot be registered and may still claim protection (for example, the BGB-company / private partnership). This can cause trouble and uncertainties for competitors trying to search for prior rights before launching a new product or trade mark, because it is difficult to trace rights which are not registered.

5. Use mandatory for protection

The use of the company name, trade name or other business identifier is mandatory for its protection.

6. Registration in the commercial register no sufficient ground for protection

The mere registration of the company name in the (commercial) register is not sufficient ground for its protection. One still has to prove use of the designation. As regards trade names and other business identifiers, registration in the commercial register might not be possible at all and even if a registration were possible in particular cases, the mere registration without proving use would not be sufficient ground for protection of a trade name or other business identifier.

7. Priority starts with day of first use

As a general rule, the priority of the right in the company name, trade name or other business identifier starts with the day of first use of the sign. There is one exception as regards company names. The priority of a company name can be the earlier date of registration in the commercial register, if the use of the company name follows in due course.

8. No transfer to a third party without equity

Under German law, one cannot transfer the right to the company name, trade name or other business identifier to a third party without equity (without the business for which the sign is being used), contrary to trade marks where such transfer is possible.

9. Licensing

You can grant a license (for example by concluding a franchise agreement) for a company name, trade name or other business identifier to a third party, similar to trade marks.

10. Protection in case of unfair exploitation or impairment of the reputation

One can claim protection in case of unfair exploitation or impairment of the reputation of the company name, trade name or other business identifier, Sec. 15(3) Trade mark Act. The situation is similar to trade marks claiming a reputation.

11. Protection tools available for company names and trade names

a) Opposition against registration of an identical or confusingly similar trademark, company name or trade name

One can base an opposition on a senior company name or trade name against the registration of an identical or confusingly similar trademark. An opposition based on a domestic or foreign company name or trade name is a powerful tool in Germany and can be more effective than an opposition based on a senior trade mark, depending on the circumstances of the case. In particular

- (i) the opponent only needs to show a certain extent of use of its company or trade name in Germany to gain protection, which does not need to meet the strict criteria for genuine use of a trade mark let alone the recognition levels for an unregistered trade mark under German law;
- (ii) the protection of a company or trade name does not depend on formal requirements such as commercial register entries;
- (iii) both the full company name and the catch word of an undertaking can be protected at the same time, which broadens the scope of protection;
- (iv) the opposition divisions tend to assess the similarity of goods and services between a company or trade name on one hand and a trade mark on the other hand more broadly and flexibly than in pure trade mark cases.

In contrast, one cannot base an opposition on a senior company name or trade name (neither on a senior trade mark) against the registration of an identical or confusingly similar company or trade name, at least not based on an opposition as provided by the Trade mark Act.

b) Prohibition of use of a colliding trademark, company name or trade name

One can prohibit, based on a senior company name or trade name, the use of a colliding trade mark, company name or trade name in Germany. A court action based on a domestic or foreign company name or trade name is a powerful tool in Germany and can be more effective than an attack based on a senior trade mark, depending on the circumstances of the case. In particular

- (i) the plaintiff only needs to show a certain extent of use of its company or trade name in Germany to gain protection, which does not need to meet the strict criteria for genuine use of a trade mark let alone the recognition levels for an unregistered trade mark under German law;
- (ii) the protection of a company or trade name does not depend on formal requirements such as commercial register entries;
- (iii) both the full company name and the catch word of an undertaking can be protected at the same time, which broadens the scope of protection;
- (iv) the courts tend to assess the similarity of goods and services between a company or trade name and a trade mark more broadly and flexibly than in pure trade mark cases;
- (v) the owner of a senior company or trade name may take action against use of a sign as a company or trade name more effectively, compared to an attack based on a senior trade mark against use of a colliding younger sign as a company or trade name. The reason for this is that if the plaintiff bases a case on a prior trademark against a company or trade name, the plaintiff must show that the colliding younger company or trade name will be perceived not merely as a company or trade name but also as a trade mark; such requirement does not exist if the plaintiff bases its claim on a prior company or trade name against a colliding company or trade name.

c) Removal of an identical or confusingly similar registration of a trademark, company name or trade name

You can remove (resulting from cancellation, invalidation or as part of a cease-and-desist claim), based on a senior company name or trade name, an identical or confusingly similar registration of a trade mark, company name or trade name (whereas it should be noted that trade names are usually not registered, as mentioned before).

12. Protection of a foreign company name or trade name (Art. 8 Paris Convention)

Foreign company and trade names are basically treated the same way as domestic company or trade names under German law, if the foreign company or trade name has been used in Germany like a domestic one.

29 January 2020

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