

I-20 U 176/11
2a O 140/11
REGIONAL COURT DÜSSELDORF

HIGHER REGIONAL COURT DÜSSELDORF

IN THE NAME OF THE PEOPLE

JUDGMENT

Handed down on April 24, 2012
Ms. Dicks, court official as records clerk
at the court's business office

in the preliminary injunction re

S... GmbH, ... represented by Mr. H. M., managing director,

Defendant and appellant

Counsel:

Paluka, Sobola and Partner,
attorneys-at-law, Neupfarrplatz 10,
93047 Regensburg

Intervener and appellant:

C... Ltd, ..., represented by Mr. L. K. J., director

Counsel: JBB Jaschinski Biere Brexl
attorneys-at-law, Christinenstr. 18/19,
10119 Berlin

V S .

D. GmbH, represented by Mr. K., managing director

Plaintiff and appellee

Counsel: K...

Following oral proceedings on February 7, 2012, the 20th Civil Chamber of the Superior State Court Düsseldorf, the Right Hon. Prof. Berneke presiding, joined by the Right Hon. Dr. Maifeld and the Right Hon. Neugebauer, associate justices

r u l e s as follows:

Upon appeal by the Defendant and the Intervener, the judgment of August 3, 2011 handed down by the 2a Civil Chamber of the State Court is amended. The preliminary injunction by the Regional Court Düsseldorf of May 4, 2011 is set aside and the motion for it denied.

The Plaintiff shall be liable for all trial and appeals court costs incurred, in addition to those of both parties and Intervener.

G r o u n d s

(A)

Reference is made to the factual findings of the judgment under appeal, pursuant to art. 540, par. 1, no. 1, Code of Civil Procedure as they relate to the state of litigation and evidence produced before the lower court.

The parties' dispute revolves around the use of the designation "Enigma" in connection with the user interface of a so-called set top box.

The Plaintiff owns the rights to the community trademark name No. 006611636 "Enigma", which was registered on 06.30.2008 and enjoys applicable copyright protection for "operating systems, drivers, set top boxes, satellite receivers and digital TV units". The Plaintiff had granted its affiliate, the Dream Multimedia GmbH, an exclusive license to use the trademark name. The affiliate has marketed and distributed set top boxes based on the Linux open-source operating system under the name "Dreambox" for more than 10 years. To that end, the affiliate developed a user interface, which was introduced in 2000 under the name "Enigma" and subsequently licensed under the GNU General Public License, version 2 (GPLv2 hereafter). Since 2006, the Plaintiff's affiliate has been marketing and distributing an "Enigma 2" user interface, which is equally licensed under GPLv2. The user interface is also used by a host of competitors for their own set top boxes based on the Linux operating system. This fact necessitates, however, an adaptation to the respective types of hardware due to divergences in design of the various manufacturers' set top boxes, e.g. in terms of remote control and display features.

The Defendant procures from its Intervener a set top box by the name of VU+ DUO, which also features the Linux operating system and the “Enigma 2” user interface developed by the Plaintiff’s affiliate, although with modifications added to be compatible with the Defendant’s own device. The Defendant promoted the device in a Flyer, whose details are shown in exhibit Ast. 4. Among others, the copy reads “VU+ DUO Your Smart Linux TV Player. The VU+ DUO is a fully equipped HDTV twin tuner PVR with the Linux Enigma 2 operating system...” In addition, the device is being described as follows:

“400 Mhz CPU + Linux OS Enigma 2 + Internal HDD (2.5/3.5) + Twin DVB-S2 Tuner + E-SATA/ 3 x USB + PVR (2.5”/3.5” HDD) + WiFi USB (Option) + low power consumption (Standby: 0.5 W)”.

Further, the “Enigma” name is displayed when choosing the menu item “About”, showing software data in detail.

The Plaintiff asserts an infringement of its rights in conjunction with the community trademark. The Regional Court has ordered the Defendant in its judgment of May 4, 2011, under threat of specified penalty, to cease and desist from using the designation “Enigma 2” for any operating system, especially as it concerns the offering or distributing of digital SAT receivers with an operating system under that name or the possession of such SAT receivers for aforesaid purposes. The Regional Court, with its judgment now under appeal, has confirmed the preliminary injunction.

The Defendant and its Intervener are petitioning for reversal of the judgment in formal appeals filed within the deadline, including arguments.

The Defendant and its Defendant Intervener are of the opinion that the matter is of no great urgency, since the Plaintiff did know that an affiliate of the Defendant would market and distribute the set top boxes with the “Enigma” user interface.

Nor does the matter rise to the level of a use as a trademark. The designation was used merely as a work title. In cases of open-source software, the market commonly understands a work title as not implying a product's origin of manufacture. Reference by name serves to define their product offering since it is vital for the consumer to be privy to the type of user interface to ascertain its compatibility with product extensions. Since they, i.e. the Defendant and its Intervener, may use the software pursuant to the GPLv2, the Plaintiff has no case in asking for prohibiting a use of the designation at issue.

The Defendant and its Intervener motion,

To amend the judgment under appeal and to rescind the preliminary injunction of May 4, 2011, together with setting aside granting of the original motion.

The Plaintiff motions,

To deny the appeals with the proviso that the injunction against use of the designation "Enigma 2" in the course of trade shall be limited to a product, which in the form of a program is being installed as user interface inside a SAT receiver, as documented in exhibits Ast 4, Ast 5, and Ast 10.

The Plaintiff asserts that the designation is being used as a trademark. The GPLv2 makes no provisions concerning trademark rights. In addition, it excludes commercial usage. Further, the Defendant cannot invoke the GPLv2, as it has failed to abide by it. And finally, the Defendant and/or its suppliers had no choice but to alter and/or modify the operating system and/or user interface to achieve functionality on the products of the Defendant; the extent of the modifications effectuated is a matter under dispute between the parties.

Concerning all further details on the facts of the case and issues under dispute, reference is made to the correspondence, together with respective exhibits, between the parties.

(B)

The admissible appeals of the Defendant and its Intervener are on solid ground as to substance. At any rate, the Plaintiff cannot demand of the Defendant that the designation “Enigma” be forbidden by way of summary proceedings. According to the current state of the litigation, it is more likely than not that its demand for a cease and desist order as set forth in art. 9, par. 1(b) CTM has no merit. It is outweighed by the probability of the Defendant using the “Enigma” designation as a work title for the relevant software in a permissible manner. The Plaintiff cannot prohibit its use since the designation is accurate as a work title in accordance with prevailing public opinion. In any case, its use is permissible pursuant to art. 12 (b) of the CTM Regulation. In foregoing litigation, the Defendant has no need for rights to use the Plaintiff’s trademark; hence it does not matter whether a GPL, as is the case here, grants rights under trademark law (comp. chamber GRUR-RR 2010, 467).

Pursuant to art. 9, par. 1 (b) CTM Regulation, the proprietor of a community trademark may prevent all third parties from using any sign in the course of trade where, because of its identity with or similarity to the trademark and because of the identity or similarity of the goods or services, there exists a likelihood of confusion.

If a trademark—in keeping with conventional German views—is held to have been infringed only in those instances in which the trademark itself is being used as a trademark (cf. Hacker in Ströbele/Hacker MarkenG, 10th ed., §14, annotation 73 ff, with case-law precedents), the assumption of a trademark infringement as depicted in the present case fails due to the fact that the Defendant’s contested usage does not make reference to the origin of the graphic user interface, but rather to the type of program that has been installed on the device for the graphic user interface. The European Court of Justice has likewise established the requirement of use as a trademark (GRUR Int 1999 – BMW/Deenik), but interpreted this from the outset in a broader sense.

The European Court of Justice recently held that the question whether the contested usage of a sign jeopardizes one of the trademark's functions is a decisive criteria for a trademark infringement (be this the sole or one of several factors). With regard to this criteria, the European Court of Justice also held that – when the issue is not the use of an identical sign for identical products as defined under letter a) of the cited regulation, but rather the use of merely a similar sign or its use for merely similar goods as defined under letter b) – only the detriment to the trademark's ability to indicate the origin of goods or services, as the essential function of the trademark, should be taken into account; the other trade mark functions are in this case irrelevant. In particular, the function of origin of a protected mark is not affected, however, by merely indicating the identity of the software.

Without taking into consideration the issue of use as a trademark, the claim for injunctive relief of the case in dispute as it presently stands is defeated in any case by the express rule of art. 12(b) CTM, pursuant to which a community trade mark does not entitle the proprietor to prohibit a third party from using in the course of trade indications concerning the kind and characteristics of goods or services, provided he uses them in accordance with honest practices in industrial or commercial matters.

The contested designation "Enigma 2" serves to identify a certain computer program and is hence used a work title. The copy of the ad flyer states that the device offered is equipped with a "Linux Enigma 2 operating system". The designation is apt to be understood by the targeted public to mean that the Linux operating system, including the graphic user interface "Enigma 2", is a component of the receiver marketed by the Defendant. The public will take the designation to be the identification of a computer program by name. Nothing more can be read into the use under the heading "About" within the context of the advert.

However, it cannot be precluded that public perception may associate the designation of a software program, i.e. a work title, with a reference to the product's origin of manufacture (cf. Hacker (loco citato) § 5, annotation 77, and § 14, annotation 175). That sort of construal is unlikely to occur in the foregoing litigation. The designation "Enigma" or "Enigma 2" refers to a software program, which in terms of copyright is licensed according to the conditions of the GPLv2. This license fundamentally affords anyone the right of reproduction, distribution or usage under the proviso that all of the license's applicable conditions are met. In point of fact, the system is not only used by the Plaintiff and the Defendant under the same name, but has been cropping up for more than ten years on the set top boxes of a host of vendors utilizing the Linux operating system—a factor which the Plaintiff itself and its affiliate prominently mention in their advertising. The designation "Enigma" thus has had a familiar ring for a long time among the target public to mean open source software with various origins of manufacture, i.e. a work title.

Yet even without an informed public's familiarity with the given state of affairs, an admissible descriptive use in the sense of art. 12, (b) CTM is present. Along those lines, a computer program under free license is comparable to an out-of-copyright work. In such event, with third parties being at liberty to reproduce the work, a need may arise for those third parties to give the reproduced work a distinctive name (Hacker (loco citato) § 23, annotation 79.). According to the Federal Court of Justice's judgments, the public's legitimate interest to utilize the title of a work no longer protected by copyright and thus open for anyone to use must be taken into account when determining, under § 23 no. 2, Trademark Act, the scope of protection of a work title that is registered as a trade mark. (BGH GRUR 2000,882, 883—Bücher für eine bessere Welt (Books for a better world)). However, the interests are no different when the use of a product is unrestricted in the first place, owing to having had a free license granted. Here, too, there is a need for the eligible user to point out the

identity of the work, i.e. to use its work title. If the product that has been adapted to the Defendant's system is the same software, and if the Defendant and/or its supplier abide by the conditions of GPLv2 and therefore use the software properly as a graphic user interface, then the contested designation will not violate generally accepted practices of trade and commerce.

These preconditions have not been missed, just because the Defendant's software has been adapted to the hardware used (to what extent remains under dispute), existing bugs have been eliminated and some other changes implemented. The consumer encounters the software "Enigma" as an open-source program, namely as a graphic user interface applicable to the products of a variety of manufacturers. Its free use presumes that the program will be adapted to the various hardware platforms and configurations. This is self-evident insofar as the original user interface is geared to devices of the Plaintiff or associated brands. But the design of different control elements and different ranges of functionality also call for a certain adaptation of the software. At any rate, with changes of this nature, the target public assumes a certain congruence of the programs as long as their essential functions are identical and plug-ins and/or extensions of third parties remain compatible. Specifically, program extensions running on the user interface make it necessary to identify the software by its proper name. By the same token, a comparison with the use of works having lost copyright status is not farfetched. These works may undergo independent, entirely permissible modifications (e.g. different video treatments), which use the free work's common title. Here, too, such use of title can be assumed to represent a perfectly admissible descriptive use (cf. Higher Regional Court Munich, GRUR-RR 2009, 307, 308 *The Sea-Wolf* (*Der Seewolf*); Hacker loco citato § 23, annotation 80). Referred to the case in dispute, the public is still likely to view the program, which has

been offered for years by various vendors under free license and adapted to various platforms, as being the same open-source product rightfully bearing the name “Enigma” or Enigma 2”, notwithstanding the minor changes and adaptations given here. The Plaintiff did not show that the adaptations exceed the expected bounds. It pertains specifically to the public’s expectation to use program enhancements developed for the “Enigma” system.

In the amended brief of March 27, 2012 (filed out of time) the Plaintiff asserts that — aside from undisputed matters —the function of querying a security chip to monitor whether it runs on the Plaintiff’s or its affiliate’s unit had been “patched out” of the software. This does not necessitate the petitioned reopening of oral proceedings—if such would be at all feasible in summary proceedings—because it can be assumed for the benefit of the Plaintiff that this information is correct, without curtailing the Defendant’s right to use the designation of “Enigma”. Such change would equally meet the above-referenced expectations of the public.

Finally, it is apparent from the injunctive process that the Defendant and its suppliers will comply with the license conditions of the GPLv2. The initial, blanket denial of the Plaintiff was not sufficient. The Defendant and its Intervener have consistently claimed compliance with the license conditions of the GPLv2. Their pledge is considered persuasive enough, given the substantial volume and at times diverging alternatives of respective conditions. It was the Plaintiff’s responsibility—as it generally is with regard to the proof of negative facts—to enumerate all instances of breach of license supposedly committed by the Defendant. Presenting its charges as late as during the oral proceedings was (unduly) surprising. Therefore, the Plaintiff’s arguments could not be considered without curtailing the Defendant’s right of response, since the Defendant could not be expected to have all relevant evidence and interrogatories at its fingertips for a proper response.

During the original trial, the Plaintiff claimed that the GPLv2 rules out commercial usage. This is not the case, as pointed out by the Defendant. GPLv2 merely prohibits the use of the program against payment. The use of hardware, which is sold in exchange of payment, is not in conflict with that principle.

In oral arguments before the court, the Plaintiff questioned as to whether the Defendant and/or its Defendant supplier on their part had made the source code available and whether the modifications had been documented by naming the copyright owner. Nor would it (the Defendant) enclose the license. The Defendant objected to the testimony by testifying that the license conditions were enclosed, the source code could be found on the web for download and contained all required documentation of the modifications made, as set forth in the license. Even when giving the Plaintiff the benefit of the doubt that its arguments were more than just an exercise of randomly snatching clauses out of context, the Defendant could not be expected, in light of the absence of a coherent pleader (by the Plaintiff) up to that point, to mount an effective defense beyond some substantive denial of the unanticipated allegations.

With respect to the contested use of the designation "Enigma", the Plaintiff cannot expect to have at its sole disposal a work title affording exclusive protection (§ 5 par. 3 trademark act) akin to a trademark, quite apart from the fact that there are no grounds for injunctive relief. The claim was entered into the record of summary proceedings only later.

The determination of costs is based on art. 91, par. 1, § 101, par. 1 of the Code of Civil Procedure. A judgment toward preliminary enforceability is moot, since the verdict under the law is not subject to revision (§ 542 par. 2 Code of Civil Procedure).

Amount in dispute: €100,000.00 (as set by the court of first instance)

Prof. Berneke

Dr. Maifeld

Neugebauer