

File reference:

2 J 221/21

17 O 1067/20 Stuttgart RC

KPW KURZ PFITZER WOLF
& PARTNER



Stuttgart Higher Regional Court
SECOND CIVIL COURT OF APPEAL

In the name of the people

Judgement

In the legal dispute

Global Standard gemeinnützige GmbH, represented by the Managing Director,
Rotebühlstrasse 102, 70178 Stuttgart, Germany
- Plaintiff and appellant -

Counsel of record:

Lawyers **Kurz, Pfitzer, Wolf & Partner**, Königstrasse 40, 70173 Stuttgart, Germany, ref. no.:

against

GmbH, represented by the Managing Director,
Germany
- Defendant and appellee -

Dresden,

Counsel of record:

due to unfair competition

the Second Civil Court of Appeal of Stuttgart Higher Regional Court decreed as follows on 18 August 2022 through the Presiding Judge at the Higher Regional Court (), the Judge at the Higher Regional Court () and the Judge at the Higher Regional Court () based on the oral proceedings held on 4 August 2022:

1. On the plaintiff's appeal, Stuttgart Regional Court's judgement dated 13 July 2021 (file reference 17 O 1067/20) will be amended in (2) to (6) as follows:
 - 1.1 The defendant is prohibited, under penalty of a fine to be determined by the court for each case of infringement and, in the event that this fine cannot be paid, alternatively of imprisonment for up to six months (the fine in each case not exceeding €250,000.00; imprisonment for a maximum of two years; imprisonment to be carried out on the defendant's managing director),

from offering / causing to be offered and/or from advertising / causing to be advertised in the course of trade in European Union textiles bearing the trademark 'GOTS' and from claiming / causing to be claimed that the products marketed by the defendant are certified by the plaintiff or in accordance with the Global Organic Textile Standard (GOTS), in particular as happened through Annex KPW5.
 - 1.2 The defendant is ordered to provide the plaintiff with information as to the extent to which the defendant has committed the infringing act referred to in (1.1), indicating
 - the manufacturers, suppliers and other previous owners of the goods advertised in this way, as well as commercial customers,
 - the quantity of the goods delivered, received or ordered,
 - the scope, duration and nature of the advertising carried out,and to keep an account of the sales and profits made therewith in an orderly fashion,

each systematically broken down by item number or item description, number of units, purchase price and sales price and, at the same time, broken down by calendar quarter,

by submitting the corresponding purchase orders, invoices or delivery slips.
 - 1.3 It is determined that the defendant is obligated to compensate the plaintiff for all damages that the plaintiff has suffered or will suffer as a result of the infringing act according to (1.1).

- 1.4 The defendant is ordered to pay the plaintiff €1,515.11 plus interest at 5 percentage points above the base rate from 20 April 2020.
- 1.5 The defendant is ordered to pay the plaintiff €2,139.41 plus interest from 8 December 2020.
- 1.6 The counterclaim is dismissed.
2. The defendant must pay the costs of the legal dispute.
3. The judgement is provisionally enforceable. Stuttgart Regional Court's judgement dated 13 July 2021 (file reference 17 O 1067/20) is provisionally enforceable without security. The defendant may avoid enforcement by providing security or a deposit amounting to 110% of the amount enforceable based on the judgment, unless the plaintiff provides security in the amount to be enforced before enforcement.

Amount in dispute in the appeal proceedings: €156.000.00

Amount in dispute in the proceedings at first instance: €186,000.00

Grounds:

I.

1.

The plaintiff is the proprietor of the EU certification mark registered, among other things, for textile fabrics, 'GOTS' (Annex KPW1). Only certified companies are allowed to use the trademark, and in doing so they must comply with the plaintiff's specifications in its *Global Organic Textile Standard* (Annex KPW2).

The defendant sells fabrics by the metre throughout Europe by mail order, cutting the fabrics to its customers' specifications. It also sells to commercial customers, but is not a B2B wholesaler. The defendant is not certified by the plaintiff.

On 25 February 2020, the plaintiff discovered that the defendant was using the trademark 'GOTS' for advertising purposes on its website, by using the trademark in the item description for products ('Small Drops GOTS Organic Cotton Jersey') and referring to a GOTS certificate in the

description (Annex KPW5). It is now undisputed that the fabrics that were the subject matter of the warning were fabrics the defendant had obtained from Verhees Textiles, a company certified by the plaintiff, and that this company, based on the certification and in compliance with the provisions set out in the plaintiff's articles of association, had permissibly sold the fabrics with the description 'GOTS' to the defendant.

The plaintiff sent the defendant a warning in a letter dated 20 March 2020 (Annex KPW9). Since the defendant did not accept the warning, the plaintiff applied for an interim injunction. This was issued by Stuttgart Regional Court in a judgment by default dated 14 April 2020 (file reference 17 O 248/20). In response to the objection filed against this, the Regional Court upheld the judgment by default in its judgment dated 23 June 2020.

On 8 October 2020, the plaintiff sent the defendant a final letter (Annex KPW15). The defendant refused to issue a closing statement and, in return, demanded that the plaintiff waive its rights under the interim injunction.

The plaintiff is of the opinion that the defendant's cutting (off) of the fabrics according to the ordered quantity constitutes a trademark infringement because, according to its regulations, the cutting may only be carried out by a certified company.

In (1) of its demand for relief, the plaintiff requests that the defendant be prohibited, under penalty of being charged with contempt of court,

- a. from offering / causing to be offered and/or from advertising / causing to be advertised in the course of trade in European Union textiles bearing the trademark 'GOTS' and from claiming / causing to be claimed that the products marketed by the defendant in the injunction are certified by the plaintiff in the injunction or in accordance with the Global Organic Textile Standard (GOTS), in particular as happened through Annex KPW5;
- b. from advertising the 'GOTS' trademark as a certificate to consumers in connection with commercial activities without specifying the criteria that a product certified in this way must fulfil.

The plaintiff bases (1.a.) of the application for a ban primarily on its trademark rights, and (1.b.) on claims under competition law.

With regard to (1.a.) of its application, the plaintiff is also seeking information ((2.) of the demand for relief) and a declaration that the defendant is liable for damages ((3.)). In addition, the plaintiff is seeking reimbursement of its costs for the warning and for the request to submit a closing statement by means of (4.) and (5.) of its demand for relief.

The defendant counterclaims that

the interim injunction granted by the Regional Court by default on 14 April 2020 in the previous interim injunction proceedings are unfounded from the outset or, in the alternative, due to changed circumstances and that the plaintiff should be ordered to pay the costs of the injunction proceedings and the reversal proceedings.

For the details of the parties' submissions at first instance, reference is made to the written pleadings and to the factual findings in the Regional Court's judgment.

2.

The Regional Court granted (1.b.) in the demand for relief and proportionately granted (5) in the demand for relief for reimbursement of the costs for the final letter. In all other respects, it dismissed the action. On the counterclaim, it reversed the judgement by default as unfounded from the outset.

In justifying the dismissal of the action, the Regional Court essentially stated the following:

The cutting off of pieces of fabric from a bale of fabric with the aim of making a certain quantity of fabric available to customers did not constitute cutting under the plaintiff's articles of association, because it was clear from the systematic context of the articles of association that a more elaborate processing step with the aim of making a new product was meant. The cutting off of the fabric to sell it in commercial quantities is not a value-adding step in the manufacturing process, but the plaintiff itself uses the value-adding step to define the manufacturer. Additionally, it is customary for fabrics to be purchased from a bale in a certain length. Because of this customary practice on the market, it could be ruled out that the buyers would transfer the disputed trademark to the defendant itself. Commercial GOTS-certified dealers or manufacturers who ordered from the defendant were not entitled to protection because, according to the provisions set out in the articles of association, they had to purchase the goods from a certified dealer to be allowed to resell the goods as GOTS-certified.

According to the standard, the defendant's certification as a dealer was unnecessary because, as a retailer, it sold the goods exclusively to consumers.

The corresponding follow-up claims for information and damages would not, therefore, exist either.

There was no claim for partial reimbursement of the warning costs because the costs of the interim injunction proceedings were to be partially offset against the pre-litigation lawyers' fees and the defendant had already reimbursed an amount exceeding the justified warning costs in the course of the interim injunction proceedings.

For the aforementioned reasons, the counterclaim was also well-founded insofar as it related to the operative part of (1.a.).

3.

With its appeal, the plaintiff is still pursuing its first-instance claims insofar as they were not granted. It is also seeking the dismissal of the counterclaim. In support of the same, the plaintiff essentially states the following:

For trademark protection, not only was the *Global Organic Textile Standard* (Annex KPW2), described by the Regional Court as articles of association, decisive; the trademark regulations (Annex KPW18 – referred to in the Annex itself as KPW17) and the *Licensing and Labelling Guidelines* (Annex KPW3) were too.

Since the bales of fabric are only marked with the plaintiff's trademark at one point, the pieces of fabric that the defendant cuts off from the bale are no longer marked with the plaintiff's trademark and the required information as prescribed in Sections 4.1 and 4.2 of the *Licensing and Labelling Guide*. The goods are no longer GOTS goods when unlabelled.

There is no difference between cutting and cutting off. In terms of work, it is the same process.

The argument about the value chain is misguided. The aim of the standard is to ensure compliance with ecological and social standards for all steps up to the consumer. Dealers are therefore only exempt from certification if they resell the goods unchanged (i.e. if they do not repackage or relabel them). Repackaging and relabelling are not alterations

to the product itself. The cutting (off) was a clearly serious process in compliance with the standard, which therefore fell under manufacturing. Moreover, the defendant also sold the fabrics to commercial customers who manufactured products from them and resold them, so the defendant's cutting was also in the value chain according to the Regional Court's standard.

There is a risk of commercial customers mistakenly assuming that the goods are certified. Since transaction certificates are sometimes only requested after the purchase order has been placed, buyers often only realise afterwards that the goods are, in fact, not certified. Consumers were also deceived because they assumed according to the standard that the defendant met the requirements set out in the plaintiff's standards. This includes compliance with social criteria on the defendant's premises, as well as separate storage ((2.4.12) of the *Global Organic Textile Standard*), which, according to the defendant's plea at the oral proceedings, was not possible at all.

The question was not whether the defendant was allowed to cut the fabric at all, but whether it was allowed to advertise it with the plaintiff's trademark and in compliance with the plaintiff's standards. Whether it is customary to cut off bales of fabric is therefore irrelevant. It is customary in the context of the plaintiff's standard that cutting would only be performed by certified companies and that the other conditions set out in the plaintiff's standard would be complied with.

It is not correct that the defendant does not have to be certified as a dealer. According to (5) of the *Licensing and Labelling Guidelines*, dealers are only exempt from certification if they do not exceed certain turnover thresholds and do not repackage or relabel the goods. The defendant had not submitted anything in this regard. However, since the defendant cuts the goods to size and ships them to customers, it must need to repackage the goods, so the exception to the certification requirement does not apply.

Even if the defendant did not have to be certified, according to (6d) of the trademark regulations any alteration of the goods would lead to the plaintiff's trademark no longer being allowed to be used, and cutting was such an alteration. Furthermore, according to (4.3) of the *Licensing and Labelling Guidelines*, GOTS goods must be labelled with the plaintiff's trademarks and the information according to the *Licensing and Labelling Guidelines*. However, the pieces of fabric cut off by the defendant were not labelled as such, as this label was only affixed once to the bale of fabric.

In principle, according to Art. 9 (2) (a) of the European Union Trade Mark Regulation, third parties are prohibited from using an identical trademark for identical goods without the consent of the trademark proprietor. The Regional Court explained why there was no infringement of the plaintiff's articles of association, but not what the defendant's entitlement to use the trademark was supposed to result from. Art. 14 of the European Union Trade Mark Regulation was not applicable because the goods no longer met the requirements set out in the plaintiff's standard, so it was not an indication of quality. Since the defendant violated the plaintiff's standard, Art. 14 (2) of the European Union Trade Mark Regulation would also be relevant. And because the pieces of fabric cut by the defendant were not marked with the trademark, exhaustion could not occur.

The plaintiff / appellant requests that

Stuttgart Regional Court's judgement dated 13 July 2021 (file reference 17 O 1067/20) be amended to the extent that the action was dismissed and the counterclaim was upheld, and to rule as follows:

1. The defendant is prohibited, under penalty of a fine to be determined by the court for each case of infringement and, in the event that this fine cannot be paid, alternatively of imprisonment for up to six months (the fine in each case not exceeding €250,000.00; imprisonment for a maximum of two years; imprisonment to be carried out on the defendant's managing director),
 - a. from offering / causing to be offered and/or from advertising / causing to be advertised in the course of trade in European Union textiles bearing the trademark 'GOTS' and from claiming / causing to be claimed that the products marketed by the defendant are certified by the plaintiff or in accordance with the Global Organic Textile Standard (GOTS), in particular as happened through Annex KPW5.
2. The defendant is ordered to provide the plaintiff with information as to the extent to which the defendant has committed the infringing act referred to in (1 a.), indicating
 - the manufacturers, suppliers and other previous owners of the goods advertised in this way, as well as commercial customers,
 - the quantity of the goods delivered, received or ordered,

- the scope, duration and nature of the advertising carried out,
and to keep an account of the sales and profits made therewith in an orderly fashion,
each systematically broken down by item number or item description, number of units,
purchase price and sales price and, at the same time, broken down by calendar quarter,
by submitting the corresponding purchase orders, invoices or delivery slips.
- 3. It is determined that the defendant is obligated to compensate the plaintiff for all damages that the plaintiff has suffered or will suffer as a result of the infringing act according to (1 a.).
- 4. The defendant is ordered to pay the plaintiff €1,515.11 plus interest at 5 percentage points above the base rate from 20 April 2020.
- 5. The defendant is ordered to pay the plaintiff €2,139.41 plus interest from the commencement of proceedings.
- 6. The counterclaim is dismissed.

The defendant / appellant requests that

the appeal be dismissed.

The defendant defends the Regional Court's judgment.

It was entitled to use the plaintiff's trademark to the extent in dispute, according to the principle of exhaustion set out in Art. 15 (1) of the European Union Trade Mark Regulation in conjunction with Art. 83 (3) of the European Union Trade Mark Regulation. Legitimate reasons under Art. 15 (2) of the European Union Trade Mark Regulation, which would justify the plaintiff opposing further distribution of the goods, did not exist. Cutting off the fabric to the customer's requested length did not constitute unacceptable alteration of the goods under Art. 15 (2) of the European Union Trade Mark Regulation, because the product-specific properties of the goods were not altered by such cutting off. The fabric remains the same.

The goods are also not altered by repackaging. The panels of fabric would not come in any GOTS-specific packaging, but would rather simply be packaged by the wholesaler in the

customary film to protect them against dirt.

Irrespective of this, the defendant was also entitled according to Art. 14 (2) of the European Union Trade Mark Regulation to advertise the goods with the GOTS description because, in the absence of a significant infringement of the articles of association, this was done in accordance with honest practices in industrial or commercial matters. The cutting off of a panel of fabric is not a separate value-adding step under the articles of association. It is recognisable that the aim is to cover those processing procedures in which a new product is manufactured. This was not the case when cutting off a panel of fabric. As a mere dealer, the defendant does not take any further processing steps. The bales of fabric it purchased were already the end product.

Even if the cutting off of the panels of fabric were covered by the articles of association, the plaintiff could not derive a legal position favourable to it from this, since the defendant had not violated the provisions set out in the articles of associations with the product descriptions (for which a warning was issued) in a way that did not comply with honest practices in industrial or commercial matters. The plaintiff's legitimate interests would not be affected by the defendant's sales.

The documents introduced into the proceedings at first instance only as annexes were precluded, because the plaintiff had only referred to specific provisions from the *Licensing and Labelling Guidelines* in a written statement after the oral proceedings were closed, but even then not to the extent of the grounds of appeal. It was not the court's task to pick out the factual arguments from the annexes.

Even taking the submission into account, the defendant did not infringe (4.3) of the Licensing and Labelling Guidelines, because (4.1.1) and (4.1.2) defined the conditions for the use of the logo, but the product illustrations (for which a warning was issued) referred to the word mark, not the logo.

Additionally, the fabrics had a continuous selvedge that the logo and the information required by the Guidelines, in particular the certification number, were printed on (photographs of the fabrics, Annex BB1). This selvedge remains intact when the panels of fabric are cut off, allowing customers to trace the fabric.

It was true that the defendant had stated at the oral proceedings that, at that time, there had been no way of setting up two different warehouses. However, there was no violation of (2.4.12) because contamination with unauthorised substances or mixing with conventional products was not possible. The defendant is merely a dealer and does not undertake any processing steps

where substances would be used. Mixing is also ruled out because of the continuously printed selvedge.

With regard to the details and the parties' further submissions at second instance, reference is made to the submitted written pleadings and the minutes of the oral proceedings.

II.

The plaintiff's admissible appeal is well-founded.

1.

The plaintiff is entitled to the asserted injunctive relief.

a)

The demand for relief is admissible. There are no doubts as to whether the plaintiff's demand for relief is sufficiently specific, since the plaintiff has included the specific form of infringement in the demand for relief by adding the phrase 'in particular' and thus the specific form of infringement is in any case a sufficiently specific part of the demand for relief (see Thiering in Ströbele / Hacker / Thiering, *Markengesetz*, 13th ed. 2021, Chapter 14, recital 626).

b)

Since the plaintiff's trademark is an EU trademark, the claim for injunctive relief is based on the first sentence of Art. 130 (1) of the European Union Trade Mark Regulation in conjunction with Art. 9 of the European Union Trade Mark Regulation.

aa)

The plaintiff is the proprietor of the EU certification mark 'GOTS' registered since 25 January 2020 under the number 017283169. The trademark is registered, among other things, for Class 24, which covers textile fabrics, and for Class 35, which covers, among other things, retail and wholesale services relating to textile fabrics. As the proprietor of the EU certification mark, the plaintiff is entitled to bring an infringement action pursuant to Art. 90 (1) of the European Union Trade Mark Regulation.

bb)

The defendant used the plaintiff's EU certification mark for textile fabrics. This is a case of double identity pursuant to Art. 9 (2) (a) of the European Union Trade Mark Regulation.

cc)

The question of whether the defendant was authorised to use the trademark is governed by the trademark regulations, since Art. 84 (2) of the European Union Trade Mark Regulation prescribes that the trademark regulations must specify the persons authorised to use the trademark and the conditions of use of the trademark.

(i)

The trademark regulations under Art. 84 (2) of the European Union Trade Mark Regulation are the 'trademark regulations' (Annex KPW17 – referred to as Annex KPW18 in the grounds of appeal) submitted for the first time with the grounds of appeal. It is undisputed that this annex is the trademark regulations, so the trademark regulations are to be taken as a basis, irrespective of the requirements set out in Section 531 (2) of the German Code of Civil Procedure, which have not been presented.

It is irrelevant whether the plaintiff's view that the *Global Organic Textile Standard* (Annex KPW2) and the *Licensing and Labelling Guidelines* (Annex KPW3) are also part of the trademark regulations is correct. Nothing can be taken from the trademark certificate (Annex KPW1) in this respect, as the articles of association are not mentioned in it at all. The corresponding provisions set out in the *Global Organic Textile Standard* and in the *Licensing and Labelling Guidelines* are, however, applicable irrespective of whether they are part of the trademark regulations, in any case because the articles of association refer in (6) to the *Global Organic Textile Standard* and to the *Licensing and Labelling Guidelines* in the respective valid or current version as a prerequisite for the use of the EU certification mark.

(ii)

The defendant violated the trademark regulations with its advertising and was therefore not entitled to use the trademark.

(1)

According to (9) of the trademark regulations, (only) companies / organisations that meet the conditions according to (6) of the trademark regulations are entitled to use the plaintiff's trademark. (6.b.) and (6.c.) of the trademark regulations require all goods to be certified according to the *Global Organic Textile Standard* and the user to be a company / an organisation certified according to the *Global Organic Textile Standard*.

It is undisputed that the defendant is not certified and it is also beyond question that the fabrics it offers are goods with textile components that are to be certified according to the *Global Organic Textile Standard*. The latter is already evident from the fact that the defendant described the fabrics as GOTS products.

(2)

An exemption from the certification obligation does not result from (5.2) of the *Licensing and Labelling Guidelines* and (4.1) (3) of the *Global Organic Textile Standard* for GOTS goods. According to this, dealers with an annual turnover of less than €5,000 with GOTS goods and retailers who exclusively sell directly to end consumers are exempt from the certification obligation, provided that the GOTS goods are not repackaged or relabelled.

The exception rule is not applicable because the defendant does not trade in pre-packaged goods, but instead unpacks and repackages the fabrics, because otherwise it could not cut (off) the fabrics. Its objection that it is only a film from the wholesaler is not convincing because the type of packaging is not important. What is decisive is the fact that the defendant does not resell the goods as it received them.

Furthermore, the exception rule is not applicable because it only applies to the sale of goods to end consumers. However, the defendant also sells to commercial customers and thus, in any case, not exclusively to end consumers. This was expressly admitted by the defendant at second instance; the contrary finding in the Regional Court's judgement is incorrect. The provision set out in (5.1.), which does not provide for an exemption from the certification obligation, therefore applies to the defendant.

(iii)

Since the defendant is already in breach of the provisions set out in the trademark regulations to this extent, it is irrelevant whether the further breaches discussed by the parties and by the Regional Court exist.

dd)

The use of the plaintiff's trademark is therefore unauthorised, unless the defendant can rely on a limitation of the effect of the EU trademark pursuant to Art. 14 of the European Union Trade Mark Regulation or on the principle of exhaustion pursuant to Art. 15 of the European Union Trade Mark Regulation.

(i)

It can be left open whether the plaintiff's trademark can be considered an indication of quality under Art. 14 (1) (b) of the European Union Trade Mark Regulation. Even if this were the case, a further requirement pursuant to Art. 14 (2) of the European Union Trade Mark Regulation would be that the use by the defendant is in accordance with honest practices in industrial or commercial matters. This is not the case if the defendant does not comply with the requirements set out in the plaintiff's trademark regulations.

The defendant's view that there was no breach of honest practices in industrial or commercial matters because the plaintiff's legitimate interests were not prejudiced by the defendant's sales is not convincing. Since the plaintiff covers the entire area of manufacturing and trade in the goods with its certification mark and wants to guarantee a certain standard for the entire area, it affects its interests considerably if its trademark is used in advertising in the supply chain although the standard its trademark is supposed to guarantee is not guaranteed at this point in the supply chain.

(ii)

Nor can the defendant claim exhaustion pursuant to Art. 15 of the European Union Trade Mark Regulation. Even if it is to be assumed that the goods were put on the market in the European Economic Area under the plaintiff's trademark with its consent pursuant to Art. 15 (1) of the European Union Trade Mark Regulation, there are legitimate reasons pursuant to Art. 15 (2) of the European Union Trade Mark Regulation for the plaintiff to oppose further sale of the goods if the conditions set out in the plaintiff's articles of association are not complied with in the further

course of the manufacturing or trade chain. Because it must be taken into account that the plaintiff's certification mark is intended to guarantee a certain standard not only in the manufacture of the goods but also in trade in the goods, and the plaintiff's certification mark could not achieve this if its trademark were allowed to be used at further, subsequent stages of trade without the provisions set out in its articles of association being complied with.

2.

If the right to injunctive relief exists, the duty to provide information is also justified. Since the European Union Trade Mark Regulation does not regulate the right to information, national law is applicable pursuant to Art. 129 (2) of the European Union Trade Mark Regulation. The basis for the claim is thus Section 19 of the German Trademark Act or Section 242 of the German Civil Code as a dependent auxiliary claim for the preparation and enforcement of a claim for damages or enrichment (Thiering, loc. cit., Section 19, recital 7).

The eligibility criteria are met in this respect. The required information about the manufacturers, suppliers and other previous owners of the advertised goods as well as the commercial customers is owed according to Section 19 (3) (1) of the German Trademark Act; the information about the quantity of goods delivered, received or ordered is owed according to Section 19 (3) (2) of the German Trademark Act. The information about the nature and scope of the advertising carried out and about the sales is owed according to Section 242 of the German Civil Code (see Thiering, loc. cit., Section 14, recitals 776 and 778). The fault required in this respect for this auxiliary claim to the claim for damages is given because anyone who, like the defendant, is active in business dealings with labelled goods has a duty to enquire (Thiering, loc. cit., Section 14, recital 688). The defendant should therefore have informed itself about its (lack of) authorisation to use the trademark in the manner in dispute.

3.

The claim for a declaration of liability for payment of damages is also justified on the merits.

a)

The subject matter of the motion for a declaratory judgement is only the plaintiff's own damages and not the damages of those who use its trademark with authorisation (i.e. the certified manufacturers or dealers). The plaintiff could claim this latter damage pursuant to Art. 90 (2) of the European Union Trade Mark Regulation and it also cites these damages in the statement of

claim in support of its motion for a declaratory judgement – in addition to its own damages. However, the wording of the motion for a declaratory judgement is clear in this respect. It is about the damages that the plaintiff (itself) has suffered or is still suffering.

b)

Since Art. 90 (2) of the European Union Trade Mark Regulation does not refer to the damages suffered by the plaintiff, the basis for the claim for its own damages must again be sought in national law and results from Section 14 (6) of the German Trademark Act.

c)

The prerequisite for the motion for a declaratory judgement is the conclusive presentation of the occurrence of damages. In this respect, it is readily understandable that the plaintiff's trademark suffers damages if it is used contrary to the articles of association. How these damages are then to be calculated can be left open, since in the present case it is only a question of establishing the liability for damages and not the content of the same.

d)

Regarding the required fault, reference can be made to the above statements on the right to information.

4.

The claim for reimbursement of the costs for the warning is also justified in its entirety (Section 677, the first sentence of Section 683, and Section 670 of the German Civil Code, as well as Section 14 (6) of the German Trademark Act). Because if the plaintiff is entitled to corresponding injunctive relief, then the warning was also fully justified.

The value in dispute of €150,000 that the plaintiff based the warning on is not objectionable. A 1.3 business fee based on this amount plus the flat-rate postal and telecommunications charge of €20 (List of Applicable Fees in the German Lawyers' Compensation Act no. 7002) and 19% VAT (List of Applicable Fees in the German Lawyers' Compensation Act no. 7008 – the warning was issued in the first half of 2020 and thus before the temporary reduction in VAT to 16%) results in €2,743.43.

Pursuant to Section 15a (3) of the German Lawyers' Compensation Act, half of the fee for the proceedings in the interim injunction proceedings, which was determined in the injunction proceedings and reimbursed by the defendant (preliminary remark 3 in (4) of the List of Applicable Fees in the German Lawyers' Compensation Act), is to be offset against this fee. A 0.65 business fee from the value in dispute of €112,500 amounts to €1,032.20 net or €1,228.08 including VAT. The claim amounting to €1,515.11, as requested by the plaintiff, therefore still exists.

5.

The costs for the final letter are also justified according to the above explanations.

The basis for a claim for the costs of the final letter is either Section 677, the first sentence of Section 683, or Section 670 of the German Civil Code or, in the case of a culpable trademark infringement – as in this case – also the claim for damages under Section 14 (6) of the German Trademark Act (Thiering in Ströbele / Hacker / Thiering, loc. cit., Section 14, recital 617).

The conditions for an obligation to compensate the costs are met. The plaintiff observed a waiting period to give the defendant the opportunity to submit a closing statement on its own initiative (Thiering, loc. cit., Section 14, recital 613) and thereafter, under penalty of an action being brought on the main proceedings, called on the defendant to submit a closing statement within a reasonable period of time without the defendant having submitted such a statement (Thiering, loc. cit., recitals 614 – 616).

To the extent that the defendant objects that it had already made it clear to the plaintiff before the final letter that it would not accept the interim injunction, this does not preclude the justification of the plaintiff's claim for costs. It is true that the defendant's counsel of record announced to the plaintiff on 27 July 2020 that the defendant would raise an objection against the interim injunction. Subsequently, however, it neither raised an objection (which would have been the wrong legal remedy anyway in view of the judgement issued pursuant to Section 924 (1) of the German Code of Civil Procedure) nor made an appeal, so it was by no means obvious to the plaintiff that the defendant would not issue a closing statement or an immediate acknowledgement in the main proceedings.

The amount of the costs set out in the final letter, for a value in dispute of €150,000 plus the flat-rate postal and telecommunications charge and 16% VAT, amounts to €2,674.26, as requested by the plaintiff.

Insofar as the defendant, referring to the plaintiff's entitlement to deduct input tax, complains that

it is also charged VAT, the plaintiff rightly pointed out that, according to the jurisdiction of the German Federal Fiscal Court, this is to be reimbursed because payments made as reimbursement of expenses due to warnings issued under competition law are to be qualified as remuneration for VAT purposes in the context of an exchange of services (subject to VAT) between the entrepreneur and the person warned by the same (BFH, GRUR 2017, 826). Nothing else applies to the final letter because the request to submit a closing statement is also made in the interest of the debtor and the reasoning of the German Federal Fiscal Court regarding the warning costs applies in the same way to the costs of the final letter.

6.

If the claim for injunctive relief is still well-founded, the judgement by default is not to be reversed either. The counterclaim must, therefore, be dismissed.

III.

1.

The decision on costs follows from Section 91 of the German Code of Civil Procedure. The decision on provisional enforceability is based on Sections 708 (10) and 711 of the German Code of Civil Procedure.

2.

There are no grounds for allowing the appeal.

3.

The amount in dispute for the proceedings at first instance is to be set at €186,000; the amount in dispute for the appeal proceedings is to be set at €156,000.

The plaintiff has stated that the total amount in dispute for the demands for relief (1.a.) (trademark) and (1.b.) (German Unfair Competition Act) is €150,000. Based on the plaintiff's statement of the value in dispute, the senate assessed the claim under trademark law as being €120,000 and the claim under competition law €30,000. According to the senate's consistent practice, the claim for information under trademark law is to be valued at 10% of the

corresponding claim for injunctive relief; the claim for determination of liability for damages is to be valued at 20%.

(4) and (5) in the demands for relief do not have their own value in dispute. These remain out of consideration as ancillary claims pursuant to Section 4 (1) of the German Code of Civil Procedure and Section 43 (1) German Court Fees Act (Büttner in Ahrens, *Der Wettbewerbsprozess*, 9th ed. 2021, Ch. 42, recital 21).

The counterclaim does not have an independent amount in dispute either, as it merely seeks the lifting of the provisionally ordered ban, which the plaintiff is continuing to pursue in the main proceedings. The action and the counterclaim therefore have the same subject matter.

This results in the following amounts in dispute for the individual claims:

Grounds for appeal / demand for relief (1.a):	€120,000.00
Demand for relief (1.b):	€30,000.00
Grounds for appeal / demand for relief (2):	€12,000.00
Grounds for appeal / demand for relief (3):	€24,000.00

Presiding Judge at
the Higher Regional
Court

Judge
at the Higher Regional
Court

Judge
at the Higher Regional
Court