

European
Case-Law
Industrial and
Intellectual Property



Annual Review 2020

10th anniversary (2011 - 2021)

60 leading cases of the
European Court of Justice



AE-2020

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Property

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Foreword

In 2021 we are celebrating the tenth anniversary of the launch of ELZABURU's Annual Review of European case-law in the field of industrial and intellectual property which our Firm shares each year with clients, friends and colleagues.

Over the course of the past ten years, the Annual Review has brought together, always under the same format (Background, Findings, Remarks), a total of 293 cases from the Court of Justice of the European Union (202), the European Union Trademark and Design Court in Spain (37), Spain's Provincial Appellate Courts (14), the Spanish Supreme Court (26), the European Patent Office (6) and other European and Spanish courts (8).

We thought that a useful way of celebrating this anniversary would be to publish a special edition of the Annual Review with a selection of 60 important cases ruled on by the Court of Justice. These cases reflect the significant influence that the Court has had on the harmonisation (or perhaps even “transformation”) of industrial and intellectual property in Europe. While it is not an exhaustive selection, it does contain many important cases. Some subjects in particular (communication to the public, collective rights management, supplementary protection certificates), given the number of judgments delivered by the Court of Justice, would merit their own review!

2020 was an extraordinary year. The global pandemic, the effects of which are still being felt, has tested the ability of companies, law firms, individuals and society as a whole to adapt to the challenges posed by a new and disconcerting reality.

In 2020, our Firm suffered the loss of both Alberto Elzaburu and Antonio Tavira, who will be dearly missed, and we pay tribute to their memory. In 2021, the process of succession has taken place at the Firm and a new team, with the unanimous support of all the partners, has embarked on the path of renewal.

As Managing Partner and President of ELZABURU SLP, on behalf of the entire Firm, we wish to convey a message of hope and optimism for the future.

We also wish to express our sincere gratitude to all those who place their confidence in our Firm every day and to all the contributors who have made the publication of the Annual Review possible over the past 10 years. Happy anniversary!



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Trademarks

fig 1



1

Liability of electronic marketplace operators in the infringement of third-party trademarks. Judgment of the Court of Justice of 12 July 2011, L'Oréal and others ([C-324/09](#)).

1. Background.

The company L'Oréal sued the online auction and product sales operator eBay for infringement of its trademarks "L'Oréal", "Amor Amor" and "Lancôme". This infringement had occurred through the sale of counterfeit L'Oréal products, L'Oréal samples and products intended for countries outside the European Economic Area (EEA) by third parties on eBay. L'Oréal also held eBay responsible for this infringement and considered that it had not taken sufficient measures to prevent the sale of the infringing products. *fig 1*.

2. Findings.

The Court of Justice of the European Union (CJ) examines several issues concerning the online sale of products that infringe trademark rights. It firstly states that EU trademark legislation applies to the offering for sale and advertising of products located in third countries when they are targeted at EU consumers, as was the case here. Moreover, when those products had not been marketed previously within the EEA, the trademark rights would not have been exhausted.

The judgment recognised L'Oréal's right to prevent eBay from using its trademarks to advertise itself through search engines such as Google. Nevertheless, this entitlement is generally limited to cases in which such advertising does not enable Internet

users to correctly determine whether the trademarked goods being sold on this online marketplace come from their proprietor or from a third party.

The judgment also clarifies that operators of online marketplaces such as eBay are not “using” third-party trademarks, within the meaning of the “First Trademark Directive” ([Directive 89/104](#)) and the “Community Trademark Regulation” ([Regulation no. 40/94](#)), merely by allowing third parties to offer goods bearing those trademarks for sale on their websites. In such cases, the liability of the online marketplace operator is determined by the provisions of the “Directive on Electronic Commerce” ([Directive 2000/31](#)), Article 14 of which lays down an exemption from liability where the operator is not actually aware that the activity is illegal. Nevertheless, the operator of the electronic marketplace cannot rely on that exception when it renders services consisting of optimising the presentation of the offers for sale or promoting them, given that in that case it is playing an active role that gives it knowledge of, or control over, the data relating to those offers for sale.

However, the judgment goes on to state that even if the operator has not played an active role, it cannot avail itself of this exception either if it has been aware of facts or circumstances from which the illegal activity is apparent (for example,

if it has been notified by the trademark holder) and has failed to act expeditiously to remove the offer in question from its website or block access to it.

The final question examined by the CJ refers to the measures which may be taken by the national authorities against operators of electronic marketplaces under Article 11 of the Directive on the enforcement of intellectual property rights ([Directive 2004/48](#)). The judgment concludes that the authorities may: firstly, oblige the operator to prevent a seller that has infringed trademark rights from committing further infringement by suspending their account; and secondly, ordering the operator to take measures aimed at facilitating the identification of its customer-sellers.

3. Remarks.

This CJ judgment, as a whole, seems to be positive for trademark holders, given that it clears up a number of significant doubts concerning the relationship between exclusive trademark rights and the conduct of the operators of electronic commerce, which is becoming more and more widespread. In any event, the CJ makes sure to place certain limitations on the right holders’ ability to act, regarding which it indicates, *inter alia*, that electronic marketplace operators cannot be subjected to a general and permanent ban on offering the sale of goods bearing certain

trademarks. IP right holders will therefore have to continue protecting their rights on a day-by-day basis by means of precise and effective legal action.

Carlos **MORÁN**

2

Possible exceptions to the prohibition on registering identical trademarks designating the same goods.

Judgment of the Court of Justice of 22 September 2011, *Budějovický Budvar* ([C-482/09](#)).

1. Background.

The company Budějovický Budvar, národní podnik (“Budvar”) had been marketing a beer under the BUDWEISER trademark in the United Kingdom since 1973. Anheuser-Busch Inc. (“Anheuser-Busch”) had also been marketing beer in that country under the BUDWEISER trademark since 1974. Both companies had registered the trademark by court decision of the same date, although Anheuser-Busch’s application had been filed several years before Budvar’s application.

The day before the five-year period following the grant of Budvar’s trademark application had come to end, Anheuser-Busch filed a petition seeking its invalidity, invoking the priority of its own trademark application. The UK Court of Appeal referred a number of issues relating to interpretation of the rules on limitation in consequence of acquiescence and the prohibition on registering identical marks designating identical goods to the Court of Justice of the European Union (CJ).

2. Findings.

On establishing that the concept of “acquiescence”, within the meaning of Article 9(1) of the [First Council Directive \(89/104\)](#) on trademarks, is a concept of European Union law, the CJ held that this concept implies that the acquiescing party remained inactive in a situation that it could have

challenged. Therefore, in cases in which the proprietor of an earlier trademark was not in any position to oppose the use of a later mark, limitation in consequence of acquiescence, as laid down in Article 9 of Directive 89/104, shall not apply.

The judgment goes on to state that under the aforementioned Article, four requisites must be met in order for the period of limitation in consequence of acquiescence to start to run: firstly, the later mark must have been registered; mere use of that mark will not suffice; secondly, the application for registration of the later mark must have been made in good faith; thirdly, the later mark must have been used by its proprietor in the Member State in which it was registered; and fourthly, the proprietor of the earlier trademark must have been aware that the later mark had been registered and used after its registration.

Finally, with respect to the prohibition on registering identical marks designating the same goods or services laid down in Article 4.1 a) of Directive 89/104, the CJ begins by stating that in accordance with its earlier case-law, it is not necessary to demonstrate that there is a likelihood of confusion among consumers in order for this to apply.

The CJ nevertheless holds that the use of the later trademark must always have, or

be liable to have, an adverse effect on the essential function of the trademark, which is to guarantee to consumers the origin of the goods. This requirement is not met in situations such as the case in question, in which there has been a long period of honest, concurrent use of two identical trademarks designating identical goods.

3. Remarks.

Despite the fact that it might initially seem otherwise, the prohibition on registration, and the ensuing prohibition on use, of two identical marks designating identical goods or services does not automatically apply in all cases. There could be cases, for instance that of the BUDWEISER trademark in the United Kingdom, in which the particular circumstances might lead the courts to allow the coexistence of the trademarks on the register. Analysis of such cases must then include an examination as to how the trademarks are actually used in the marketplace, not only from the standpoint of trademark law, but also from other perspectives such as unfair competition.

Carlos MORÁN

fig 2



3

The selection and use of a reputed trademark as a keyword with “due cause” does not constitute infringement of the rights of the trademark holder. Judgment of the Court of Justice of 22 September 2011, *Interflora* ([C-323/09](#)).

1. Background.

Interflora, the famous network of independent florists with whom clients may place orders in person, on the telephone or via the Internet, brought legal action in the United Kingdom against Marks & Spencer (one of the main retailers in the United Kingdom) for having selected the registered trademark INTERFLORA, as well as other variants, as a keyword, which meant that when the term “Interflora” was entered into the Google search engine, Marks & Spencer advertisements appeared under the heading “sponsored links”. The text of the advertisement did not, however, include the term “Interflora”, but it did contain references to M&S and <marksandspencer.com>. The High Court of Justice (England & Wales), Chancery Division, stayed the proceedings and referred a number of questions to the Court of Justice of the European Union (CJ) for a preliminary ruling. All of the questions were aimed at elucidating the extent to which Marks & Spencer’s conduct might constitute infringement of Interflora’s trademark rights. *fig 2*.

2. Findings.

The CJ first of all refers to the doctrine enshrined in the judgments of 23 March 2010 (joined [cases C-236/08 to C-238/08 Google](#)) and 25 March 2010 ([case C-278/08 BergSpechte](#)), and stresses that

the sign selected by an advertiser as a keyword constitutes use in trade. The court confirms that the use of the mark is made in relation to the advertiser's goods or services, even where the sign selected as a keyword does not appear in the advertisement itself, and in order for the trademark holder to be able to prevent such use, the existence of a double identity situation, as described in Article 5.1(a) of the "[Trade-mark Directive](#)", will not suffice; rather, the use must have, or be liable to have, an adverse effect on the functions of the mark (the essential function of guaranteeing the origin of the product to consumers and the advertising function), as well as the newly-coined trademark's "investment" function which, despite overlapping with the advertising function to a certain degree, refers to the measures taken by a trademark holder "*to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty*".

The second part of the judgment analyses the dispute from the standpoint of Article 5.1(b) of the "Trademark Directive" and from the perspective that the INTERFLORA trademark has a reputation. The court finds that the holder of a reputed trademark is entitled to prevent the use of its mark by third parties where that use takes unfair advantage of the distinctive character or the repute of the trademark or is detrimental to that distinctive

character or repute. Based on case-law arising from the judgments handed down in cases [C-408/01 Adidas](#) and [C-487/07 L'Oréal](#), the court holds that the selection of a sign identical or similar to a reputed trademark as a keyword within the context of an Internet referencing service does not necessarily contribute to a reduction in the sign's distinctive character and its becoming a generic term.

In the final part of the judgment, the CJ states that a trademark with a reputation selected within the context of an Internet referencing service by a party other than the trademark holder can be construed as having been used with due cause and within the scope of healthy and fair competition where the sponsored link advertisement proposes an alternative to the goods or services of the trademark holder without offering a mere imitation of the trademark holder's goods or services, without causing dilution or tarnishment, and without adversely affecting the functions of the trademark in question.

3. Remarks.

This judgment once again tackles the boundaries of legality in the use of third-party trademarks as keywords, although it introduces two new aspects in respect of previous judgments. On the one hand, it refers to the trademark's "investment" function and, on the other hand, it tack-

les the dispute from the standpoint of a trademark with a reputation. The court once again defends the principle of free competition but provides the national courts with a series of guidelines and tools so that they can resolve any disputes arising between trademark holders (including holders of reputed trademarks) and those who select those marks as keywords based on the wording of the sponsored link and its content.

Luis **BAZ**

4

Identification of the goods or services for which the protection of a trade mark is sought. Judgment of the Court of Justice dated 19 June 2012, IP TRANSLATOR ([C-307/10](#)).

1. Background.

An application to register the trademark "IP TRANSLATOR" was filed in the U.K. claiming services in Class 41 using the general heading of the Nice Classification for that class, i.e.: "*Education; providing of training; entertainment; sporting and cultural activities*".

The Registrar of Trade Marks refused the application on grounds that it lacked distinctive character on the basis of the interpretation of class headings set forth by the OHIM in [Communication No. 4/03](#) of the President of the Office in 2003. On that basis, the trademark would be descriptive for industrial property (IP) translation services and could not be registered even though those translation services were not explicitly included in the wording of the class heading claimed.

In their appeals the applicants contended that the trademark did not specify translation services in Class 41, and the appeal body referred the issue for a preliminary ruling in order to clarify whether: class headings could be used in trademark applications; use of headings was to be interpreted as set out in Communication No. 4/03 of the President of the Office; and whether the goods/services claimed by a trademark application had to be identified with any particular degree of precision.

2. Findings.

The Grand Chamber of the Court of Justice ruled that class headings could be used when filing trademarks, provided that identification is made with "*sufficient clarity and precision*". The Court also held that where class headings are used, the applicant must specify whether coverage of all goods/services in the respective class was intended.

3. Remarks.

Reaction to this judgment by some offices, like the OHIM, was immediate, but many others have not taken any position or changed their practice.

When a Community trademark had previously been filed for the heading of a Nice Class, the OHIM interpreted this to mean that it covered all the goods or services in the class concerned rather than as strictly stated by the wording of the heading.

However, immediately following this judgment, the OHIM established a new system (see Communication No. 2/12 of the President of the Office dated 20 June 2012) whereby when using class headings, it must be expressly specified whether protection is intended to cover only the wording of the heading itself or all the goods/services included in the alphabetical listing for that Nice class.

Where an application indicated that all the goods/services in the alphabetical listing were to be covered, the OHIM did not change the list of goods as filed, that is, it kept the class heading, unchanged. However, this practice has since changed, and the OHIM has decided to add to the class heading each and every individual good/service in the alphabetical listing for the Nice class. This practice can give rise to extremely long lists of goods and could potentially be a problem when extending the trademark to other countries.

This has been the effect of the judgment at the OHIM, but the judgment affects all European trademark offices. An ad hoc working group has been set up to standardize the practices of the different Offices, bearing in mind that in practice application of the judgment is causing delays and that the judgment is a subject of controversy in various fora.

Ramón CAÑIZARES

fig 3



5

Decline of so-called “immunity by virtue of registration” in the Community. Judgment of the Court of Justice of 21 February 2013, *Fédération Cynologique Internationale* ([C-561/11](#)).

1. Background.

The *Fédération Cynologique Internationale*, owners of Community trademark no. 4438751 FCI FEDERATION CYNOLOGIQUE INTERNATIONALE in classes 35, 41, 42 and 44, filed an action with Alicante Community Trade Mark Court No. 1 claiming infringement of the said trademark against *Federación Canina Internacional de Perros de Pura Raza*, owners of various Spanish trademark registrations for the expression FCI (one of them prior to the plaintiffs' Community trademark), as well as a figurative Community trademark registration for FCI.

fig 3.

In the context of the case the Alicante Community Trade Mark Court raised the question of whether the owner of a Community trademark could enforce the right to prevent use conferred by registration against the owner of another registered trademark or whether a claim of trademark infringement is conditional on a prior or simultaneous application for a declaration of invalidity against the defendants' Community trademark.

The Spanish court thus decided to stay the proceedings and refer the corresponding pretrial question to the Court of Justice with a view to ascertaining the precise scope of Article 9.1 of Council [Regulation \(EC\) no. 207/2009](#) on the Commu-

nity Trade Mark, in particular whether the phrase “*any third party*” excluded a party using its own trademark registration until such time as that subsequent trade mark registration had been declared invalid.

2. Findings.

The judgment (paragraph 33) ruled unequivocally that “*Article 9.1 of the Regulation does not make any distinction on the basis of whether the third party is the proprietor of a Community trade mark or not*” and added that, as already held for Community designs (judgment of 16 February 2012, *Celaya*, [C-488/10](#)) “*that provision grants the proprietor of a Community trade mark an exclusive right to prevent ‘any third party’, not having its consent, from using, in the course of trade, any signs liable to infringe its mark*”.

But the Court did not stop there. It affirmed that “*the proprietor of a Community trade mark is entitled both to apply to OHIM for a declaration of invalidity of the later Community trade mark and to oppose its use through infringement proceedings before a Community trade mark court*”. Thus, the entitlement is viewed as an alternative, an option available to the holder of a Community trademark.

The Court interpreted this legal precept in the light of the “priority principle”, under which the earlier Community mark takes

precedence over the later Community mark

The Court concluded by affirming that “*if the proprietor of an earlier trade mark, in order to prevent the use by a third party of a sign that is liable to affect the functions of its trade mark, were required to await the declaration of invalidity of the later Community mark held by that third party, the protection accorded to it by Article 9.1 of the Regulation would be significantly weakened*” (paragraph 51).

3. Remarks.

The Court's judgment takes precisely the same stance as in respect of Community designs (judgment of 16 February 2012, *Celaya*, [C-488/10](#)). It amounts to a clear guarantee to the proprietor of the earlier trademark registration, whereas the position of the owner of a subsequently registered trademark will be weaker and vulnerable during the initial years of use.

However, in its judgment the Court of Justice did not take up the final reflection made *obiter dicta* by the Advocate General in paragraph 55 of [his conclusions](#), “*were the Court to accept the interpretation of the term ‘third party’ (...), that interpretation would have also to include a third party who is the holder of a later registered trade mark in a Member State, regardless of the substance of the relevant national legislation.*”

It is important to note here that the Court of Justice's reasoning is, to some extent, different from that of the Spanish Supreme Court, which holds that a declaration of infringement and subsequent order for the payment of damages require a prior or simultaneous declaration of invalidity of the later mark (judgments of 4 April and 29 June 2012 of Chamber One of the Supreme Court).

This difference will certainly need to be taken into account when considering whether or not to bring court proceedings and, above all, when deciding whether it is preferable to register a Spanish or a Community trademark. There is also the possibility that the Spanish Supreme Court will change its position in light of the Court of Justice's ruling. Time will tell.

Luis **BAZ**

6

Genuine use of a trademark used only as an element of a composite mark or in combination with another mark. Judgment of the Court of Justice of 18 April 2013, Levi's ([C-12/12](#)).

1. Background.

Levi Strauss & Co. ("Levi Strauss") lodged a complaint with the German courts against Colloseum Holding AG ("Colloseum") claiming infringement of its trademark rights in, inter alia, the following trademark registrations:

Word Community trademark	German figurative trademark ("n. 3")	Colour Community trademark ("n. 6")
LEVI'S		

Colloseum opposed the complaint lodged by Levi Strauss on grounds of insufficient use of trademark no. 6. However, the court of first instance accepted Levi Strauss's claim and the appeal court subsequently dismissed the appeal brought by Colloseum.

In the subsequent appeal to the *Bundesgerichtshof*, the appeal court's decision was set aside and the case sent back to the lower court. However, the said court again dismissed the appeal lodged by Colloseum and the matter ended up before the *Bundesgerichtshof* once more.

The *Bundesgerichtshof* found that there was a likelihood of confusion between trademark no. 6 and the trouser styles

marketed by Colloseum. However, the German court stated that the result of the appeal depended on interpretation of Article 15.1 of [Regulation \(EC\) No. 40/94](#), particularly whether a registered mark which is part of another mark and has acquired distinctive character as a result of the use of that other mark can also be put to genuine use within the meaning of Article 15.1 on the basis of the use of that other mark.

In the circumstances the German court decided to stay the proceedings and refer the matter to the Court of Justice for a preliminary ruling with a view to ascertaining whether the requirement of genuine use within the meaning of Article 15.1 of the Regulation is met when a registered trademark, which has become distinctive as a result of the use of another composite mark which it forms part of, is only used via the composite mark or together with another mark and, in addition, both marks are registered together as a trademark.

2. Findings.

The judgment began by recalling that, as regards the acquisition of distinctive character by a trademark for the purpose of its registration, the Court of Justice had held that acquisition of distinctive character may result both from the use, as part of a registered trademark, of a component thereof and from the use of a separate mark in conjunction with a registered

trademark and that, in both cases, it is sufficient that, in consequence of such use, the sectors of interest actually perceive the goods or service, designated exclusively by the mark applied for, as originating from a given undertaking (judgment of 7 July 2005, *Nestlé*, [C-353/03](#)).

The Court extended the conclusion reached in the judgment handed down in the *Nestlé* case to the concept of “*genuine use*”. In the Court’s opinion, if it is possible to acquire trademark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved. However, the Court pointed out that, for use to be covered by the term “*genuine use*”, the trademark that is used as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue.

In light of the above consideration, the Court concluded that “*the condition of genuine use of a trade mark, within the meaning of Article 15(1) of Regulation (EC) No. 40/94, may be satisfied where a registered trademark, which has become distinctive as a result of the use of another composite mark of which it constitutes one of the elements, is used only through that other composite mark, or where it is used only in conjunction with another mark, and the combination of those two marks*

is, furthermore, itself registered as a trademark.”

3. Remarks.

The judgment takes the conclusions reached in the Nestlé case in relation to the acquisition of distinctive character as a consequence of use of a trademark and extends their scope to the interpretation of the concept of “genuine use” in Article 15.1 of the Regulation.

The conclusion reached by the Court seems clear: a trademark that is used only as part of a composite mark or in conjunction with another mark can indeed fulfil the requirement of genuine use set out in Article 15.1 of the Regulation. However, there is a nuance in the Court's judgment that will continue to give rise to some uncertainty: for the use of the mark in question to be considered genuine, the relevant public must perceive it as indicative of the origin of the product at issue.

Ana SANZ

7

Figurative mark used as part of a composite mark.

Importance of colour as a factor when assessing possible trademark infringement.

Judgment of the Court of Justice of 18 July 2013, [Specsavers \(C 252/12\)](#).

1. Background.

The company Asda, owners of a chain of supermarkets in the United Kingdom, launched an advertising campaign for optical products targeting the Specsavers group, a famous chain of opticians in the UK and Asda's main competitors. As part of that campaign, Asda used the slogans "Be a real spec saver at Asda" and "Spec savings at ASDA" as well as the following logos:



Specsavers brought an action before the High Court of Justice (England & Wales) (Civil Division) against Asda, alleging infringement of the following figurative Community trademarks:



The court held that Asda had not infringed the trademarks of Specsavers and also revoked the trademark



on grounds of non-use. Specsavers appealed to the Court of Appeal (England & Wales) (Civil Division), which ruled that Specsavers were entitled to prevent

Asda from using the slogans "*Be a real spec saver at Asda*" and "*Spec savings at Asda*" and the logo. On the other hand, the court considered that in order to rule on the aspect of the dispute concerning the wordless logo mark, it was necessary for it to refer a series of pretrial questions for rulings by the Court of Justice of the European Union.

The court raised the question as to whether the use of the trade marks



constituted use of the mark



In addition, the CJ was asked to rule on whether the enhanced reputation of the device in the colour green, which Specsavers has always used to represent its logo,



could be taken into account despite the fact that the said mark was registered in black and white. Furthermore, again in connection with the colour, the referring

court asked whether the fact that green was also the colour that consumers associated with the allegedly infringing party was relevant to the assessment.

2. Findings.

The Court of Justice held that the use of the wordless logo mark with the superimposed word sign "SPECSAVERS" could be considered genuine use of the wordless logo mark as such, to the extent that the figurative mark retains an independent distinctive role in the overall design and the differences between the form in which the mark is used and that in which it was registered do not alter the distinctive character of the mark as registered. The Court added that this conclusion was not affected by the fact that the word sign "SPECSAVERS" and the combination of the wordless logo with the superimposed word sign "SPECSAVERS" are also registered as Community trademarks.

Turning to another of the questions raised, the Court found that when a mark is not registered in colour but the proprietor has used it extensively in a particular colour or combination of colours so that it has become associated in the mind of a significant portion of the public with that colour or combination of colours, the colour or colours which a third party uses in order to represent a sign alleged to infringe that

trademark are relevant in the global assessment of the likelihood of confusion or unfair advantage taken of another's reputation. According to the Court, the fact that Asda used a similar colour to that used by the Specsavers group is a factor that should be taken into account in order to ascertain whether it can be held that unfair advantage is being taken of the distinctive character or reputation of the trademark.

Finally, the Court held that the fact that the alleged infringer is associated in the mind of a significant portion of the public also with the same colour as that used by the owner of the registered trademark is a factor that must likewise be taken into account in the global assessment of the likelihood of confusion or unfair advantage.

3. Remarks.

There is no doubt that this judgment is favourable to the position of the proprietors of figurative trademarks. In this regard, it concludes that where the figurative element of a trademark that also contains a word element is recognized by consumers as a mark in itself, the inclusion of the word element is not considered an alteration of the distinctive character of the registered mark and, as a result, use of the composite mark serves to prevent revocation of the device only mark on grounds of non-use. This means that the

advisability of registering trademarks consisting solely of the figurative element of a sign should always be considered, even in cases in which the figurative element is accompanied by the word element in the trademark as used. On the one hand, a purely figurative mark is always a stronger basis for challenging visually similar marks; on the other, where the device retains its own distinctive character in the overall design, use of the composite mark containing both the device and the word element could be considered valid use of the purely figurative mark.

Another noteworthy aspect of the judgment is that the Court has stated that the colour in which the marks have been used must be taken into account in the global assessment of the possible likelihood of confusion or unfair advantage taken of another's reputation. In the case at hand, both the earlier mark and the allegedly infringing mark used the colour green in their presentation and as their corporate identity in the marketplace. With this in mind, the Court of Justice held that the said colour must be taken into account when assessing the alleged infringement. It did not find that colour increased or diminished the likelihood of confusion or unfair advantage in the case in question, it simply found that this is a matter that will need to be examined by the national referring court (in this case the Court of Ap-

peal of England & Wales). In conclusion, even where a mark has been registered in black and white, the fact that both the earlier mark and the allegedly infringing mark are used in a colour that consumers could associate with a specific business origin is a factor to be taken into account in assessing the conflict.

Fernando **ILARDIA**

8

Registration as a trademark of the specific image and layout of an establishment. Judgment of the Court of Justice of 10 July 2014, Apple [\(C-421/13\)](#).

1. Background.

In 2010, Apple Inc. secured the registration of a three-dimensional trademark for “*retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories and demonstrations of products relating thereto*” at the United States Patent and Trademark Office. The mark consisted of the representation of its flagship stores by means of the following colour design:



However, Apple's attempt to extend protection of the mark to Germany under the Madrid Agreement did not achieve the same result. The German Patent and Trademark Office refused the mark on the grounds that the depiction of space devoted to the sale of the undertaking's products was nothing more than the representation of an essential aspect of that undertaking's business, and that consumers would not perceive the layout in question as an indication of the commercial origin of the products.

This decision was appealed in the German Federal Patent Court, which decided to stay the proceedings and refer a number of questions to the CJ for a preliminary ruling.

The referring court first of all wanted to know whether, within the context of Articles 2 and 3 of [Directive 2008/95/EC](#) of the European Parliament and of the Council of 22 October 2008, the representation of the layout of a retail store by means of a design alone, without indicating the size or proportions, may be registered as a trademark for services aimed at inducing the consumer to purchase the products of the applicant for registration and, if so, whether that presentation in which a service is provided may be treated in the same way as product packaging.

2. Findings.

The CJ's judgment commences by pointing out that *"in order to be capable of constituting a trademark, the subject matter of any application for registration must satisfy three conditions. First, it must be a sign. Secondly, that sign must be capable of graphic representation. Thirdly, the sign must be capable of distinguishing the 'goods' or 'services' of one undertaking from those of other undertakings"* (paragraph 17). It added that *"it cannot be ruled out that the layout of a retail outlet depicted by such a sign may allow the products or*

the services for which registration is sought to be identified as originating from a particular undertaking".

The assessment of distinctive character, which the Court reserves for the competent authority, must take account of all the aspects and criteria employed for any other kind of sign, including the goods or services in question and the perception of the relevant public.

The judgment concludes by stating that *"a sign depicting the layout of the flagship stores of a goods manufacturer may legitimately be registered not only for the goods themselves but also for services (...), where those services do not form an integral part of the offer for sale of those goods"* (paragraph 26). The Court indicates that such services could include the product demonstrations and seminars held in the Apple stores.

3. Remarks.

This judgment comes as a slap on the back for the financial and human effort being made of late by business owners trying to set their products and services apart from the competition.

The registration as a trademark of retail spaces that are genuinely different and stand out in the market constitutes another means by which to secure protection which has lately seemed to be reserved

for other disciplines, such as unfair competition, copyright and designs.

We have certainly been presented with a new opportunity, i.e., the registration as a trademark of the image and layout of an establishment. It will now be necessary for business owners to innovate and be original in their establishments. The role of professionals responsible for advising those companies is also crucial, as they must act ethically and rigorously in an endeavour to prevent the indiscriminate registration of this kind of trademark. Lastly, another key role will be performed by the national offices, which will have to curb attempts to protect any kind of retail space on the back of this judgment.

Luis **BAZ**

9

Interpretation of the grounds for refusal of three-dimensional trademarks.

Judgment of the Court of Justice of 18 September 2014, TRIPP TRAPP chair ([C-205/13](#)).

1. Background.

Stokke A/S (“Stokke”) is the holder of a three-dimensional trademark registration for an adjustable children’s chair called TRIPP TRAPP. An image of the chair follows below:



The German company Hauck GmbH & Co. KG (“Hauck”) began to market children’s chairs named ALPHA and BETA, which bore a strong resemblance to the TRIPP TRAPP chair. This led Stokke to file legal proceedings against the German company based on copyright and on the aforementioned three-dimensional trademark registration. Stokke’s claims were accepted at first instance. Nevertheless, in the ensuing appeal Hauck brought a counterclaim seeking the invalidity of the TRIPP-TRAPP mark based on the grounds for refusal of registration concerning signs consisting of the shape of a product. The case went to the Dutch Supreme Court, which decided to stay the proceedings and refer a number of questions, concerning the interpretation of the grounds for refusal set out in Article 3(1)(e) of the [Trademarks Directive](#), to the CJ for a preliminary ruling.

2. Findings.

The first question examined by the CJ referred to the ground for refusal concerning “*the shape which is imposed by the very nature of a product*”. In that regard, the CJ pointed out that this ground for refusal would apply not only to signs which consist exclusively of shapes which are indispensable to the function of the product in question, but also to signs whose essential characteristics are inherent to the generic function of the product. The CJ specified that the ground in question would not come into play when the mark claimed a second or third element (such as an imaginative element) which was not inherent to the function of the product and which played an essential role.

Secondly, the CJ delivered its findings on the ground for refusal concerning “*the shape which gives substantial value to the goods*”. According to the judgment, the assessment of that ground for refusal should not be limited to the shape of products having only “*artistic or ornamental value*”, but it should also be perceived in signs which, as well as an aesthetic element, possess additional characteristics that could confer other substantial values on the product (for example, the nature of the product, its specific shape, difference in price, etc.). It also pointed out that although the target public’s perception of the shape of the product is a factor which

may be taken into account, it is not a decisive aspect in establishing the applicability of the ground for refusal in question.

Lastly, the judgment analysed whether the three grounds for refusal laid down in this provision of the Directive may be applied in combination. The CJ rejected this possibility and stated that the three grounds operate independently of one another, and that the fact that a sign could be denied registration on the basis of a number of those grounds is irrelevant, since it would suffice for any one of the grounds for refusal set out in the provision to apply.

3. Remarks.

The judgment in question propounds a stringent interpretation of the grounds for refusal relating to three-dimensional trademarks. The Court confirms that those grounds for refusal seek to prevent a trademark from granting its holder a monopoly on the functional characteristics of a product, and it applies a strict test for evaluating distinctiveness.

Enrique **ARMIJO CHÁVARRI**

10

Geographic and economic extent of reputation.

Judgment of the Court of Justice of 3 September 2015, Iron & Smith ([C-125/14](#)).

1. Background.

The Court of Justice has ruled on a request for a preliminary ruling referred by a Hungarian court touching on the territorial effect of the reputation of a Community trademark under Article 4.3 of [Directive 2008/95](#) (refusal of a trademark application conflicting with an earlier Community trademark having a reputation but covering different goods).

In the case before the Hungarian court referring the question for a ruling, an earlier Community trademark cited in opposition to a later trademark application had a reputation in the United Kingdom and Italy but not in Hungary, where the new application had been filed. The Hungarian court viewed the issue as displaying certain similarities with the controversy surrounding the matter of use of Community trademarks and the territorial extent of use that might be deemed sufficient, a question already adjudicated on by the Court of Justice, chiefly in [Case C-149/11 \(Leno\)](#).

Ultimately, the case in question hinged on the issue of whether the reputation of a Community trademark in certain EU countries could also be relied on and have legal effect in other EU countries in which the trademark was not reputed.

2. Findings.

In a well-reasoned decision, the Court ruled explicitly:

- a. If the reputation of an earlier Community mark is established in a substantial part of the European Union, which may in some circumstances coincide with the territory of a single Member State, the said earlier Community trademark is to be held to have a reputation in the European Union as a whole.
- b. The principles concerning genuine use of Community trademarks laid down by the case law are not necessarily relevant for the purpose of establishing the existence of a reputation.
- c. A Community trademark having a reputation may benefit from the extended protection conferred on reputed marks by the Directive even in a Member State in which it does not enjoy a reputation, where it is shown that a commercially significant part of the public is familiar with the mark and makes a connection between it and the later national mark and there is either actual and present injury to the Community trademark or there is a serious risk that such injury may occur in the future.

3. Remarks.

The Court thus clearly held that an earlier Community trademark having a reputa-

tion may enjoy the extended protection conferred on reputed trademarks even in those countries in which it is not considered reputed, provided that certain conditions relating to serious risk of and actual and present injury are fulfilled, as the case law had in fact already been requiring even in territories where the reputation of an earlier mark is beyond question, for instance, in the judgments in Cases C-375/97 (*General Motors*) and T-60/10 (*Royal Shakespeare*).

Accordingly, the judgment has been well received by the owners of reputed trademarks, which may thus benefit from enhanced protection even in EU countries in which, strictly speaking, their trademarks are not reputed, even though the need to prove serious risk of or actual and present injury in the territory concerned could, in practice, prove to be an obstacle to enforcing reputation.

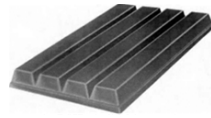
José Ignacio **SAN MARTÍN**

11

Product shape and acquired distinctive character. Judgment of the Court of Justice of 16 September 2015, KIT KAT ([C-215/14](#)).

1. Background.

Nestlé applied to the UK Trademark Office for registration of the shape of Kit Kat chocolate bars as a trademark:



Cadbury UK Ltd. opposed the application on the grounds that the mark was devoid of distinctive character and was subject to the bar to registration of signs consisting exclusively of the shape imposed by the nature of the product and of the shape necessary in order to obtain a technical result. The Trademark Office accepted the opposition on the grounds that it had not been sufficiently demonstrated that the mark had acquired distinctive character. It considered that the shape in respect of which registration was sought had three features, namely:

- The basic rectangular slab shape;
- The presence, position and depth of the grooves running along the length of the bar; and
- The number of grooves, which, together with the width of the bar, determine the number of 'fingers'.

As far as the UK Trademark Office was concerned, the first of those features was

the shape resulting from the very nature of the goods claimed (except in respect of cakes and pastries), and the remaining two were necessary in order to obtain a technical result.

This decision was appealed in the High Court of Justice of England and Wales, which made a reference for a preliminary ruling.

2. Findings.

The CJ first of all examined the issue regarding the possibility of cumulatively applying the bar to registration of signs consisting of the shape of the product when that shape is imposed by the nature of the product and when it is necessary in order to obtain a technical result. In the Court's view, the fact that a shape may simultaneously be subject to several grounds for refusal is irrelevant and, in order to refuse the application for registration, it will suffice for just one of those grounds to apply fully to the shape in question.

Secondly, the Court resolves the issue of whether the bar to registration of shapes that are necessary in order to obtain a technical result refers solely to the way in which the goods function, or whether it also applies to their method of manufacture. In that regard, the CJ considers that the relevant perspective here is that of the consumer, for whom the manner in which the goods function is decisive and their

method of manufacture is not important. It therefore holds that the bar to registration does not apply to the way in which the product is manufactured.

Lastly, the CJ analyses the issue of the acquisition of distinctive character through use and the proof that the trademark holder must furnish in order to demonstrate this. In that regard, the CJ holds that in order to acquire distinctive character through use, it is not necessary for the trademark to be used alone; rather, it can be used as part of a registered trademark or in conjunction with another mark.

It nevertheless points out that the essential condition is that as a consequence of the use, the mark may serve to identify, to the relevant sectors, the business origin of the goods. In order to satisfy that requirement, the applicant of the trademark registration must prove that the mark alone, regardless of any other elements accompanying it in trade, identifies the particular undertaking from which the goods originate.

3. Remarks.

With respect to the first issue, the CJ reiterates the doctrine established in the recent Hauck ruling, [C 205/13](#) (the Tripp-Trapp chair), in the sense that the three particular grounds for refusal of registration of product shapes are independent and must be applied separately. As the

Advocate General explained in his [conclusions](#), what the CJ precluded in the *Hauck* judgment was the possibility of applying the three different grounds for refusal *in combination*, but not the possibility of applying them *cumulatively*, provided that at least one of those grounds *fully applied* to the sign in question.

The issue of distinctive character acquired through use touches on an interesting aspect that regularly crops up in cases concerning marks consisting of product shape. Such marks are almost always presented in the market in conjunction with word or composite marks. This is also the case with Kit Kat, which has always been marketed in packaging with a distinctive logo, and with the term Kit Kat engraved on the four fingers comprising the chocolate bar:



In order to settle this issue, the CJ relies on the criteria followed in *Nestlé*, [C 353/03](#), and *Colloseum Holding*, [C 12/12](#), according to which in order for a trademark to acquire distinctive character through use, it is not necessary for it to have been used separately; rather, its use as part of another mark or in conjunction with that mark is also accepted. However, the trademark

holder must bear the burden of proving that the mark alone, without the other marks that accompany it in trade, is distinctive.

In practice, the most direct way of satisfying this requirement will be by means of a survey, in which those surveyed will be shown a product marked exclusively with the sign for which registration is sought, without the additional elements that usually accompany it in trade. This was done by both Nestlé, in the national proceedings which gave rise to this judgment, and Levi Strauss, in the proceedings leading to the Colloseum judgment.

Carlos **MORÁN**

12

No need to register a licence for an EU trademark in order for the licensee to be able to bring proceedings for infringement.

Judgment of the Court of Justice of 4 February 2016, Hassan ([C-163/15](#)).

1. Background.

Breiding Vertriebsgesellschaft mbH is the holder of a licence, which is not registered in the Register of EU trademarks, relating to the word mark ARKTIS, which covers, inter alia, bedding and blankets. The licence agreement stipulates that Breiding is to bring proceedings for infringement of the trademark in its own name.

Breiding filed proceedings for infringement against Mr. Hassan in relation to use of the ARKTIS mark on down duvets, and its complaint was accepted at first instance. Mr. Hassan lodged an appeal questioning Breiding's standing to bring proceedings for infringement of a European Union trademark when the licence had not been entered in the Register, as required under Article 23.1 of the European Union Trademark Regulation (EUTMR).

The *Oberlandesgericht Düsseldorf* decided to stay the proceedings and refer questions to the Court of Justice for a preliminary ruling.

2. Findings.

The Court of Justice begins by admitting that the provision in question, read in isolation, could be interpreted as meaning that the licensee cannot, if the licence has not been entered in the Register, rely on the rights conferred by that licence vis-

à-vis third parties, which would include those who infringe the trademark.

The Court nevertheless goes on to state that rules of EU law cannot solely be interpreted on the basis of their literal wording, but their context and the objectives that they pursue must also be taken into account. From that perspective, it considers that the rule established in Article 23.1 [EUTMR](#) is intended to protect a person who has, or may have, rights in an EU trademark as an object of property.

It thus concludes that the requirement to register the licence should not apply in situations where a third party has infringed the trademark rights. It considers that Article 23.1 EUTMR must be interpreted as meaning that the licensee may bring proceedings alleging infringement of the licenced trademark even if the licence has not been entered in the Register.

3. Remarks.

The issue of requiring registration of the trademark licence in order for licensees to be able to bring proceedings for infringement in their own name has traditionally met with diverging responses in the national courts of the Member States. The Spanish courts have imposed that requirement, dismissing actions brought by unregistered licensees. With regard to EU trademarks in particular, Alicante Court of Appeal, acting in its role as the European

Union Trademark Court in Spain, had issued a number of rulings in that sense (for instance, its judgments of 23 January 2009 ([ECLI:ES:APA:2009:425](#)), 22 January 2013 ([ECLI:ES:APA:2013:291](#)) and 30 January 2014 ([ECLI:ES:APA:2014:246](#)).

In these circumstances, the Court of Justice's decision will certainly be welcomed, not just by trademark licensees, but by other legal practitioners as well in light of the necessary clarification of the law that it provides. National courts, such as the Spanish courts, which had interpreted the law in a different light, will now have to modify their doctrine.

It should nevertheless be borne in mind that once the new Spanish [Patent Act](#) of 24 July 2015 comes into force, the situation will not be the same for Spanish trademark registrations as it is for EU trademark registrations. [Article 117.1](#) of the new Patent Act explicitly requires the registration of patent licences in order for licensees to be able to bring proceedings for infringement; and this provision will also apply to trademarks by virtue of the First Additional Provision of the Spanish Trademark Act.

Furthermore, the Court of Justice has extended the doctrine established in this judgment to Community design registrations in its later judgment of 22 June 2016, *Thomas Philipps*, [C-419/15](#). In that

decision, not only does the Court of Justice confirm the standing of a licensee of a registered design to bring proceedings for infringement of that design even if the licence has not been entered in the Register, but it also clarifies that the licensee may claim compensation for damages in those proceedings.

Carlos **MORÁN**

fig 4



13

Territorial limitation of the effects of a finding of infringement of a European Union trademark. Judgment of the Court of Justice of 22 September 2016, *combit Software* ([C-223/15](#)).

1. Background.

The German company *combit Software*, holding German and EU “COMBIT” trademark registrations, sued the Israeli company *Commit Business Solutions* in the German courts for infringing those trademarks by using the “COMMIT” trademark to market software, which could be purchased on its website from Germany. *fig 4*.

At first instance, the *Landgericht Düsseldorf* dismissed the principal claim consisting of an order to prohibit use of the “Commit” sign throughout the European Union, but it upheld the alternative claim for an order to prohibit use of the sign in Germany.

The plaintiff lodged an appeal with the *Oberlandesgericht Düsseldorf*, requesting that it accept its principal claim. The court considered that the defendant’s use of the word sign “COMMIT” gave rise, on the part of the average German-speaking consumer, to a likelihood of confusion with the EU trademark “COMBIT”. Nevertheless, in its view, there was no likelihood of confusion on the part of the average English-speaking consumer, who could readily understand the conceptual difference between the English verb to commit and the term “combit”, made up of the letters “com” for computer and “bit” for binary digit.

In those circumstances, the *Oberlandesgericht Düsseldorf*, in its reference for a preliminary ruling, asked the CJ which of the two consumer groups should be taken into account when assessing the likelihood of confusion, and whether the EU trademark must be deemed to have been infringed throughout the whole of the European Union or whether the Member States must be differentiated individually.

2. Findings.

In response to the questions referred, the CJ first of all considers that where there is a likelihood of confusion in one part of the European Union –in this case, in the German-speaking part of the EU- it must be concluded that an EU trademark has been infringed, even if there is no such likelihood of confusion in other parts of the European Union.

The CJ then goes one step further and assesses the consequences of such a finding of infringement. In that regard, it concludes that in a situation such as the one brought before it by the *Oberlandesgericht Düsseldorf*, the EU Trademark Court must issue an order to cease using the infringing sign throughout the whole of the European Union barring the part of that area for which there has been found to be no likelihood of confusion.

The Court nevertheless points out that it is for the defendant to demonstrate that

there is no likelihood of confusion in part of the European Union. In this situation, the EU Trademark Court must, in its decision, identify with precision that part of the EU that is excluded from the order to refrain from using the infringing sign. In this regard, the CJ indicates that in the case under analysis the term “English-speaking” employed by the German referring court is not sufficiently precise.

3. Remarks.

The CJ’s response to the question relating to the finding of infringement of the EU trademark is in keeping with the solution adopted in similar cases concerning oppositions to EU trademark applications, where it will suffice for there to be a likelihood of confusion with an earlier mark in just one part of the EU for registration to be denied.

As regards the prohibition order deriving from that finding of infringement, and the possibility of limiting its territorial scope, the CJ supports its reasoning with doctrine established in its earlier judgment of 12 April 2011, *DHL Express France*, [C-235/09](#). In that judgment, the CJ had ruled that a prohibition on proceeding with acts which infringe or would infringe an EU trademark must, as a rule, extend to the whole of the EU. It nevertheless established the proviso –paragraph 48 of the judgment- whereby the defendant had

to prove that the use of the infringing sign could not adversely affect, particularly for linguistic reasons, the trademark's function in a given part of the EU, in which case the EU Trademark Court had to limit the territorial scope of the prohibition order.

At first glance, this solution seems to contradict the principle of the unitary character of the EU trademark. The CJ is aware of this apparent contradiction and therefore states in the judgment that the interpretation that has been adopted does not undermine that principle because the right of the trademark holder to prohibit all use which adversely affects the functions inherent in that mark is preserved. However, the logic by which the CJ links those concepts is not made clear in the judgment.

Carlos MORÁN

fig 5



14

Action for recovery of ownership against the holder of a European Union trademark registration on the basis of Article 2.2 of the Spanish Trademark Act. Judgment of the Court of Justice of 23 November 2017, Benjumea Bravo ([C-381/16](#)).

1. Background.

On 24 January 2011, Mr. Salvador Benjumea Bravo de Laguna filed an application for registration of European Union trademark no. 009679093 SHOWER GREEN (figurative), which was granted by EUIPO –then OHIM– on 29 August 2011.

fig 5.

Mr. Esteban Torras Ferrazuolo brought an action before the EU Trademarks Courts in Alicante to recover ownership of that trademark. That action, which was based on Article 18 of [Regulation No. 207/2009](#) and [Article 2.2](#) of the Spanish Trademark Act (Law 17/2001), was dismissed in its entirety by Alicante Commercial Court no. 1.

The court held that Article 2.2 of the Spanish Trademark Act was not applicable, since action to recover ownership of an EU trademark could only be based on Article 18 of the Regulation. Also, given that the applicant of the trademark was not an agent or representative of the plaintiff's, the court considered that the case did not fall under the scenario described in Article 18 of the Regulation.

The judgment was appealed in the EU Trademarks Court, which partially accepted the appeal as far as the action for recovery of ownership was concerned, applying Spanish law and declaring the plaintiff to be the proprietor of the trade-

mark registration in question. In line with the findings of a previous ruling, the court held that, due to the reference to national law contained in Article 16 of Regulation No. 207/2009, Article 2.2 of the Spanish Trademark Act may apply in the case of EU trademark registrations whose proprietor is domiciled in Spain. Alicante Court of Appeal considered that the application had been filed in fraud of the plaintiff's rights.

The case went to the Spanish Supreme Court, which considered that there were aspects which required an interpretation of EU law and thus referred a question to the CJ for a preliminary ruling.

2. Findings.

The CJ began by pointing out that, under Article 16 of Regulation No. 207/2009, an EU trademark as an object of property shall be dealt with in its entirety, and for the whole area of the European Union, as a national trademark registered in the Member State in which the proprietor has his/her seat or domicile, or failing this, an establishment.

Article 18 of the aforementioned Regulation entitles the proprietor of a trademark to bring action for recovery of ownership against an agent or representative who has applied for registration of that mark without authorisation. As a result, action for recovery of ownership brought on the

basis of that provision will be governed exclusively by Regulation No. 207/2009. Other situations fall outside the scope of that Article and are not, therefore, specifically regulated by its provisions.

Based on the reference to national laws in Article 16, the CJ confirms that for situations that do not fall under Article 18 of Regulation No. 207/2009, actions for recovery of ownership of an EU trademark shall be governed by the national legislation of the Member State determined by the rules set out in Article 16 of the Regulation.

3. Remarks.

In upholding the doctrine that the EU Trademarks Court in Alicante had applied to the case, the CJ has established the possibility of bringing actions for recovery of ownership of an EU trademark in situations that are not specifically envisaged in the Regulation, provided that such a possibility is permitted under the law of the Member State where the proprietor has his/her seat, domicile or establishment.

Aggrieved parties whose trademark rights have been harmed by a third-party's fraudulent actions or breach of legal or contractual obligations are thus afforded greater legal protection, at least in cases where the applicable national law is the Spanish Trademark Act, Article 2.2 of

which establishes the action available for cases of this kind.

The repeal of Regulation no. 207/2009 due to the entry into force of [Regulation \(EU\) No. 2017/1001](#) on the European Union trade mark means that the provisions of Article 16 and 18 of the old Regulation have now been transferred to Articles 19 and 21, respectively, of the new Regulation. Therefore, the extension of protection in recovery of ownership claims has not been affected by the new Regulation's entry into force.

Patricia **GARCÍA**

15

Colour and position mark. Judgment of the Court of Justice of 12 June 2018, *Louboutin* ([C-163/16](#)).

1. Background.

The judgment ensues from the proceedings in The Hague between Christian Louboutin and Van Haren concerning the sale in the latter company's establishment of high-heeled women's shoes with red soles.

Christian Louboutin was the owner of a Benelux trademark for “high-heeled shoes” with the following description: “*The mark consists of the colour red (Pantone 18-1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trademark but is intended to show the positioning of the mark)*”. The representation of the mark is shown below:



With the validity of Christian Louboutin's mark having been called into question in the infringement proceedings, the referring court sought a preliminary ruling from the Court of Justice to determine whether a sign consisting of a colour applied to the sole of a high-heeled shoe, such as the sign at issue in the main proceedings, consists exclusively of the 'shape' which results from the nature of the goods themselves, the shape of the goods which is necessary to obtain a tech-

nical result, or the shape which gives substantial value to the goods.

2. Findings.

The Court begins by recalling that since [Directive 2008/95](#) does not provide any definition of the concept of ‘shape’, the meaning and scope of said concept must, as consistently held by the Court, be determined by considering its usual meaning in everyday language, while also taking into account the context in which it occurs and the purposes of the rules of which it is part (see, by analogy, judgment of 3 September 2014, *Deckmyn and Vrijheidsfonds*, [C-201/13](#), EU:C:2014:2132, par. 19).

In this regard, the judgment points out that it does not follow from Directive 2008/95 or from the Court’s case-law or from the usual meaning of the concept that a colour per se, without any outline, may constitute a ‘shape’. However, it raises the question as to whether the fact that a given colour is applied to a specific part of the product in question results in the sign at issue consisting of a shape within the meaning of Article 3(1)(e)(iii) of Directive 2008/95.

In this respect, it states that it should be noted that while the shape of the product or of a part of the product plays a role in creating an outline for the colour, it cannot be said that a sign consists of that shape when the registration of the mark

did not seek to protect that shape but sought solely to protect the application of a colour to a specific part of the product.

The Court accepts the observations put forward by the German, French and UK Governments and the Commission that the mark at issue does not relate to a specific shape of sole for high-heeled shoes, given that the description of the mark expressly states that the contour of the shoe does not form part of the mark and is intended purely to show the positioning of the red colour covered by the registration.

In any case, a sign such as the sign at issue in the main proceedings cannot be regarded as consisting ‘exclusively’ of a shape where, as in the present case, its main element is a specific colour designated by an internationally recognised identification code.

In the light of the above considerations, the judgment responds to the question referred for a preliminary ruling, indicating that Article 3(1)(e)(iii) of Directive 2008/95 must be interpreted as meaning that a sign consisting of a colour applied to the sole of a high-heeled shoe, such as the sign at issue in the main proceedings, does not consist exclusively of a ‘shape’ within the meaning of that provision.

3. Remarks.

In Christian Louboutin's struggle to protect its iconic sign, the red-coloured sole, this ruling from the Court of Justice can only be seen as a step forward.

The Court of Justice, which is normally rather strict when it comes to applying certain bars to registration to trademarks which are out of the ordinary, appears to be opening up to the reality that signs can now take unexpected forms and break away from the predictable panorama of traditional marks.

The colour red as a position mark on the sole of a high-heeled shoe can be perceived by a significant proportion of consumers as a sign associated with a manufacturer and, as such, be worthy of the corresponding protection.

Antonio CASTÁN

16

Freedom of expression and trademarks contrary to accepted principles of morality. Judgment of the Court of Justice of 27 February 2020, FACK JU GÖHTE ([C-240/18 P](#)).

1. Background.

On 21 April 2015, CONSTANTIN FILM PRODUKTION GmbH filed a European Union trademark application for Fack Ju Göhte (word) to cover goods and services in classes 3, 9, 14, 16, 18, 21, 25, 28, 30, 32, 33, 38 and 41. It should also be borne in mind that it is the title of a highly successful 2013 German comedy film, with sequels in 2015 (Fack ju Göhte 2) and 2017 (Fack ju Göhte 3) that were also successful.

The EUIPO refused the application in a decision dated 25 September 2015, as the examiner considered that the first part of the mark “Fack ju” (in German), when pronounced, was similar to the English expression “Fuck you”. It was therefore held to be contrary to public policy and accepted principles of morality, and Article 7(1)(f) [CTMR 207/2009](#) was deemed to be applicable. The examiner’s decision was upheld by the EUIPO’s Board of Appeal in its decision of 1 December 2016.

The appeal lodged by CONSTANTIN FILM before the General Court (“GC”) was dismissed in the judgment of 24 January 2018 ([T-69/17](#)) [*not available in English*]. The arguments put forward by the GC in its dismissal of the appeal can be summarised as follows:

- a) The expression “fuck you” (the expression in English that sounds like “fack

ju”) is vulgar and offensive and it will be perceived by the relevant public (German and Austrian) as inherently vulgar and offensive. It is thus a manifestly obscene mark that is contrary to accepted principles of morality.

- b) The inclusion of the name Göhte (alluding to the name of the respected playwright and author Johann Wolfgang von Goethe) does not lessen the vulgarity of the expression “fack ju”. It makes the situation worse because it implies a degrading and vulgar posthumous insult to the author.
- c) The circumstance concerning the fame of the film cannot be relied on as a factor favouring the grant of the mark given that the public will not necessarily perceive trademarks and film titles in the same way: i) the purpose of trademark rights is to ensure undistorted competition and not freedom of expression; ii) the title of a film serves to distinguish one artistic work from another and to designate its content, while also serving as an expression of freedom of expression and artistic freedom.

2. Findings.

An appeal was filed against the GC’s ruling, and the appeal was accepted by the Court of Justice (“CJ”) in its judgment of 27 February 2020 ([C-240/18 P](#)), setting aside the decisions by the GC and the

Board of Appeal. The CJ’s judgment was based on the following principles:

- a) To refuse a trademark, it is not sufficient for an expression to be regarded as being in bad taste. Moreover, the concept of “accepted principles of morality” should refer to the fundamental moral values and standards of society, which can evolve over time and vary from place to place, and they should be determined according to the social consensus prevailing in each society at the time of the assessment. For the purpose of that assessment, account should be taken of the social context, including, where appropriate, the cultural, religious or philosophical diversities that characterise it, in order to objectively assess what that society considers to be morally acceptable at that time;
- b) The perception of a trademark as being contrary to “accepted principles of morality” should not be determined in an abstract manner and it requires an analysis of all the elements specific to the case in order to determine how the relevant public (a reasonable person with average thresholds of sensitivity and tolerance) would perceive such a sign;

With these principles in mind, the CJ criticises the lower instance decisions, stating that the GC could not confine itself to a

mere abstract assessment of “fack ju” and of the English expression with which it could be associated. The CJ finds that, on the contrary, the GC should have considered, for example, the circumstance that it was the title of a film that did not appear to have generated controversy among the German-speaking public.

The CJ expands on this argument, stating that the word sign “Fack Ju Göhte” is the title of a German comedy film, produced by the appellant, which was one of the biggest cinema hits in Germany in 2013 and was watched by several million people at the time of its release. In this regard, the CJ concludes that *“although the success of a film does not automatically prove the social acceptance of its title and of a word sign of the same name, it is at least an indication of such acceptance which must be assessed in the light of all the relevant factors in the case in order to establish, in concrete terms, the perception of that sign in the event of use of that sign as a trademark”*.

These circumstances lead the CJ to consider that the GC’s refusal of the mark Fack ju Göhte was not correctly founded, and it therefore sets aside the decisions refusing the mark. The CJ completes its arguments by underlining the importance of the principle of freedom of expression in trademark law. In this regard, it states: *“Lastly, it should also be added that, con-*

trary to the General Court’s finding in paragraph 29 of the judgment under appeal, that ‘there is, in the field of art, culture and literature, a constant concern to preserve freedom of expression which does not exist in the field of trademarks’, freedom of expression, enshrined in Article 11 of the Charter of Fundamental Rights of the European Union, must [...] be taken into account when applying Article 7(1)(f) of Regulation No. 207/2009. Such a finding is corroborated, moreover, by recital 21 of Regulation No. 2015/2424, which amended Regulation No. 207/2009, and recital 21 of Regulation No. 2017/1001, both of which expressly emphasise the need to apply those regulations in such a way as to ensure full respect for fundamental rights and freedoms, in particular freedom of expression” (paragraph 56).

3. Remarks.

There can be no doubt that the judgment handed down in the Fack Ju Göhte case could have a significant bearing on future decisions when applying the provisions of the current Article 7(1)(f) [EUTMR 2017/1001](#) and, consequently, on the analysis to be conducted with regard to trademarks which may be contrary to accepted principles of morality (and, by extension, to public order). In this regard, the judgment could have an impact on several areas, including, in particular, the role of freedom of expression in trademark law.

Thus, the judgment shows that the CJ has aligned itself with the views that already prevail in other jurisdictions, such as the United States, holding that when analysing the bar against registering trademarks that are contrary to accepted principles of morality, the principle of freedom of expression must be taken into account.

Focusing on the European Union, we must work on the basis that the principle of freedom of expression is applicable to business and commercial matters, as established by the European Court of Human Rights (“ECHR”). Moreover, the ECHR has for decades held that freedom of expression covers advertising. Therefore, it should not be any surprise that the current trend is in the direction of greater influence of the principle of freedom of expression in commercial matters.

This trend is also to be noted in trademark law and, in particular, it is reflected in recital 27 of the Trademarks [Directive 2015/2436](#) and recital 21 of [EUTMR 2017/1001](#), which include freedom of expression as a limitation on trademark owners with regard to the use that third parties may make of the trademark for literary or artistic purposes, parody, etc.

The CJ refers to this circumstance in the judgment reviewed here when stating that recital 21 of EUTMR 2017/1001 recognises that principle. However, we would men-

tion that the case of recital 21 serves to ensure respect for freedom of expression in the context of use of the mark in an artistic work, intellectual work, critique, etc. and, in principle, it should be considered in relation to Article 14 EUTMR 2017/1001 (limitation of the effects of an EU trademark) and not Article 7(1)(f) EUTMR 2017/1001. In any case, what is really important is that the CJ has clearly acknowledged the role of the principle of freedom of expression in trademark law and, in particular, in relation to the bar against registering trademarks that are contrary to accepted principles of morality.

Moreover, the doctrine established by this judgment could result in changes to how this issue is addressed. Thus, in contrast to the settled position adopted to date in several rulings by the CJ, we now have the notion put forward by the CJ that, in the European Union as well, the principle of freedom of expression should be taken into account when analysing the bar against registering trademarks that are contrary to accepted principles of morality. This could lead to a less stringent application of the bar to registration which might even be transferable to other types of marks, as might be the case with marks for which, given their communicative nature, their suitability for registration could be defended under the principle of free-

dom of commercial expression, which, as we have seen, covers advertising.

Jesús GÓMEZ MONTERO

17

Acknowledgement that the owner of a trademark that has been revoked on grounds of non-use is entitled to seek damages for infringement. Judgment of the Court of Justice of 26 March 2020, Cooper International Spirits ([C-622/18](#)).

1. Background.

The judgment was in response to a request for a preliminary ruling made in the context of an action before the French courts for infringement of the mark SAINT GERMAIN covering alcoholic beverages, brought by the owner of the mark against companies that were producing and distributing a liqueur under the name “St-Germain”. In parallel proceedings, the mark had been revoked on grounds of non-use, but the complainant maintained its damages claim for the earlier period not covered by the revocation.

Specifically, the mark was registered in May 2006 and its revocation was declared in a judgment dated 28 February 2013, made effective retroactively from 13 May 2011, that is, five years after the grant of the mark. Therefore, the mark had never been used. Nevertheless, the complainant claimed compensation for damages for the period prior to the revocation which was not time-barred, from 8 June 2009 to 13 May 2011.

Under French law, the effects of the declaration of revocation are regulated in the following terms: “*the rights of a trademark proprietor who, without proper reason, has not made genuine use of those rights in respect of the goods and services referred to in the registration during an uninterrupted period of five years, shall be revoked. Revo-*

ation shall take effect on the date of expiry of the five-year period laid down in the first paragraph of this article. It shall have absolute effect”.

In light of the above, the French Court of Cassation referred a question to the Court of Justice for a preliminary ruling with regard to whether the owner of a trademark, who has never used it and whose rights in the same have been revoked on expiry of the legally established five-year period, may claim that the essential function of his or her trademark has been affected and, consequently, seek compensation for damage sustained as a result of the use by a third party of an identical or similar sign during the five-year period following registration of the mark.

2. Findings.

The Court of Justice first recalls that [Directive 2008/95](#) to harmonise the laws on trademarks states that the Member States should remain free to determine the effects of revocation. Consequently, a national law which establishes the *dies a quo* from the date of expiry of the five-year period without use, is not contrary to EU law. If this is the case, there is nothing to prevent the filing of an action for infringement of trademark rights in relation to conduct during that period, with the corresponding claim for damages, if permitted under national legislation.

However, with regard to the award of damages, the Court points out that [Directive 2004/48](#) on the enforcement of intellectual property rights stipulates that the compensation must be “*appropriate to the actual prejudice suffered by [the proprietor of the trademark] as a result of the infringement*”. Therefore, while the fact that a trademark has not been used does not, in itself, preclude compensation for acts constituting trademark infringement, in the Court’s view it is an important factor to be taken into account in determining the existence and, as the case may be, the extent of the damage sustained by the owner and, therefore, the amount of damages that the owner may claim.

3. Remarks.

The Court of Justice had already clarified in its judgment of 21 December 2016 (*Län-sförsäkringar*, [C-654/15](#)) that the exclusive rights of the owner of a registered trademark can be enforced against third parties without having to demonstrate use of the mark, if the action is undertaken within the five-year grace period following registration.

In this judgment, the Court goes a step further and confirms the possibility that national laws can permit a holder of a national trademark registration which has been revoked on grounds that it has never been used, to nevertheless claim compen-

sation for damages for the infringement of the trademark during the period in which the registration was in force. However, it adds an important detail, namely, that the absence of use should be taken into account as a relevant factor when setting the amount of the compensation.

As for the consequences of this judgment in Spain, it should be noted that the effects of the revocation of trademarks are regulated as follows under [Article 60](#) of the Spanish Trademark Act: *“A registered trademark shall be deemed not to have had, as from the date of the application for revocation or the counterclaim, the effects specified in this Act, to the extent that the owner’s rights have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be set in the decision on the application or claim for revocation at the request of one of the parties”*. This provision of Spanish law essentially reproduces the provisions of Article 62 of [Regulation \(EU\) 2017/1001](#), and therefore the situation for European Union trademarks is the same.

Therefore, if requested by the party seeking revocation, in Spain it is also possible for the declaration of revocation to be made effective retroactively from the date of expiry of the five-year period of non-use of the mark. Nevertheless, the owner of the mark could claim compensation for damage sustained if the infringement of

his or her trademark occurred in a period not covered by the effects of the revocation. However, it remains to be seen what amount of compensation will be determined by the Spanish courts in such cases.

Carlos **MORÁN**

**Copyright,
the Information Society,
the Internet**

18

Identification of the user of an IP address in civil proceedings concerning copyright infringement.

Judgment of the Court of Justice of 19 April 2012, *Bonnier* ([C-461/10](#)).

1. Background.

The publishing company Bonnier Audio, which holds exclusive rights to the reproduction, publishing and distribution to the public of 27 works in the form of audio books, asked a Swedish court to issue an order to the Internet service provider ePhone to disclose the user name and IP address from which the files containing those works were presumably sent by means of an FTP (“file transfer protocol”) server for a file exchange. The service provider, ePhone, challenged that petition, arguing that the order was contrary to [Directive 2006/24](#) on the protection of data, since it basically referred to civil proceedings.

2. Findings.

The judgment begins by pointing out that the disclosure requested by Bonnier Audio (identification of an Internet subscriber or user) involves the processing of personal data which falls within the scope of [Directive 2002/58](#). At the same time, it indicates that the request for the disclosure of that personal data in order to ensure effective copyright protection falls within the scope of [Directive 2004/48](#) concerning extension of the enforcement of intellectual property rights

The judgment goes on to refer to the fact that the Court had already ruled on the clash between the two Directives in its

Promusicae judgment, 2008 ([C-275/06](#)). In that judgment, the Court found that the joint interpretation of the two Directives does not object to the Member States' laying down an obligation to communicate personal data to private persons in order to enable them to bring civil proceedings for copyright infringement, but *neither does it render it mandatory* for them to do so. The Court added that when adapting their national laws, the Member States should try and interpret both Directives in such a way that a fair balance would be struck between the various fundamental rights to which they refer.

The judgment then examines Swedish national law and states that pursuant to same, a court order to disclose the data in question may be issued provided that there is clear evidence of the infringement of an intellectual property right in a work, that the requested information can facilitate the investigation into the copyright infringement, and that the reasons for the measure outweigh the harm which the measure may entail for the person affected by it or for some other conflicting interest. Therefore, in the Court's view, *“that legislation enables the national court seized of an application for an order for disclosure of personal data, made by a person who is entitled to act, to weigh the conflicting interests involved, on the basis of the facts of each case and taking due ac-*

count of the requirements of the principle of proportionality”. The judgment goes on to state that *“in those circumstances, such legislation must be regarded as likely, in principle, to ensure a fair balance between the protection of intellectual property rights enjoyed by copyright holders and the protection of personal data enjoyed by Internet subscribers or users”*.

The judgment concludes that *“[Directive 2006/24/EC](#) of the European Parliament and of the Council of 15 March 2006 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC must be interpreted as not precluding the application of national legislation based on Article 8 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights which, in order to identify an internet subscriber or user, permits an internet service provider in civil proceedings to be ordered to give a copyright holder or its representative information on the subscriber to whom the internet service provider provided an IP address which was allegedly used in an infringement, since that legislation does not fall within the material scope of Directive 2006/24”*.

3. Remarks.

Although this judgment does not mark a change of direction by the CJ in respect of the possibility of requiring an Internet service provider to disclose data on the holder of an IP address in order to be able to bring civil proceedings for copyright infringement, it can be held to shed some light on the grey areas that seemed to have cropped up in this area following the *Promusicae* judgment. It is now clear that national legislation may lay down the obligation to communicate personal data to enable the institution of civil action, provided that said legislation allows the court to weigh up the conflicting interests involved in each case. It remains to be seen whether, in the absence of an express national provision, such a petition would only be able to rely on Directive 2004/48, or whether the judgment would warrant a legislative change in the countries which do not explicitly provide for this possibility or which are opposed to same.

Antonio CASTÁN

19

Resale of user licences for computer programs. Exhaustion of the distribution right. Judgment of the Court of Justice of 3 July 2012, UsedSoft ([C-128/11](#)).

1. Background.

UsedSoft is a German company which markets used software licences which it acquires previously from lawful licensees who either do not wish to continue using the programs or who acquire more licences than they actually need. Among the products that they offer are used licences for programs developed by Oracle, specifically, database software. These licences enable new acquirers to either download the program from Oracle's website or, in the event that they already have a copy of that software, make new copies to be installed in other work stations. Oracle, as the author of the computer programs in question and the holder of the rights in same, considered that the activities carried out by UsedSoft and its clients damaged its exclusive right of reproduction insofar as the licence agreements state that the right to use the programs is non-transferable. UsedSoft, however, argued that the first assignment of the right of use by Oracle in the European Union exhausts its distribution right, and so subsequent sales of the program were fully legitimate. The case went to the *Bundesgerichtshof*, which referred a number of questions to the CJ aimed at clarifying whether, under the provisions of Directives [2009/24/EC](#) (on the legal protection of computer programs) and [2001/29/EC](#) (on the harmonisation of certain aspects of copyright and

related rights in the information society), the acts of UsedSoft and its clients were covered by the principle of exhaustion of the distribution right.

2. Findings.

Article 4(2) of Directive 2009/24/EC states that “*the first sale in the Community of a copy of a program by the right-holder or with his consent shall exhaust the distribution right within the Community of that copy (...)*”. The first issue to be determined is whether the downloading from the Internet of a copy of a computer program, authorised by virtue of a licence agreement which confers, for a price, the right to use the program for an unlimited period, can be regarded as a “sale” under the terms of the aforementioned provision. In that regard, the CJ considers that the term “sale” must be interpreted in the broad sense, so that the transactions in question can fall neatly within its scope. It is irrelevant whether the copy of the computer program has been made available to the client as an Internet download or by means of a material medium, such as a CD-ROM or DVD. Otherwise, Article 4(2) would be rendered ineffective, since it would suffice to call the contract a “licence” rather than a “sale” in order to circumvent the rule of exhaustion

It is nevertheless the case that under Directive 2001/29/EC, the exhaustion of

the distribution right refers exclusively to tangible property. Recital 29 of the Directive expressly states that “the question of exhaustion does not arise in the case of services and on-line services in particular” and “*unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every on-line service is in fact an act which should be subject to authorisation (...)*”. In view of this provision, the Court affirms that Directive 2009/24/EC constitutes a *lex specialis* in relation to Directive 2001/29/EC, and that it is nevertheless necessary to bear in mind the provisions of Article 1(2)(a) of the latter, pursuant to which the existing Community provisions relating to the legal protection of computer programs will not be affected by the Directive. According to the Court, the intention of the European Union legislature is to assimilate, for the purposes of the protection laid down by Directive 2009/24/EC, tangible and intangible copies of computer programs, since from an economic perspective, the sale of a computer program on CD-ROM or DVD is functionally equivalent to downloading it from the Internet. Consequently, in light of the principle of equal treatment, Article 4(2) of Directive 2009/24/EC must be interpreted as meaning that the exhaustion of the distribution right takes effect after the first sale in the European Union

of a copy of a computer program by the copyright holder or with his consent, regardless of whether the sale relates to a tangible or intangible copy of the program and despite the existence of contractual provisions prohibiting the sub-transfer of the right of use.

As a result of the above, subsequent acquirers of the copy of the computer program must be regarded as lawful acquirers, and they will be able to carry out any acts necessary for the use of the computer program in accordance with Article 5(1) of the Directive on computer programs.

However, the Court highlights the importance of making the initial copy unusable at the time of its resale, since otherwise, the holder's exclusive right of reproduction of his computer program would be infringed. The fact that each licence is granted for a certain number of users, and that it is impossible to "split" it so that it covers a greater number than what had been agreed, cannot be circumvented. To that end, the rightholder can ensure by all technical means at his disposal that the copy still in the hands of the reseller is made unusable.

3. Remarks.

This Judgment sets an extremely important precedent in the area of computer programs, since it redefines the concept of exhaustion of the distribution right for

works of this kind. By this Judgment, the CJ renders the marketing of software by Internet downloads equivalent to its sale on material media, which breaks with the traditional definitions of "distribution" and "making available to the public" laid down in Directive 2001/29/EC. This means, among other things, that the holders of rights in computer programs will no longer be able to rely on the non-transferability of user licences granted in the European Union, since their rights will have been exhausted upon the first sale, regardless of whether the medium that the lawful user has utilised to access the software is tangible or intangible.

Patricia **MARISCAL**

20

International legal jurisdiction in matters of copyright infringement on the Internet. Judgment of the Court of Justice of 3 October 2013, Pinckney ([C-170/12](#)).

1. Background.

In this conflict, the plaintiff – Mr. P. Pinckney –, a resident of Toulouse, claimed to be the author of a series of musical works that had been reproduced without his consent by an Austrian company – Mediatech – and subsequently marketed by two UK companies over the Internet, such that the works in question were available to the public on various Internet sites accessible from the plaintiff's home in France. Mr. Pinckney filed a complaint against Mediatech with the *Tribunal de Grande Instance de Toulouse* (the Toulouse Regional Court) seeking compensation for damage caused by infringement of his rights. Mediatech, meanwhile, challenged the jurisdiction of the French courts. The court dismissed the plea of lack of jurisdiction and the Austrian company appealed to the *Cour d'appel de Toulouse* (the Toulouse Court of Appeal), which subsequently found that the Tribunal de Grande Instance de Toulouse lacked jurisdiction on grounds that the defendant is domiciled in Austria and the place where the damage occurred could not be situated in France. Mr. Pinckney appealed to the French Court of cassation, which decided to stay the proceedings and refer a series of questions to the Court of Justice regarding the interpretation of Article 5.3 of Council [Regulation No. 44/2001](#) on jurisdiction and the recognition and enforcement of judgments

in civil and commercial matters (“Brussels I” Regulation).

2. Findings.

The said provision expressly states that: *“Persons domiciled in a Member State may be sued in the courts of another Member State: [...] in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur”*.

The basic question raised in this case is whether a court in whose territory the content of a work whose distribution has not been authorized by the author may be accessed online, the said territory being different from the territory where the infringement has taken place, has jurisdiction to hear a complaint seeking damages or whether the content has to be specifically directed at the public located in that Member State.

The Court of Justice replied to the pre-trial question referred in the affirmative, the main argument being that the likelihood of damage deriving from copyright infringement materializing in a specific Member State depends solely on whether (i) the rights which the plaintiff claims to have been infringed are protected in the territory of the Member State and (ii) whether it is possible to access the work in question from that Member State through an Internet site. However, the Court also

held that the court seized only has jurisdiction to adjudicate with respect to the harm caused in the territory of the Member State to which it belongs, which is consistent with the principle of territoriality that applies in matters pertaining to the protection of intellectual property rights.

3. Remarks.

As the Court of Justice previously held in its judgment of 7 March 1995 (*Shevill* case, [C-68/93](#)), the expression *“place where the harmful event occurred or may occur”* refers both to the place where the harm was caused and to the place where the harmful event occurred. For obvious reasons, this dichotomy takes on particular relevance when it comes to infringements that occur online. With this judgment, which continues the reasoning previously set out in its decisions of 25 October 2011 (*eDate Advertising*, [C-509/09](#)) and 19 April 2012 (*Wintersteiger*, [C-523/10](#)), the Court of Justice affords rightholders the possibility of bringing claims for damages against infringements resulting from making their works and other subject matter available to the public on the Internet.

Patricia MARISCAL

21

Internet links and communication to the public.

Judgment of the Court of Justice of 13 February 2014, Svensson ([C-466/12](#)).

1. Background.

Is a person who supplies Internet links carrying out acts of communication to the public? This is essentially the crux of the Svensson case. A number of Swedish journalists brought action for damages against a press company that published links on its website through which users were directed to the claimants' press articles, which could be found in the original publications available on the Internet. The claimants emphasised the fact that it was not clear to users that they had been redirected to the website where the original texts could be found. The defendant, however, argued that it was clear to users that they had been redirected to another site. Article 3(1) of [Directive 2001/29/EC](#) on the Information Society provides that authors have the exclusive right to authorise any communication to the public of their works, including making them available via interactive media. On the basis of this article, the claimants considered that the links constituted unauthorised acts of communication to the public, whilst the website in question maintained that it did not carry out any transmission of the works, since *"its action is limited to indicating to its clients the websites on which the works that are of interest to them are to be found"*.

The Swedish court referred four questions for a preliminary ruling: a) firstly, whether

supplying a clickable link on a website can constitute communication to the public; b) secondly, whether the assessment of the first question can be affected by the fact that the linked work is freely accessible on the Internet; c) whether the user's impression of being on the same or a different website should be taken into account; and d) lastly, whether the Member States can give wider protection to authors' exclusive rights than what is provided under the Directive.

2. Findings.

In order to answer the first question, the Court clarified that communication to the public included two cumulative criteria, namely, an act of communication and communication to a new public. As regards the first criterion, the Court was clear on the fact that providing clickable links on a website which can direct users to protected works can be considered as "making available", and thus an act of communication within the meaning of Article 3(1) of the Directive. Nevertheless, the CJ did not consider that the second criterion necessary in an act of communication to the public was present. In the Court's view, the term "public" not only requires the existence of an indeterminate number of potential recipients, but also a public "that was not taken into account by the copyright holders when they authorised the initial communication to the public".

On the basis of this analysis, the Court responds to this specific case by denying the occurrence of an act of communication to the public, since the communication at issue "*does not lead to the works in question being communicated to a new public*" given that "*access to the works on that site was not subject to any restrictive measures, all Internet users could therefore have free access to them.*"

The absence of a new public meant that fresh authorisation from the copyright holders was not required, since they had already taken that public into account when they authorised the initial communication to the public of the works on the Internet.

As far as the Court was concerned, the "*look and feel*" perceived by the Internet user who clicks on the link is likewise irrelevant, and there is no separate act of exploitation requiring authorisation if "*the work appears in such a way as to give the impression that it is appearing on the site on which that link is found*".

The last question is no less important than the previous questions, although it may have gone more unnoticed as it does not deal with the central issue under debate. It affects the national legislators' ability to configure the content of copyright once it has been harmonised on a Community level. Communication to the

public not present at the place where the communication originates (recital 23 of the Directive) is harmonised on a Community level in order “*to remedy the legislative differences and legal uncertainty that exist in relation to copyright protection*”, according to the judgment. For that reason, it is inadmissible that “*a Member State may give wider protection to copyright holders by laying down that the concept of communication to the public also includes activities other than those referred to in Article 3(1) of Directive 2001/29*”, since it would “*have the effect of creating legislative differences and thus, for third parties, legal uncertainty.*” Since recital 7 of the Directive highlighted that it did not seek to remove or prevent legislative differences that did not affect the functioning of the internal market, the Court explains that the market would be adversely affected if the concept of communication to the public covered different content in the different countries.

3. Remarks.

The Svensson judgment has had a huge impact on the legal framework of copyright and, in Spain, it has altered reiterated declarations from the Spanish courts which had held that the mere act of linking did not affect the right of communication to the public. Based on this decision, copyright holders will be able to take action against links which direct to works

being offered on third-party sites without the author’s consent. The repercussions are considerable, and the first judgments taking this new legal doctrine into account have already been rendered, though surprisingly by the criminal courts. The consequences potentially deriving from the fact that the Member States cannot broaden (or indeed reduce) the content of copyright with respect to the provisions of the fully harmonised EU law will also be considerable.

Pablo HERNÁNDEZ

fig 5



22

The parody limitation is a self-standing concept of Community law which merely requires mockery and differentiation from the parodied work. Judgment of the Court of Justice of 3 September 2014, Deckmyn ([C-201/13](#)).

1. Background.

The plaintiff, Mr. Vandersteen, is the creator of a drawing published on the cover of a famous 60's comic book entitled *De Wilde Weldoener* (The Compulsive Benefactor). The drawing depicts a man wearing a white tunic flying over a city and throwing out coins to the masses. The defendant, Mr. Deckmyn, a political party member, transformed Mr. Vandersteen's work for the purpose of illustrating 2011 calendars with obvious political content. In Mr. Deckmyn's drawing, the main character can be recognised as being the mayor of the City of Ghent, and the people picking up the coins are people of colour or wearing veils. *fig 5*.

The plaintiff in the main proceedings argued that his work had been used without his consent and associated with a political message which damaged his interests as the author. The defendant contended that it was a political caricature, allowed under Belgian law. Under those circumstances, the Dutch court referred a question to the CJ for a preliminary ruling in order to determine whether the parody limitation was an autonomous concept of EU law and, if so, what conditions must be satisfied in order for it to be held to be in conformity with Article 5(3)(k) of Directive [2001/29/EC](#) on the Information Society.

2. Findings.

The CJ based its findings on the premise that parody is an autonomous concept of Community law and, as such, must be interpreted in a uniform manner throughout the whole of the European Union. However, the Court added that its limits are optional for the Member States. Given that Directive 2001/29/EC does not give a definition of the term, the meaning of parody must be determined in accordance with its usual meaning in everyday language, i.e., as an expression of humour or mockery, in which an existing work is evoked but with noticeable differences. This means that, under EU law, other additional requirements laid down in the laws of the different countries, such as originality of the parody, the obligation to cite the parodied work and its author and the requirement whereby the target of the ridicule must be the parodied work itself, do not need to be met in order for the parody limitation to apply.

On having established the above, the CJ described the criteria under which the referring court must assess whether the limitation should apply in the case in hand. It referred to three guidelines or principles, namely: the strict manner in which all limitations on copyright must be interpreted; the need to safeguard the effectiveness of the exception; and the need to fairly evaluate the interests at play so that a balance

can be struck between the rights of the author of the work (and the author's right to ensure that his/her work is not associated with a discriminatory message) and the freedom of expression of the users of the work.

3. Remarks.

The case-law established by the CJ in this judgment is of great significance for at least two reasons. First of all, because it defines the Community concept of parody, and secondly, because the Court has laid down new criteria for interpreting exceptions to copyright.

With respect to the first aspect, the legal doctrine established here can be expected to have a significant impact on the application of the parody limitation in the various Member States. The lax manner in which parody is defined, avoiding the current widely-accepted differentiation between "weapon parody" and "target parody", and the fact that no requirements are necessary other than the parody's humorous nature and its differentiation from the work that it evokes, considerably broadens the limitation's scope of application.

The Court also appears to have moved away from stringent criteria for interpreting exceptions to copyright and, following a new line of interpretation already heralded in the judgment of 1 December 2011 ([Painer case](#)) has set new parameters for

observing the correct application of the limitations.

Patricia **MARISCAL**

fig 6



23

Compensation for moral prejudice and hypothetical royalties as cumulative criteria in damages claims. Judgment of the Court of Justice of 17 March 2016, Liffers ([C-99/15](#)).

1. Background.

Mr. Liffers, the director, scriptwriter and producer of the audiovisual work entitled *Dos patrias, Cuba y la noche* (Two Homelands: Cuba and the Night), sued the producer Mandarin and the Spanish television channel Telecinco in relation to an audiovisual documentary on child prostitution in Cuba, which included certain passages of the work *Dos patrias, Cuba y la noche*.

The plaintiff's work related six personal and intimate stories concerning various inhabitants of Havana (Cuba), whose common denominator was the fact that they were all homosexual or transsexual. Meanwhile, the documentary dealt with child prostitution in Cuba and portrayed criminal activities recorded using a hidden camera. *fig 6*.

The plaintiff claimed compensation of 6,740 Euros for infringement of exploitation rights based on hypothetical royalties that would have been due to him had the use been authorised, and an additional sum of 10,000 Euros for the moral prejudice claimed to have been suffered.

The question referred to the Court of Justice concerns the issue of determining whether compensation for moral prejudice may be claimed where the plaintiff has opted for redress based on the hypothetical royalties criterion. In [Directive](#)

[2004/48/EC](#) of the European Parliament and of the Council, of 29 April 2004, on the enforcement of intellectual property rights, and in Spanish law, compensation for moral prejudice is categorised within the context of negative economic consequences.

2. Findings.

The court begins by pointing out that the first subparagraph of Article 13.1 of Directive 2004/48 lays down the general rule whereby the competent judicial authorities must order the infringer to pay the aggrieved rightholder damages ‘appropriate to the actual prejudice suffered by him/her as a result of the infringement’, and that moral prejudice, such as damage to the reputation of the author of a work constitutes, provided that it is proven, a component of the damage actually suffered by that party.

The judgment also points out that the purpose of Directive 2004/48 is to ensure a “high, equivalent and homogeneous” level of intellectual property protection in the Internal Market, and that the measures, procedures and remedies provided for should be determined in each case in such a manner as to take due account of the specific characteristics of that case. Consequently, the calculation of the damages payable to the rightholder must seek to ensure that the latter is compensated

in full for the ‘actual prejudice suffered’ by him, which also includes any moral prejudice.

Based on those premises, the court concludes that setting the amount of damages due as a lump sum on the basis of hypothetical royalties alone covers only the ‘material damage’ suffered by the intellectual property rightholder concerned. Therefore, in order to secure full compensation, that rightholder must be able to seek, in addition to the damages calculated in that manner, compensation for any moral prejudice which he has suffered.

In short, Article 13.1 of Directive 2004/48/EC must be interpreted as permitting a party injured by an intellectual property infringement, who claims compensation for material damage calculated, in accordance with heading (b) of the second subparagraph of Article 13.1, on the basis of the amount of royalties or fees which would have been due to him if the infringer had requested his authorisation to use that right, also to claim compensation for moral prejudice under heading (a) of the second subparagraph of Article 13.1.

3. Remarks.

The incorrect systematic categorisation of compensation for moral prejudice in Directive 2004/48 had raised a number of questions regarding the possibility of claiming such damages in cases where

the holder of the infringed right had opted for the hypothetical royalties criterion to compensate for material damages.

This legislative defect has been corrected by the Court of Justice in this judgment with a finding that, despite being obvious, is no less relevant. If the nature of compensation for moral prejudice is different from that of compensation for material damage, and the Directive seeks to provide the rightholder with ‘appropriate’ compensation with regard to the prejudice ‘actually’ suffered, why should the criteria concerning each type of damage not be cumulative?

The significance of the judgment goes beyond copyright: the problem of accumulating compensation for moral prejudice and hypothetical royalties also exists in trademark, patent and design legislation.

Antonio **CASTÁN**

24

Financing the levy from the General State Budget is incompatible with EU law. Judgment of the Court of Justice of 9 June 2016, EGEDA ([C-470/14](#)).

1. Background.

In 2011, Spain abolished the existing scheme for fair compensation by means of a levy and introduced a new procedure, the main feature of which was that it was financed from the General State Budget. The legislation regulating this new system was opposed by all the Spanish copyright collecting societies in the Contentious-Administrative Chamber of the Spanish Supreme Court. The plaintiffs sought the annulment of the law in question on the grounds that it was incompatible with EU law. They argued that the principle established in CJ case-law whereby the fair compensation should ultimately borne by the natural persons who make private copies is not respected in a system such as the Spanish one, in which the compensation is borne by all taxpayers without drawing any distinctions. They also argued that financing the fair compensation from the General State Budget did not guarantee its fairness.

The Supreme Court stayed the proceedings and made a reference for a preliminary ruling to the CJ, essentially asking whether a scheme consisting of financing compensation from the General State Budget, which does not ensure that the cost of the compensation is borne by the users of private copies, and in which that cost is set within the budgetary limits established for each financial year, is

compatible with Article 5.2.b) of [Directive 2001/29/EC](#).

2. Findings.

The Court begins by stating that a scheme for fair compensation for private copying which is financed from the General State Budget is not necessarily incompatible with EU law. However, such a scheme must respect the principle, established in previous judgments, whereby the debtor of the compensation cannot be a legal person, since such persons will never be able to benefit from the private copying exception. A different matter is the fact that they can be considered as liable for payment, provided that they can subsequently pass the cost on to the natural persons making the private copies, who are ultimately those who must actually be liable for payment of that compensation.

According to the CJ, since the Spanish system does not provide for the definite allocation of revenue to particular expenditure, the budgetary item intended for the payment of the fair compensation is financed by all taxpayers, including legal persons, and there is no mechanism whatsoever that enables such persons – who are nevertheless excluded from the scope of Article 5.2.b) – to apply for exemption from the obligation to contribute towards the financing of that compensation or at least seek reimbursement. It thus

considers that a scheme for financing fair compensation for private copying from the General State Budget, such as the system that has been implemented in Spain, must be considered as incompatible with EU law, and specifically, with the provisions of Article 5.2.b) of Directive 2001/29.

3. Remarks.

The judgment in question can be considered as the culmination of a whole series of warnings and findings on the incompatibility of the Spanish scheme for financing compensation from the General State Budget with [Directive 2001/29/EC](#), voiced even before that scheme came into being. It is worth noting that the Spanish levy-based scheme for fair compensation, in force until 2011, had been analysed by the CJ in *Padawan* (judgment of 21 October 2010, [C-467/08](#)) precisely because it did not guarantee that the natural persons who benefited from private copying were the ones who actually paid the levy. Later decisions by the CJ on this subject (*Stichting de Thuiskopie* [C-462/09](#), *Amazon Internacional* [C-521/11](#), or *Copydan* [C-463/12](#)) merely highlighted the fact that this peculiar compensation scheme was doomed to fail.

Patricia MARISCAL

25

“Punitive” damages corresponding to twice the hypothetical royalty in copyright matters. Judgment of the Court of Justice of 25 January 2017, *Olawska* ([C-367/15](#)).

1. Background.

The copyright collecting society authorised in Poland to manage rights relating to audiovisual works brought proceedings against OTK in connection with the broadcasting of television programmes via cable network in a Polish city. The plaintiff claimed compensation of twice the fee due for use of copyright.

Following a number of procedural issues, the Polish Supreme Court decided to refer a question to the Court of Justice in order to determine whether the award of damages as a lump sum corresponding to twice the amount of the appropriate fee, or more, is compatible with the aim of not introducing punitive damages stated in [Directive 2004/48/EC](#).

2. Findings.

The CJ begins by pointing out that Directive 2004/48 seeks to ensure the effective application of intellectual property legislation, according to which the measures, procedures and remedies provided for by the Member States must be effective, proportionate and dissuasive. The judgment goes on to indicate, by way of an introduction, that Directive 2004/48 lays down a minimum standard concerning respect for intellectual property rights and does not prevent the Member States from establishing more protective measures.

Secondly, the court admits that, as can be inferred from Recital 26 of Directive 2004/48, it is not the aim of that Directive to impose an obligation consisting of establishing punitive damages. However, the judgment explains immediately afterwards that the fact that the Directive does not place the Member States under any obligation to provide for so-called “punitive” damages cannot be interpreted as a prohibition against adopting a measure of that nature.

The judgment moreover warns that in respect of compensation for damages calculated as a lump sum based on the hypothetical royalty, it is not necessary to demonstrate a causal link between the act giving rise to the copyright infringement and the damage suffered.

Despite the above, the CJ concludes its judgment by drawing attention to the fact that, in exceptional cases, compensation for damages calculated on the basis of twice the amount of the hypothetical royalty may well exceed the loss actually suffered so clearly and substantially that a claim of this kind could constitute an abuse of rights, prohibited by the Directive itself.

3. Remarks.

For some time now, the debate on the punitive or redressing function of compen-

sation for damages in intellectual property matters has been intensifying. Up until now, the arguments in favour of punitive damages have clashed with the explicit statement to the contrary set forth in Directive 2004/48. Nevertheless, this judgment by the Court of Justice clearly paves the way for a decisive turning point in the European system. The scope of the judgment, given that it is based on a cross-cutting Directive on broadening the enforcement of intellectual property rights, affects not just copyright but also trademarks, patents and designs. Although the judgment does not rule out the possibility of punitive damages, it also offers a remedy or obstacle against disproportionate damages claims, namely, abuse of rights as a limitation on compensation.

Antonio CASTÁN

26

Platforms which enable files to be shared via peer-to-peer systems perform acts of communication to the public by indexing and classifying the files uploaded by users. Judgment of the Court of Justice of 14 June 2017, *The Pirate Bay* ([C-610/15](#)).

1. Background.

The main proceedings concern the most widely talked about file sharing platform in virtually the whole world to date, namely, the Dutch platform *The Pirate Bay* (TPB). That website enables users to share files using a BitTorrent system, which is essentially characterised by the fact that files are divided into small segments to facilitate their online transmission. Users who wish to share a file using this system must download specific software (not offered by TPB), which enables torrent files to be created. Once the software has been downloaded, the user uploads the files to the TPB platform, where they are indexed so that other TPB users can find them and the works to which they refer can be downloaded onto users' computers in several segments with the assistance of the previously downloaded software.

In this case, the defendant is not TPB but two Internet access providers, namely Ziggo and XS4ALL, whose subscribers are mostly users of the TPB platform. The plaintiff –the Dutch copyright collecting society *Stichting Brein*– asked the national court to order the defendants to block TPB's domain names and IP addresses.

The court upheld the collecting society's requests, which were then rejected on appeal. The case therefore went to the *Hoge Raad der Nederlanden* (Supreme Court of

the Netherlands), which decided to stay the proceedings and ask the CJ whether or not TPB's activity constituted communication to the public within the meaning of Article 3.1 of [Directive 2001/29/EC](#).

2. Findings.

Just as it had done in the judgment rendered in *Filmspeler* ([judgment](#) of 26 April 2017), the Court individually analyses the requirements which, in accordance with its own case-law, must be met in order to determine whether there has been an act of communication to the public.

As stated in *Filmspeler*, any act by which a user, with full knowledge of the relevant facts, provides its clients with access to protected works is liable to constitute an act of communication to the public for the purposes of Article 3.1 of the Directive.

In this case, although the files are uploaded by users of the platform, the operators actively intervene in full awareness of the consequences of indexing and classifying the files on the platform. The aim is for users to be able to locate the works easily so that they can download them and share them with other users. In that regard, the CJ considers that the platform plays an indispensable role in making the works in question available, and its activity thus constitutes an act of communication to the public.

3. Remarks.

The case-law that the CJ introduced in the *Svensson* judgment ([C-466/12](#)) and further developed in *GS MEDIA* ([C-160/15](#)) and *Filmspeler* ([C-527/15](#)) interprets the right of communication to the public in a very broad sense. The objective pursued by the CJ is obviously to prevent technical trickery from enabling third parties to make a profit via activities aimed at granting or facilitating access to protected works and services without the proprietors' consent.

Patricia MARISCAL

27

Copyright protection of clothing designs. Judgment of the Court of Justice of 12 September 2019, Cofemel ([C-683/17](#)).

1. Background.

The Court of Justice has ruled on a request for a preliminary ruling referred by the Portuguese Supreme Court on protection in accordance with the copyright of clothing designs.

This preliminary ruling seeks to establish if, in light of the interpretation made by the Court of Justice of the European Union of Article 2(a) of [Directive 2001/29](#) in the judgments of 16 July 2009 (*Infopaq International*, [C-5/08](#)) and 1 December 2011 (*Painer*, [C-145/10](#)), it should be deemed that the copyright protection granted extends to textile designs (clothing), in the same way as it does to any literary or artistic work and, therefore, provided they qualify as being original, in the sense of constituting the result of an intellectual creation by their author.

Specifically, the Portuguese court questioned whether the interpretations stated could prove to be contradictory with national legislation that confers copyright protection on works of applied art, industrial designs and works of design (i) which, in addition to their practical purpose, create their own visual and distinctive effect from an aesthetic point of view; and (ii) if, in the light of a particularly rigorous assessment of their artistic character, these works should qualify as artistic creations or works of art to be afforded protection.

2. Findings.

The court judgment establishes that Article 2(a) of [Directive 2001/29](#) must be interpreted in the sense that it opposes to national legislation, conferring copyright protection on designs such as the clothing design in dispute of the main proceedings, attending to the fact that, beyond their practical purpose, they generate a visual effect of their own that is considerable from the aesthetic point of view. Based on this ruling, the court rejected assessing the following question raised.

3. Remarks.

The judgment is of crucial importance within the framework of the European Union. Although it may appear to the contrary, the court confirmed the protectability of clothing designs as long as these designs qualify as being works.

This will only be the case when, once the common or usual elements are dismissed, there is an original creation (even if at a minimum degree), understanding this as being the expression of the personality of its author and, also, with the creation being reflected in a specific manner, dismissing subjective judgments.

Specificity (identifiability) is a requirement that seeks to delimit protectable content. In a positive sense, to safeguard the rights of the creator and, in a negative sense,

for third parties to know the limits of the existing protection ([C-310/17](#) – *Levola Hengelo* case. Recital 41). This purpose is also shared by the reference made in the judgment to the subjective perceptions of consumers. Since perceptions vary from person to person and legislation precisely seeks the opposite, that is, accuracy, it is logical that these perceptions should be excluded from a legal protectability assessment.

Mabel KLIMT

fig 7



28

Protection of a bicycle design under copyright. Judgment of the Court of Justice of 11 June 2020, BROMPTON bicycle ([C-833/18](#)).

1. Background.

The judgment concerns a request for a preliminary ruling made in the context of copyright infringement proceedings in Belgium involving the companies Brompton and Get2Get. Brompton markets a folding bicycle, sold in its current form since 1987, the special feature of which is that it can adopt three different positions (a folded position, an unfolded position and an intermediate position that enables the bicycle to remain balanced on the ground). The bicycle was protected by a patent which has now expired. *fig 7*.

Get2Get markets a bicycle which has a very similar visual appearance to that of the Brompton bicycle and can be folded into the three positions mentioned in the preceding paragraph.

The questions referred for a preliminary ruling concern the defensive argument put forward by the defendant: the appearance of the Chedech bicycle is dictated by the technical solution sought, which is to ensure that the bicycle can be folded into three different positions. With those circumstances in mind, that appearance can only be protected under patent law, not under copyright law.

2. Findings.

The judgment basically examines whether the folding bicycle in question in the main

proceedings is capable of constituting a work that is eligible for the protection provided for in [Directive 2001/29](#), because it entails an “original” subject matter which is the author’s own intellectual creation.

In this regard, the judgment recalls that pursuant to settled case-law, where the realisation of a subject matter has been dictated by technical considerations, rules or other constraints which have left no room for creative freedom, that subject matter cannot be considered to possess the originality required for it to constitute a work and, thus, to be eligible for the protection conferred by copyright (see, in this respect, the judgment of 12 September 2019, *Cofemel*, [C 683/17](#), EU:C:2019:721, paragraph 31 and cited case-law).

In the case at hand, the Court acknowledges that it is true that the shape of the Brompton bicycle is necessary to obtain a certain technical result, namely, that it may be folded into three positions, one of which allows it to stay balanced on the ground. However, the Court adds that it is for the referring court to determine whether, in spite of that fact, the bicycle constitutes an original work resulting from an intellectual creation. In this regard, the judgment states that:

- it is for the referring court to determine whether, through the choice of the shape of the product, its author has

expressed his or her creative ability in an original manner by making free and creative choices and has designed the product in such a way that it reflects his or her personality.

- even though the existence of other possible shapes which can achieve the same technical result makes it possible to establish that there is a possibility of choice, it is not decisive in assessing the factors which influenced the choices made by the author.
- the intention of the alleged infringer is irrelevant in such an assessment.
- the existence of an earlier, now expired, patent in the main proceedings should only be taken into account insofar as that factor makes it possible to reveal what was taken into consideration in choosing the shape of the product in question.
- in order to assess whether the folding bicycle at issue in the main proceedings is an original creation and is therefore protected by copyright, it is necessary to take account of all the relevant aspects of the specific case in question, as they existed when that subject matter was designed, irrespective of the factors external to and subsequent to the creation of the product.

Consequently, in answer to the questions referred for a preliminary ruling, the judgment states that Articles 2 to 5 of [Directive 2001/29](#) are to be interpreted as meaning that the copyright protection provided for therein applies to a product whose shape is, at least in part, necessary to obtain a technical result, where that product constitutes an original work resulting from an intellectual creation, in that, through that shape, its author expresses his or her creative ability in an original manner by making free and creative choices in such a way that said shape reflects his or her personality, which it is for the national court to verify, taking into account all the relevant aspects of the dispute in the main proceedings.

3. Remarks.

The possibility of copyright protection for shapes or subject matter that are eligible for other modes of protection, such as industrial property protection, is always subject to considerable debate in legal opinion and case-law.

The case concerned here has the unusual feature that the subject matter in question, a bicycle, had previously been protected by a patent, now expired. The Court of Justice, returning the matter to the referring national court, does not provide a solution, although it does hint at one: the existence of the patent does not in it-

self preclude the possibility of protection, but the existence of alternative designs to achieve the subject matter is not a decisive factor for conferring protection either.

What possible evidence will ultimately serve to determine, in such cases, that the author has expressed his or her creative ability in an original manner by making free and creative choices and has designed the product in such a way that it reflects his or her personality?.

Antonio CASTÁN

Patents

29

Court of Justice dismisses the appeals brought by Spain and Italy against the Council Decision authorizing enhanced cooperation in the area of the creation of unitary patent protection. Judgment of the Court of Justice of 16 April 2013 ([joined cases C-274/11 and 295/11](#)).

1. Background.

Spain and Italy contested Council [Decision 2011/167/EU](#) of 10 March 2011 authorizing enhanced cooperation in the area of the creation of unitary patent protection, appealing to the Court of Justice of the European Union (CJ). The two appellant States argued that a) in authorizing enhanced cooperation the Council had circumvented the requirement for unanimity and brushed aside those two States' opposition to the Commission's proposal relating to language arrangements for the unitary patent; b) Article 20 of the [Treaty on European Union](#) (TEU) authorizes enhanced cooperation only as a "last resort", not the case here; and c) the protection conferred by the unitary patent contributes neither to greater uniformity nor, in consequence, to greater integration compared with the situation obtaining from enforcement of the provisions of the [Convention on the Grant of European Patents](#) (EPC).

2. Findings.

In its judgment of 16 April 2013 the CJ dismissed in full all the grounds for annulment put forward by Spain and Italy. The judgment is significant for a number of reasons, for instance, because it

- a) is the first interpretation of "*enhanced cooperation*" as provided for under Articles 20 TEU and Articles 326 to 334

- of the [Treaty on the Functioning of the European Union](#) (TFEU), tying it in not so much with integration as with surmounting the requirement of unanimity;
- b) provides that creating European intellectual and industrial property rights falls within the ambit of the internal market rather than competition rules;
 - c) holds that "falling within the sphere of non-exclusive competences" is a necessary and sufficient condition for enhanced cooperation;
 - d) accords the Council broad discretion in deciding when an issue is a "last resort" within the meaning of Article 20 TEU.
 - e) reiterates that acts by the institutions are only misuse of power where there is objective, relevant, and consistent evidence that they have been taken solely, or at the very least chiefly, for ends other than those for which the power in question was conferred or with the aim of evading a procedure specifically prescribed by the Treaties for dealing with the circumstances of the case;
 - f) anticipates that in application Article 118 TFEU and Article 142 EPC will probably clash to the extent that the focus of the former is the European Union and that of the latter the Member States;
 - g) endorses an "incremental" model of integration, with partial integration being better than none at all;
 - h) posits that enhanced cooperation being possible in this context, creation of European intellectual and industrial property rights that do not encompass the entire territory of the Union, taking in instead only a certain number of Member States while leaving others out, should also be possible and that this is neither detrimental to the internal market nor a distortion of competition;
 - i) concludes that the competences, rights, and obligations of Spain and Italy have not been infringed in the course of this process.

3. Remarks.

The CJ's judgment of 16 April 2013 is significant for at least three reasons. first, because it is the first interpretation of the concept and scope of enhanced cooperation; second, because it deals, also for the first time, with Article 118 TFEU, drafted in the aftermath of the stillborn European Constitution and intended as the way out of the morass of over fifty years of negotiations on the Community patent; and finally, because it once again restrictively interprets the doctrine relating to misuse of power and discretionality by the Council which could fuel uncontrolled abuse by

majorities on such sensitive subjects as language issues.

The CJ's conclusions are, frankly, disappointing, not so much for the responses to the underlying issues – which were expected – as for the reasoning leading to them. The court has thrown away a golden opportunity to lay the groundwork for a teleological interpretation of such fundamental concepts as "enhanced cooperation", "internal market", "competition rules", and though its position is clear, it has preferred not to go deeply into such others as the circumstances in which authorization to establish enhanced cooperation may be requested and the Council's discretionality for authorizing enhanced cooperation.

The Council Decision of 10 March 2011 paved the way for adoption of [Regulation \(EU\) No. 1257/2012](#) of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection and of Council [Regulation \(EU\) No. 1260/2012](#) of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements. At the end of March of this year Spain launched challenges to both Regulations (Cases

[C-146/13](#) and [C-147/13](#)) (*see commentary in this Review*).

Manuel DESANTES

30

Patentability of pharmaceutical products initially granted as patents for production processes under the TRIPs Agreement. Judgment of the Court of Justice of 18 July 2013, Sanofi-Aventis ([C-414/11](#)).

1. Background.

Daiichi Sankyo were the holders of a national patent in Greece on 21 October 1986 relating to the chemical compound 'levofloxacin hemihydrate', the active ingredient in an original medicinal product distributed by Sanofi-Aventis in Greece. The application for the said patent was filed on 20 June 1986 and contained a claim for protection of the levofloxacin hemihydrate product as such and another for its process of manufacture. The duration of the patent was extended via an SCP until 2011.

In 2008/2009 the competent Greek authority granted the pharmaceutical company Demo Avee Farmakon ('Demo') authorization to market generic pharmaceutical products containing levofloxacin hemihydrate as the active ingredient. Daiichi Sankyo and Sanofi-Aventis instituted legal proceedings against Demo to prevent the corresponding product from being marketed.

The referring court explained that pharmaceutical products were not patentable in Greece before 7 October 1992, hence the patent filed by Daiichi Sankyo on 20 June 1986 and granted on 21 October 1986 did not initially protect the active ingredient levofloxacin hemihydrate as such but only its production process. However, the court in question added that the rules laid

down under Article 70 of the [TRIPs Agreement](#) together with the patentability of pharmaceutical products stipulated in Article 27 of the said Agreement may have, as a consequence, extension of the patent rights of Daiichi Sankyo to the said active agent from entry into force of the Agreement. In view of the uncertainty regarding the scope of the TRIPs Agreement in this regard, the Greek referring court raised the corresponding question for a preliminary ruling.

2. Findings.

Before examining the merits of the case, the Court of Justice began by setting out two premises. First, it stated that the provisions of Article 27 of the TRIPs Agreement relating to patentable subject matter fall within the scope of the common commercial policy, not that of the internal market, and that the said provisions are part of the framework for liberalization of international trade, not harmonization of the laws of EU Member States. Second, the Court pointed out that Article 27 of the TRIPs Agreement must be interpreted to the effect that, if none of the exclusions provided for in paragraphs 2 and 3 of the said Article are applicable, the invention of a pharmaceutical product, such as the active chemical compound of a medicinal product, may be patentable pursuant to the conditions set out in paragraph 1 of the said Article.

The Court subsequently proceeded to examine the Gordian knot of the pretrial questions referred: whether, pursuant to the rules laid down in Articles 27 and 70 of the TRIPs Agreement, a patent granted prior to the entry into force of the said Agreement from an application claiming as inventions both a pharmaceutical product as well as process of manufacturing that product, *but which was granted solely to protect the production process*, nonetheless also affords protection as an invention to the said pharmaceutical product.

The patent in question was a Greek *national* patent which at the time of grant was still subject to the Hellenic Republic's reservation with respect to pharmaceutical products, a reservation that expired on 7 October 1992. The Hellenic Republic ratified the TRIPs Agreement with effect from 9 February 1995. As a consequence, the provision that could be considered to cover the product claims was Article 70.2, according to which "*except as otherwise provided for in this Agreement, this Agreement gives rise to obligations in respect of all subject matter existing at the date of application of this Agreement for the Member in question, and which is protected in that Member on the said date, or which meets or comes subsequently to meet the criteria for protection under the terms of this Agreement.*"

The Court pointed out that Article 27 of the TRIPs Agreement does indeed require WTO Members to provide for the possibility of obtaining patents for pharmaceutical products, but that this requirement cannot be understood to mean that WTO Members which, in a period anterior to the date of the Agreement's entry into force, excluded protection of inventions of pharmaceutical products claimed in patents granted for inventions of processes of manufacture of those products, must, from that date, regard those patents as covering those inventions of pharmaceutical products. Thus, the Court replied to the pretrial question as follows: by reason of the rules set out in Articles 27 and 70 of the TRIPs Agreement, a patent obtained following an application claiming the invention both of the process of manufacture of a pharmaceutical product and of the pharmaceutical product as such, but granted solely in relation to the process of manufacture, has to be regarded from the entry into force of that Agreement as covering the invention of that pharmaceutical product.

3. Remarks.

Although the judgment derives from a dispute that arose in the Hellenic Republic, it is difficult to escape the parallels between this case and the conflict between the innovation industry and the generic industry that Spain has experienced in re-

cent years. Differences aside, the core of the conflict is not without overall similarities, namely, the applicability of the TRIPs Agreement to European patents granted, pursuant to the Spanish reservation, as process patents to be later reconverted into product patents. The fact is that the criterion applied by the Court of Justice stands in contrast to the stance taken by Chambers One and Three of the Spanish Supreme Court in numerous civil claims and contentious-administrative appeals brought on this basis. Last year's edition of this Yearbook included a commentary on the judgment of 5 December 2012. This disparity in criteria has to some extent reopened a dispute that appeared to have been almost completely settled.

Antonio CASTÁN

31

Possibility of obtaining various SPCs on the basis of the same patent. Judgment of the Court of Justice of 12 December 2013, Georgetown University II and others ([C-484/12](#)).

1. Background.

In 2007 Georgetown University was granted a patent claiming protein L1, active against human papillomavirus. The patent protected a combination of four active ingredients (HPV-6, HPV-11, HPV-16, and HPV-18), the combination of two active ingredients (HPV-16 and HPV-18), and the different active ingredients taken individually. In addition, Sanofi obtained a Marketing Authorization (MA) for the medicinal product Gardasil, containing HPV-6, HPV-11, HPV-16, and HPV-18 purified proteins and GSB obtained an MA for the medicinal product Cervarix containing HPV-16 and HPV-18 purified proteins.

In December 2007, Georgetown University filed eight SPC applications with the Dutch Patent Office in connection with its earlier patent and the aforementioned MAs for the medicinal products Gardasil and Cervarix. Two of the applications were granted: (i) for the combination of HPV-6, HPV-11, HPV-16, and HPV-18 and for the combination of HPV-16 and HPV-18; (ii) however, the application referring to HPV-16 individually was rejected on grounds that the product had not been subject to an MA within the meaning of Article 3.b) of [Regulation No. 469/2009](#). An appeal against the decision was lodged with the referring court.

The Dutch court considered that, following the judgments handed down by the Court of Justice in the *Medeva* ([C-322/10](#)) and *Georgetown University I* ([C-422/10](#)) cases, pursuant to Article 3.b) of Regulation No. 469/2009, an SPC could not be refused for the active ingredient HPV-16. However, the court also held that refusal to grant an SPC could be based on Article 3.c) of Regulation No. 469/2009, given that Georgetown University had already obtained two SPCs on the basis of the same patent. For this reason, the Dutch referring court decided to stay the proceedings and request a preliminary ruling on interpretation of this provision from the Court of Justice.

2. Findings.

In contrast to the [position](#) taken by the Advocate General, the Court of Justice upheld the possibility of granting various SPCs on the basis of: (i) the same basic patent covering a number of products (within the meaning of Article 3.a) of Regulation No. 469/2009); and (ii) an MA for a medicinal product consisting of a combination of several active ingredients, where the SPC application refers to an active ingredient which, individually, is also protected by the said patent.

3. Remarks.

In its judgment the Court of Justice has revised the doctrine set out in the *Biogen*

([C-181/95](#)) and *AHP Manufacturing* ([C-482/07](#)) cases, which held that only one SPC could be granted for each basic patent. The Court of Justice has argued that the situation in the case at hand is different from the circumstances assessed in the two preceding cases. The Court underlined that the basic patent here protected or may protect various products.

The judgment under discussion here has been welcomed by the innovative pharmaceutical industry, in that it serves to considerably broaden the scope for action under [Regulation No. 469/2009](#). The lesson to be gleaned from the judgment is clear: when drafting the claims of patents covering various products, the holders must take care to ensure that they protect not only combinations of the various active ingredients but also the active ingredients individually.

Enrique ARMIJO CHÁVARRI

32

Interpretation of Article 3(a) of Regulation (EC) No. 469/2009. Judgment of the Court of Justice of 12 December 2013, Eli Lilly ([C-493/12](#)).

1. Background.

Human Genome Science (HGS) are the holders of a European patent for the protein Neutrokine- α and the antibodies that bind specifically to that protein.

Eli Lilly wanted to market a pharmaceutical composition with an antibody (LY2127399) as the active ingredient, but that antibody binds specifically to Neutrokine- α . Eli Lilly were aware that marketing of that composition during the lifetime of HGS's patent would infringe the patent.

Thus, Eli Lilly applied to an English court for a declaration of invalidity of any SPC relying, for its legal basis, on HGS's patent and based on an MA for a medicinal product containing LY2127399. Eli Lilly claimed that this antibody was not covered by the basic patent.

The High Court of Justice (England and Wales) decided to stay the proceedings and refer the matter to the Court of Justice of the European Union for an interpretation of Article 3.a) of [Regulation No. 469/2009](#). The referring court asked, in essence, whether, for an active ingredient to be regarded as protected by a basic patent, the active ingredient must be identified in the claims of the patent by a structural formula or whether it suffices to identify it by means of a functional definition or formula.

2. Findings.

The Court replied that identification by means of a structural formula was not necessary. Nevertheless, the Court specified that this would be the case on condition that it is possible to reach the conclusion on the basis of the claims of the patent, interpreted in the light of the description of the invention as required by Article 69 [EPC](#) and the Protocol on the interpretation of that provision, that the claims relate implicitly but necessarily and specifically to the active ingredient in question, which is a matter to be determined by the referring court.

In its response the Court also affirmed:

- An active ingredient that is not referred to in the claims of a patent by means of a structural definition or even a functional definition may not in any case be regarded as protected within the meaning of Article 3.a) of Regulation No. 469/2009.
- For determining whether a product is protected by a basic patent, recourse may not be had to national rules governing infringement proceedings, inasmuch as such rules fall outside the scope of European Union law.
- Consequently, the fact that marketing by Eli Lilly of the active ingredient during the lifetime of the patent would constitute an infringement of the patent would not be a crucial factor in determining whether

the said active ingredient is or is not protected by the basic patent.

- The Court of Justice does not have jurisdiction to interpret the provisions of the EPC or to furnish guidance to the referring court concerning the manner in which it is to determine the extent of the claims of a European patent issued by the EPO.

3. Remarks.

This judgment holds out considerable interest in that it provides a more open and flexible interpretation of Article 3.a) of [Regulation No. 469/2009](#) than the Court's own ruling issued in the *Medeva* case ([Case C-322/10](#)) two years ago.

Enrique ARMIJO CHÁVARRI

33

Linguistic regime of the European patent with unitary effect. Compatibility of Regulation 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements with EU law. Judgment of the Court of Justice of 5 May 2015, Spain v the European Parliament and the Council ([C-147/13](#)).

1. Background.

Following Council [Decision 2011/167/EU](#) of 10 March 2011, the Council, on 17 December 2012, adopted [Regulation 1257/2012](#) implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements. Spain filed action with the CJ seeking the annulment of that Regulation on the basis of five pleas in law, which can be summarised as follows: a) the Regulation infringes the principle of non-discrimination on grounds of language since it establishes a linguistic regime that is detrimental to individuals whose language is not one of the official languages of the European Patent Office; and b) every exception to the principle of equality among the official languages of the EU must be justified by criteria other than strictly economic criteria.

2. Findings.

The CJ fully dismissed Spain's allegations and concluded that the Regulation: a) has a legitimate objective (the establishment of a uniform and simple translation regime for the European Patent with Unitary Effect (EPUE), thus facilitating access to patent protection, particularly for small and medium-sized enterprises); b) makes access to the EPUE and to the patent system as a whole easier, less costly and more legally certain; and c) is propor-

tionate because it maintains the necessary balance between the interests of applicants for the EPUE and those of other economic operators as regards access to translations of texts which confer rights, or proceedings involving more than one economic operator. Such proportion is achieved through various mechanisms, namely, a compensation scheme for the reimbursement of translation costs, a transitional period until a high-quality machine translation system is available for all the official languages of the European Union and a full translation of the EPUE for operators suspected of infringement in the event of litigation.

3. Remarks.

The judgment of 5 May 2015 (C-417/13) certainly has consequences that once again transcend patent law insofar as the Court has, for the first time, enshrined what is, according to EU law, linguistic discrimination justified by purely economic criteria. From now on, in respect of any EU act that implies linguistic discrimination, it will suffice to reason that the pursued objective –be it what it may, since the Court will not subject it to any assessment- is legitimate (and saving on translation costs certainly is) and that the proposed linguistic regime is balanced –regardless of how, since it will not be evaluated- in order for the discrimination to be justified. Grim times for linguistic diversity and golden

arguments for the gradual imposition –no longer *de facto*, now *de iure*- of a trilingual system in the EU.

Manuel DESANTES

34

Infringement of plant variety rights: nature of redress and basis for calculation. Judgment of the Court of Justice of 9 June 2016, Hansson (C-481/14).

1. Background.

The proceedings which gave rise to this judgment were brought by the holder of a plant variety right against a third party who cultivated and distributed a flower variety which infringed that right. The dispute did not centre on whether or not infringement had occurred but on the extent of the compensation to which the holder of the infringed plant variety would be entitled under Article 94 of [Regulation \(EC\) No. 2100/94](#) on Community plant variety rights (hereinafter the “Plant Variety Regulation”). In this regard, it should be borne in mind that Article 94 of that Regulation provides for two kinds of compensation: the first subparagraph states that the rightholder is entitled to obtain “reasonable compensation” in respect of acts that constitute infringement, whilst the second subparagraph refers to infringing acts committed intentionally or negligently, against which the rightholder will –moreover- be entitled to obtain compensation for any resulting damage.

The debate raised here is whether, under the aforementioned Article 94 of the Plant Variety Regulation, an “infringer supplement” could apply, increasing the amount of compensation set by means of a lump sum (in light of considerations specific to the protected variety and to the consequences following from the infringement).

In those circumstances, the court hearing the main proceedings referred a number of questions to the CJ. Those questions were essentially aimed at ascertaining the principles governing the setting and calculation of the compensation payable under Article 94 of the Plant Variety Regulation.

2. Findings.

The CJ first of all examines the nature of the compensation provided for in Article 94 of the Plant Variety Regulation. It then clarifies the rules for setting the “reasonable compensation” mentioned in Article 94.1 and the compensation for any resulting damage provided for in Article 94.2. Thus:

As regards the nature of the compensation payable under Article 94, the CJ indicates that it seeks to secure full and objective redress covering only the damage resulting from the act in question. In that regard, Article 94 would not permit an infringer to be required to pay punitive damages –established by means of payment of a flat-rate supplement-, since such a supplement would not necessarily reflect the damage sustained. Article 94 would likewise not permit the rightholder to claim restitution of the gains and profits made by the infringer, since both the “reasonable compensation” and the compensation for the damage suffered must

be set in light of the damage sustained by the rightholder, not the profit made by the infringer.

As regards the rules for setting the “reasonable compensation” referred to in Article 94.1, the CJ states that this should be calculated on the basis of an amount equivalent to the fee payable for licensed production. The CJ explains that this provision does not provide for reparation for damage other than damage closely connected to the failure to pay that fee (for instance, default interest). In any event, the CJ indicates that it is for the national court to determine the circumstances which require that fee to be increased (bearing in mind that each of them may be taken into account only once in view of the principle of objective and full compensation).

Lastly, as regards the compensation for any resulting damage referred to in Article 94.2, the CJ confirms that the amount of that compensation must be set in light of the specific information provided by the holder of the infringed plant variety right, and that a lump sum method could be used where that information was not quantifiable.

3. Remarks.

A salient aspect of this judgment is the fact that the CJ rejects the possibility that the right to compensation laid down in Article 94 of the Plant Variety Regulation

may include punitive damages. In the CJ's view, that right to compensation is based on the principle of objective and full damages, according to which compensation can only be secured for the damage resulting from the infringement.

As the CJ has pointed out, this interpretation is consistent with the objectives of [Directive 2004/48/EC](#) on the enforcement of intellectual property rights, Recital 26 of which rules out punitive damages. This is nevertheless a minimum directive, and so the Member States are entitled to adopt more protective measures.

In the case of Spain, it is interesting to note that in addition to compensation for consequential damages (loss suffered) and ceasing gain (lost profit), [Act 3/2000](#) on plant varieties includes, as compensable damage, the damage caused by loss of prestige to the variety covered by the plant protection title (Article 22.3 of Act 3/2000 on plant varieties).

María CADARSO

35

Royalty stipulated in a licensing agreement due despite the revocation of industrial property rights. Judgment of the Court of Justice of 7 July 2016, [Genentech \(C-567/14\)](#).

1. Background.

Genentech is a non-exclusive licensee of technology protected by a European patent and two US patents, all of which were revoked whilst the agreement was in force. The licensed technology was used by Genentech to produce a medicinal product that it marketed in the United States and the European Union.

The licensing agreement stipulated payment of a “running royalty” by the licensee, consisting of 0.5% of the net sales of the products incorporating a licensed product. Genentech fulfilled its other monetary obligations but never paid the running royalty.

This led to the issuance of a number of arbitration awards and, subsequently, to the filing of an appeal with the *Cour d'appel* de Paris, seeking the annulment of one of those awards. That court referred the following question to the CJ for a preliminary ruling:

Is payment of a royalty for the use of rights attached to patents that are subsequently revoked compatible with Article 101 TFEU?

2. Findings.

The Court first of all reformulates the question in the understanding that it should also refer to the non-infringement of the licensed rights, i.e., to whether Ar-

article 101 TFEU precludes a contractual obligation to pay a royalty for the use of a patented technology whilst the agreement is in force in the event of revocation or non-infringement of patents protecting that technology.

The CJ had previously tackled a similar issue in its *Ottung judgment* (320/87), in which it declared that if the licensee may freely terminate the agreement by giving reasonable notice, the obligation to pay a royalty throughout the validity of the agreement cannot fall under the scope of the prohibition laid down in Article 101 TFEU.

In that case, the Court reasoned that the royalty payment was due whilst the agreement was in force, irrespective of whether or not the licensor's IP rights could be exercised against the licensee.

On the basis of that precedent, the Court considers that if payment of the royalty is still due after the IP rights have expired, provided that the licensee is able to terminate the agreement by giving reasonable notice, that royalty payment will be due, a fortiori, whilst the rights are in force.

Therefore, Genentech's claim of non-infringement in the arbitration proceedings, as well as the subsequent revocation of the patent, do not affect the imposition of that royalty during the period in which the agreement was in effect –given that the

licensee was able to terminate the agreement- and no restrictions whatsoever are imposed on competition.

3. Remarks.

The CJ does not consider the payment of a royalty as being contrary to free competition in the event that the licensee is able to freely terminate the agreement under which that payment is due.

The parties' freedom to agree upon such conditions and to terminate the agreement rules out the possibility of a restriction of competition, since it is not being distorted and there is no competitive advantage.

Meanwhile, the Court holds that the revocation of a patent, despite having retroactive effect, does not affect the validity of the agreement, which outlives –to the extent possible- the rights on which it was based.

Javier FERNÁNDEZ-LASQUETTY and
Martín BELLO

36

The CJ confirms that SPC holders can demand the rectification of the duration of their certificates in line with the findings of the Seattle Genetics judgment C-471/14, even where the SPCs had been granted prior to that judgment and the grant decision is final. Judgment of the Court of Justice of 20 December 2017, Incyte ([C-492/1](#)).

1. Background.

The *Seattle Genetics* judgment ([C-471/14](#)), passed by the CJ on 6 October 2015, clarified the concept of “date of the first authorisation to place the product on the market in the European Union” (hereinafter “date of the first MA”) [see article on the Seattle Genetics judgment in [ELZA-BURU’s 2015 Annual Review](#)]. The significance of the concept “date of the first MA” lies in the fact that that date must be used in order to calculate the duration of the SPC, as provided for in Article 13.1 of EU [Regulation No. 469/2009](#).

Prior to the *Seattle Genetics* judgment, the Patent Offices had interpreted the “date of the first MA” as being the date on which MA was granted. However, in *Seattle Genetics*, the CJ declared that the “date of the first MA” had to be the date on which notification of the decision granting MA was given to the addressee of the decision, not the date on which MA was granted. As the Court had reasoned in that judgment, SPC holders cannot, strictly speaking, begin to market their product –exploit their SPC– until they have been notified of the MA. Consequently, calculating the duration of the SPC in light of the date on which MA was granted instead of the notification date ultimately entailed an unwarranted reduction (albeit of just a few days) in the period of protection that the law confers on SPC holders.

In the wake of the *Seattle Genetics* judgment, the Patent Offices of the EU Member States began to apply the CJ's findings to new applications and to those which were still being processed, using the date on which *notification* of the MA was given, not the date on which MA was granted (as the CJ had prescribed), to calculate the duration of those SPCs. Most of the Offices in the Member States also applied the CJ's *Seattle Genetics* doctrine to SPCs that had already been granted and were final, rectifying their duration at the applicant's request (this was done by the Offices in Germany, Portugal, the United Kingdom, Ireland, Belgium, Latvia, the Netherlands, Bulgaria, the Czech Republic, Croatia, Greece, Denmark, Slovakia, Estonia and Romania). In exceptional cases, however, some Offices (specifically, the French, Hungarian and Spanish Offices) rejected applications to correct the duration of SPCs that had been granted prior to this judgment by final decision. Those Offices took the view that such decisions constituted final administrative acts and, as such, could not be amended.

The SPC holders whose applications had been rejected lodged appeals with the courts in their respective countries. The appellants essentially relied on a provision of [Regulation No. 1610/96](#) on SPCs for plant protection products, namely, Article 17.2 (applicable to Article 18 of the

Regulation on SPCs for medicinal products by virtue of Recital 17 of Regulation No. 1610/96). That provision entitles SPC holders to directly bring an appeal –which is not subject to any time limits whatsoever– aimed at rectifying the duration of an SPC where the “date of the first MA” contained in the application for a certificate is “incorrect”. On those grounds, the appellants held that the case in question fell under that provision, since if the rectification request was rejected due to the fact that the “date of the first MA” was considered to be the grant date, not the notification date, such grounds contravened the CJ's findings in the *Seattle Genetics* judgment, according to which, and pursuant to the aforementioned Article 17.2, the “date of the first MA” must be deemed “incorrect”.

This is what was disputed in the main proceedings which gave rise to the Hungarian court's reference for the preliminary ruling under discussion here. Those proceedings involved a pharmaceutical company –Incyte–, which was the holder of an SPC (which had been granted by final decision), and the Hungarian Patent Office, which had refused the former's request for rectification of the duration of its certificate under the aforementioned Article 17.2 of the Regulation on SPCs for plant protection products (Article 18 of the Regulation on SPCs for medicinal products). Given that the case raised somewhat com-

plex legal issues, for instance, the retroactive effect of CJ judgments in preliminary ruling proceedings, the Hungarian court made the aforementioned reference for a preliminary ruling in order to be certain as to how Article 17.2 should be interpreted in relation to the CJ's findings in *Seattle Genetics*.

The question that the Hungarian court essentially referred to the CJ was the following: whether Article 17.2 of the Regulation on SPCs for plant protection products (Article 18 of the Regulation on SPCs for medicinal products) must be interpreted as meaning that where the “date of the first MA” contained in an SPC has been determined without taking account of the CJ's interpretation of the law in the *Seattle Genetics* judgment, that date must be considered to be incorrect, and it is thus appropriate to rectify the date of expiry of that SPC even if the decision to grant that certificate was made prior to that judgment and had become final.

2. Findings.

In its judgment, the CJ confirms that Article 17.2 of the Regulation on SPCs for plant protection products –Article 18 of the Regulation on SPCs for medicinal products– enables the holders of SPCs that have already been granted by final decision to request the rectification of the duration of their SPC where the “date of the first MA” contained

in the application is incorrect due to the fact that it was established in a manner that is not in keeping with the CJ's findings in the *Seattle Genetics* judgment. The reasoning that led the CJ to arrive at that conclusion can be summarised as follows:

- The CJ began by pointing out that the interpretation of the concept “date of the first MA” offered by the *Seattle Genetics* judgment has *ex tunc* effects insofar as it was delivered within the context of preliminary ruling proceedings and it must be understood to clarify the meaning of that concept as it ought to have been understood from the date on which the provision containing it, i.e., the provision regulating the duration of SPCs, entered into force.
- In view of the above, the CJ confirmed that, in a situation such as that arising in the Incyte case, where the “date of the first MA” contained in the SPC application was the date on which MA was granted, not the date on which notification of the decision granting MA was given to the addressee (as indicated in *Seattle Genetics*), that first MA date is incorrect and, consequently, under Article 18 of the Regulation on SPCs for medicinal products (interpreted in light of Article 17.2 of the Regulation on SPCs for plant protection products), the holder of the SPC is entitled to bring an appeal for rectification of the duration of the SPC directly with the au-

thority that granted the certificate, at any time, provided that that certificate has not expired.

- Lastly, the CJ points out that rectification of the duration of an SPC –which has already been granted by final decision– in such circumstances is consistent with the twin objectives pursued by SPC legislation, i.e., to provide the holder of the SPC with sufficient protection and to achieve the uniform application of EU law, without such rectification affecting the principle of legal certainty.

3. Remarks.

This new finding by the CJ is very good news for companies who hold SPCs granted prior to the *Seattle Genetics* judgment, the duration of which had been calculated in contravention of the interpretation established in that judgment. In light of the clarification provided by the CJ in the judgment under discussion, those holders will now be able to demand the rectification of the duration of their SPCs even where the decisions granting them predate the *Seattle Genetics* judgment and constitute final administrative acts. The only limitation that the CJ places on requests for rectification is that the SPC must not have expired.

The Incyte judgment is particularly significant in Spain, given that, as indicated above, Spain was one of the few EU coun-

tries where the Administration (in our case, the Spanish Patent and Trademark Office) refused to apply *Seattle Genetics*-doctrine to granted SPCs. This prompted numerous SPC holders to file contentious-administrative proceedings which, at the time of writing, are still pending a decision by the High Court of Justice of Madrid. In light of this new judgment by the CJ, the Madrid court can be expected to accept the appeals lodged by the SPC holders, overturn the Spanish Patent and Trademark Office's decisions by which their requests were denied and order that Office to rectify the duration of their certificates.

María CADARSO

37

Declaration of invalidity of a patent after the granting of provisional measures. Right of the defendant to "appropriate compensation". Judgment of the Court of Justice of 12 September 2019, Bayer Pharma ([C-688/17](#)).

1. Background.

Bayer, the owner of a patent in Hungary relating to a pharmaceutical product containing a contraceptive ingredient, applied for provisional measures against Richter and Exeltis to prohibit the said companies from placing on the market in Hungary certain contraceptive pharmaceutical products that would allegedly infringe its patent.

At the same time, Richter and Exeltis filed an application for a declaration of invalidity of Bayer's patent to the Hungarian Patent Office.

The courts granted Bayer's application for provisional measures and prohibited Richter and Exeltis from marketing the products in question. However, the Hungarian Patent Office subsequently declared the invalidity of Bayer's patent and the courts dismissed the claim for infringement brought by Bayer in the main proceedings.

In this context, the defendants requested that Bayer be ordered to provide compensation for the losses suffered as a result of the provisional measures referred to above.

The Hungarian Court considering the matter decided to stay the proceedings and to refer a question to the EU Court of Justice ("CJ") for a preliminary ruling regarding the scope of article 9 (7) of

[Directive 2004/48](#) on the enforcement of intellectual property rights (“Directive 2004/48”) and, in particular, regarding the concept of “appropriate compensation” set out in that provision. The provision in question states that *“where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.”*

2. Findings.

The CJ finds that although the possibility of granting “appropriate compensation” is subject to the provisional measures being repealed or ceasing to apply due to an action or omission of the applicant, or where it is subsequently found that there was no infringement or threat of infringement of the right in question, the fact that in a specific case these conditions are satisfied does not mean that the national courts can automatically and in any event be obliged to order the applicant to provide compensation for any losses suffered by the defendant as a result of the aforementioned measures. In this regard, the CJ states that:

- “Appropriate compensation” is a guarantee to cover the costs and injury to which the defendant is subject following an “unjustified application” for provisional measures.
- An application for provisional measures is considered “unjustified” when there is no risk that “irreparable harm” may be caused to the holder of the right in the event of delay in the adoption of the measures sought.
- And, in this regard, where defendants market their products even though a patent exists to impede such marketing, the resulting conduct may certainly be regarded as indicative of the existence of a risk, for the holder of that patent, of “irreparable harm” in the event of delay in the adoption of the measures sought.

In any case, the CJ confirms that Article 9 (7) of [Directive 2004/48](#) must be interpreted in the light of Article 3 (2) of that directive, according to which the Member States are required to offer guarantees that the measures and procedures referred to in Article 9 are not to be abused and, in this sense, it indicates that the national courts must take into account all the objective circumstances of the case, including the conduct of the parties, with a view to ensuring that there has been no abuse of the measures in question.

3. Remarks.

This CJ ruling surprises in that it is difficult to imagine under what circumstances an application for provisional measures could be “unjustified”. The CJ’s interpretation appears to exclude the possibility that an application for provisional measures (and the subsequent award of “appropriate compensation” to the defendant) on the basis of a patent that has subsequently been found to be invalid could be considered unjustified.

The CJ’s interpretation appears to be favourable to guaranteeing the protection afforded to rights holders. In fact, the court justifies its decision in paragraph 65 of the ruling, stating that *“a different conclusion could have the effect, ..., of discouraging the holder of the patent in question from availing himself of the measures referred to in article 9 of Directive 2004/48 and would thus run counter to the directive’s objective of ensuring a high level of protection of intellectual property.”*

However, in spite of the CJ’s position, it should also be recalled that the unfair use of patent rights –which in many cases are invalid – as a means of exerting pressure and coercion on rivals is a common practice among some companies in the market. Such conduct undoubtedly merits the

vigilance and, as the case may be, punishment of our authorities.

María CADARSO

38

Not possible to obtain a SPC for a new therapeutic application of an old active ingredient. Judgment of the Court of Justice of 9 July 2020, Santen ([C-673/18](#)).

1. Background.

The main proceedings involved the pharmaceutical company Santen and France's National Industrial Property Institute ("INPI"). Santen, which specialises in ophthalmology, is the holder of, on the one hand, a patent protecting an ophthalmic emulsion in which the active ingredient is ciclosporin and, on the other, a marketing authorisation ("MA") for a medicinal product marketed under the name "Ikervis", the active ingredient of which is *ciclosporin*, used to treat severe keratitis in adult patients with dry eye disease. On the basis of that patent and MA, Santen filed an application with the INPI for a supplementary protection certificate ("SPC") for the aforementioned medicinal product.

The INPI refused the application, holding that it did not satisfy the requirement that the MA for the product for which the SPC is sought must be the first authorisation to place the product on the market as a medicinal product (Article 3(d) of [Regulation \(EC\) No. 469/2009](#)). The INPI found that the MA in question was not the first MA for ciclosporin because a MA had been issued in 1983 for a medicinal product marketed under the name "Sandimmun" which also had ciclosporin as its active ingredient. "Sandimmun" was indicated for preventing the rejection of solid organ and bone marrow grafts and for other therapeutic uses such as the

treatment of endogenous uveitis, an inflammation of all or part of the uvea, the middle part of the eyeball.

Santen appealed the refusal, and the matter reached the Paris Court of Appeal, which decided to refer questions to the Court of Justice of the EU for a preliminary ruling in relation to the interpretation of the above-mentioned requirement set out in the Regulation. Specifically, the French court asked the CJ to clarify the doctrine laid down in the judgment of 19 July 2012 [C-130/11 *Neurim*](#), holding that the existence of an earlier MA for a veterinary medicinal product does not preclude the grant of a SPC for a different application of the same product. In this regard, it asked whether this doctrine extends or would extend to cases of new formulations of active ingredients whose first MA referred to medicinal products of the same kind (human or veterinary) (as in the case concerned in the main proceedings).

2. Findings.

The CJ answers in the negative: it is not possible to grant a SPC for a new therapeutic application of an old active ingredient. The judgment is based on the following reasoning:

- The key to determining whether a SPC can be granted for a new therapeutic application of an active ingredient for which authorisation was issued in the past in

respect of another therapeutic application, is whether the products that are the subject of the past MA and the new MA can be understood to be different due to the fact that they are intended for different therapeutic uses.

- The text of [Regulation \(EC\) No. 469/2009](#) defines the concept of “product” in relation to an active ingredient, not in relation to a specific therapeutic application of an active ingredient. It follows that the fact that an active ingredient is used for a new therapeutic application does not make it a “different” product when the same active ingredient has been used for an already known therapeutic application.
- Therefore, Article 3(d) of Regulation (EC) No. 469/2009 must be interpreted as meaning that it is not possible to consider a MA to be the first MA of a product when it refers to a new therapeutic application of an active ingredient that has already been the subject of another MA for another therapeutic application.

3. Remarks.

With this judgment, the CJ overturns the *Neurim* doctrine, opting for a strict interpretation of the requirement of Article 3(d) of Regulation EC No. 469/2009. This ruling will not have been well received by the pharmaceutical industry, which has seen a restriction on the opportunities for securing extended protection of patent

rights for new medicinal products consisting of a new therapeutic application of an old active ingredient. However, as the CJ points out, the intention of the EU legislature was *“to protect not all pharmaceutical research giving rise to the grant of a patent and the marketing of a new medicinal product, but to protect research leading to the first placing on the market of an active ingredient or a combination of active ingredients as a medicinal product”*.

María CADARSO

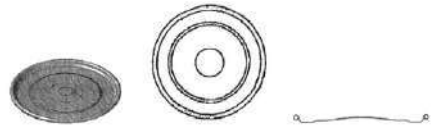
Designs

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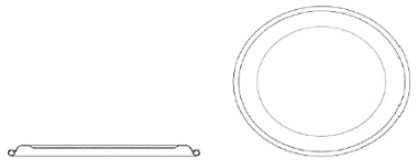
Community design dispute. Judgment of the Court of Justice of 20 October 2011, [Pepsico \(C-281/10\)](#).

1. Background.

The US company Pepsico Inc. (“Pepsico”) owned a Community design for “*promotional items for games*”, represented as follows:



The Spanish company Grupo Promer Mon Graphic, S.A. (“Grupo Promer”) filed an application for a declaration of invalidity against the aforementioned design on the basis of the following Community design for “*metal plate(s) for games*”:



The action was based on bad faith on Pepsico’s part; the lack of novelty of the contested design and infringement of Article 25.1.d) of Council [Regulation \(EC\) No. 6/2002](#). The OHIM dismissed Grupo Promer’s action. The Spanish company filed an appeal with the General Court of Luxembourg (“GC”), which annulled the OHIM’s decision, accepting the third

ground of the appeal. The GC found that there were similarities in the conflicting designs relating to elements that the designer was *free to develop* (central circular shape, raised edge, dimensions), which rendered them incompatible. Pepsico (supported by the OHIM) then filed an appeal with the Court of Justice of the European Union (CJ), which dismissed the appeal and confirmed the lower court's judgment.

2. Findings.

Pepsico's cassation appeal centres on a single ground based on infringement of Article 25.1.d) of Council Regulation (EC) no. 6/2002. The ground was divided into five parts:

In the first part, Pepsico argued that the three similarities that the GC had observed between the conflicting designs were all due to the functions of the products at issue (*pogs, rappers and tazos*) and were therefore common to this product category. The CJ rejected this pleading on the grounds that it related to findings of a factual nature made by the GC, which could not be reviewed by the CJ in a cassation appeal. In the second part, Pepsico held that the GC applied criteria pertaining to trademark matters on denying that the designs in question produced a different overall impression on the informed user. The CJ rejected this pleading and stated

that the concept of the *informed user* used in design matters lay somewhere between that of the average consumer (applicable in trademark matters) and the sectoral expert (with detailed technical expertise). The court added that although said user would most likely compare the designs directly, there was always the possibility that the comparison would be based on an imperfect recollection. In the third part of its single ground, Pepsico argued that the GC had gone beyond its jurisdictional task laid down in the Council Regulation. The CJ also rejected this pleading and confirmed that the GC had jurisdiction to conduct a full review of the appeal. In the fourth part of the ground, Pepsico held that the GC had erred on basing its assessment on samples of actual products submitted by the parties instead of on the general impression produced by the designs at issue. The CJ likewise rejected this pleading on the grounds that the comparison of the actual goods was used only for illustrative purposes in order to confirm the conclusions already drawn. Lastly, in the fifth part of the ground, Pepsico alleged that the GC had substantially distorted the facts submitted by the parties. This pleading was also rejected on the grounds that Pepsico failed to demonstrate precisely which evidence it considered to have been distorted by the GC.

3. Remarks.

This judgment by the CJ is hugely relevant because it clarifies basic issues for determining the individual character of the *later* Community design when compared with prior designs. In particular, the CJ precisely defines the concepts of the *informed user*, the role that this party plays in a comparative appraisal and the guidelines to be borne in mind for analysing this requirement. The judgment has nevertheless been cut short, since it fails to rule on the main ground of Pepsico's appeal, namely, the effect that the designer's degree of freedom when creating the design has on the comparison of the designs. One might wonder whether the pretext that this issue is factual is convincing.

Enrique **ARMIJO CHÁVARRI**

fig. 8



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Action for infringement of a Community design against a defendant holding a later Community design registration. Judgment of the Court of Justice of 16 February 2012, Celaya ([C-488/10](#)).

1. Background.

The company Celaya, which holds a Community design registration consisting of a cylindrical marker used for traffic signalling purposes (*fig. 8*), filed an infringement action against PROIN in relation to the marketing of a traffic signalling device which did not produce a different overall impression. The defendant opposed the action, asserting its ownership of a Community design which had been published later. As far as PROIN was concerned, until such time as that Community design registration was cancelled, its holder could likewise enjoy a right of use which would obstruct the infringement action. The CTC in Alicante made the corresponding reference for a preliminary ruling.

2. Findings.

The Judgment examines the concept of “third parties”, as referred to in Article 19 of [Regulation 6/2002](#) on Community designs. According to that provision, a registered Community design shall confer on its holder the exclusive right to use it and to prevent any “third party” not having his consent from using it. Article 10(1) adds that the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression. In the Court’s view, a joint interpretation of both provisions leads to the conclusion that the

Regulation “does not preclude the holder of a registered Community design from bringing infringement proceedings to prevent the use of a later registered Community design which does not produce on the informed user a different overall impression”. In that regard, the Regulation does not make any distinction on the basis of whether or not the third party is the holder of a registered Community design.

In the Court’s view, the fact that the defendant, being the holder of a later Community design registration, likewise enjoys the exclusive right to use its design is not enough to call the aforesaid interpretation into question. The Court gives precedence to the principle of priority, by virtue of which an earlier Community design registration will prevail over any Community designs which are registered later.

In reaching this conclusion, the Court points out that the procedure by which Community designs are granted, as laid down in the Regulation, is essentially a brief check to ensure that the application satisfies the formal requirements for filing. It does not require any substantive examination of whether the requirements for protection are met, or provide for any stage during which the holders of earlier design registrations may file opposition. The Court also mentions that the Regulation has opted to centralise the treatment of applications for a declaration of invalid-

ity of registered Community designs at the OHIM.

Consequently, the Court finds that Article 19 of Regulation 6/2002 must be interpreted “as meaning that, in a dispute relating to infringement of the exclusive right conferred by a registered Community design, the right to prevent use by third parties of the design extends to any third party who uses a design that does not produce on informed users a different overall impression, including the third party holder of a later registered Community design”.

The Judgment secondly examines whether the previous answer may vary according to the intention and conduct of the third party holder of a later registered Community design. However, the Court holds that the scope of the rights conferred by the Regulation must be determined objectively and cannot vary according to the circumstances pertaining to the conduct of the person applying for registration of a Community design.

3. Remarks.

This Judgment allays the harmful effects of the procedure by which Community designs are registered. This system, which provides for no examination or opportunity to oppose, facilitates the acquisition of exclusive rights in Community designs which may constitute a reproduction or slavish imitation of earlier designs. Since

applications for the invalidity of such designs had to be filed with the OHIM, the holder of the infringed design was unable to bring legal action in the meantime. The Court denies the *ius utendi* of a later Community design the power to obstruct in line with the classic rule prohibiting hedging patents in patent law. It remains to be seen what the Court will have to say in Case [C-561/11](#), currently underway, when it tackles this same issue from the standpoint of trademark law.

Antonio CASTÁN

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Community design
v. earlier Community
figurative mark.
Judgment of the
Court of Justice of
18 October 2012,
Herbert Neuman
([C-101/11](#) and
[C-102/11 P](#)).

1. Background.

José Manuel Baena Grupo, S.A. registered Community design no. 426895-0002, consisting of the following figure:



Herbert Neuman and Andoni Galdeano del Sel applied to the OHIM for a declaration of invalidity of the aforementioned design on the grounds that it was devoid of novelty and individual character and that it made use of an earlier distinctive sign. Their application was based on their Community trademark registration no. 1312651, consisting of the following figure:



The OHIM's Third Board of Appeal declared the registered design invalid on the grounds that it lacked individual character because it did not produce on the informed user an overall impression that differed from that produced by the earlier Community trademark.

This decision was annulled by the General Court in its decision of 16 December 2010,

[T- 513/09](#) [*not available in English*], which considered that the differences between the two silhouettes were sufficiently significant to create a different general impression on the informed user, in spite of similarities concerning other aspects and the degree of freedom enjoyed by the designer.

Mssrs. Neuman and Galdeano and the OHIM filed a cassation appeal with the CJ against the General Court's decision.

2. Findings.

The central issue of the appeal was the General Court's assessment of the overall impression produced by the design and Community trademark on the informed user.

The CJ first of all dismisses the appellants' claims that the General Court had erred in basing the comparison of the design and trademark on the recollection that the informed user retains in his/her memory.

In that regard, the Court confirms its earlier case-law according to which the "informed user" referred to in [Regulation no. 6/2002](#) must be understood as lying somewhere between the average consumer and the sectoral expert, who is an expert with detailed technical expertise. It therefore defines the concept of "informed user" as a particularly observant user, either due to personal experience or

extensive knowledge of the sector in question.

The Court goes on to state that this definition of informed user means that, when possible, he/she will make a direct comparison between the earlier mark and the contested design. It nevertheless considers that in the absence of any precise indications to that effect in Regulation no. 6/2002, the European Union legislature cannot be regarded as having intended to limit the assessment of designs to a direct comparison. For this reason, the Court concludes that the General Court cannot be held to have erred in basing its reasoning on the informed user's imperfect recollection of the overall impression produced by the two silhouettes.

The Court also dismisses the ground for appeal according to which the General Court had erred when examining the overall impression produced by the design and trademark. The General Court had held that said overall impression was largely determined by the facial expression of each of the silhouettes, and that the difference in that aspect constituted a fundamental characteristic that would be remembered by the informed user and, together with the position of the body, would produce a different overall impression on him/her.

The CJ finds that the arguments put forward by the appellants are actually calling into question the factual analysis undertaken by the General Court, which does not constitute a point of law subject to review by the Court of Justice in an appeal.

3. Remarks.

This Judgment's main point of interest lies in the fact that it refers to one of the few disputes between a trademark and a design which have reached the CJ.

Of particular note in the Court's reasoning is the confirmation that the assessment of the overall impression produced by industrial designs is a factual issue, which, in principle, must be undertaken exclusively by the General Court. This means that in the majority of cases, this court will constitute the final instance in OHIM invalidity proceedings when the debate is limited to comparison of the similarities and differences between the designs.

Another interesting aspect is the Court's opinion that the criteria of comparing designs directly is not a hard and fast rule, but rather there are exceptions, such as in this case. Nevertheless, the CJ does not give any indication as to what particular circumstances would justify deviation from the general criteria according to

which the informed user would compare the designs directly.

Carlos MORÁN

42

Determining the individual character of unregistered designs. Judgment of the Court of Justice of 19 June 2014, *Karen Millen Fashions* ([C-345/13](#)).

1. Background.

The British company Karen Millen Fashions (“KMF”) designed and placed on sale a striped shirt, the design of which was subsequently copied by the Irish company Dunnes Stores (“Dunnes”) to commercialise a similar shirt in its chain of establishments:



In the proceedings filed by KMF for infringement of its unregistered design, Dunnes acknowledged the fact that it had copied that design but challenged the validity of same on the grounds that it did not possess individual character. The Irish Supreme Court sought a preliminary ruling from the CJ in respect of the interpretation of Articles 6 and 85(2) of [Regulation 6/2002](#) on Community designs.

2. Findings.

The first question that the Irish court referred to the CJ was whether, in order to determine the individual character of an unregistered design, that design must be compared with any individual design which had previously been made available to the public, or whether it was possible,

as contended by Dunnes, to compare it with any combination of known design features from a number of earlier designs.

In order to answer this question, the CJ adopted a literal interpretation of Article 6(1) of Regulation 6/2002, which alludes to the overall impression produced “by any design” which has previously been made available to the public. The CJ considered that the wording of this provision implies that the comparison may only be made in respect of “*specific, individualised, defined and identified*” designs from among all previous designs.

However, the possibility of taking into account combinations of known design features is expressly provided in Article 25(1) of the [TRIPS Agreement](#). The CJ nevertheless considers this to be an optional possibility which has not been taken up by the Community legislator.

The second question referred to the burden of proving the individual character of an unregistered design which, according to Dunnes, rests with the holder of the design. To the contrary, the CJ considered that Article 85(2) of Regulation 6/2002 lays down a presumption of validity of unregistered designs, which must be interpreted in a manner that favours the fulfillment of the objectives of simplicity and expeditiousness in protecting unregistered designs set out in the recitals of the Regulation itself.

It thus concludes that in proceedings for infringement of an unregistered design, the holder cannot be required to prove that the design satisfies the individual character requirement, but need only identify what, in his/her view, are the features which give the design its individual character.

3. Remarks.

In this judgment, the CJ confirms the criteria followed by the General Court in its decision of 22 June 2010 (case [T-153/08](#)) concerning examination of the individual character requirement for unregistered designs, and in that regard, it establishes a lower requirement than that sought by the defendant in the main proceedings. As regards the issue of demonstrating that this requirement has been met, the CJ's findings on the burden of proving the validity of the design are in keeping with how other kinds of intellectual property are regulated.

The CJ has therefore interpreted Regulation 6/2002 in a way that favours the interests of companies (including companies operating in the fashion sector) which rely on unregistered Community designs for the protection of their creations by facilitating the institution of action for infringement of those designs.

Carlos MORÁN

43

Right of the licensee of a Community design to bring proceedings for infringement without having registered the licence. Judgment of the Court of Justice of 22 June 2016, Thomas Philipps ([C-419/15](#)).

1. Background.

Grüne Welle Wetriebs is the holder of an exclusive licence for Germany for Community design no. 0008770030-0001. The licence has nevertheless not been entered on the register of Community designs.

After obtaining the Community design holder's consent, as established in Article 32.3 of [Regulation \(EC\) 6/2002](#), Grüne Welle Wetriebs brought proceedings for infringement against the company Thomas Philipps for distributing a product that allegedly infringed the design in question.

The first instance court held Thomas Philipps liable and found that the plaintiff had demonstrated that it was entitled to bring the action in its own name. However, the judgment was appealed by the defendant in the *Oberlandesgericht Düsseldorf* (the German court of appeal) on the grounds that Grüne Welle Wetriebs did not have standing to bring the claims.

In those circumstances, the German court decided to stay the proceedings and refer the following two questions to the CJ for a preliminary ruling:

- 1) May a licensee who has not been entered in the register of Community designs bring claims for infringement of rights in a registered Community design?
- 2) If so, may the exclusive licensee also bring an action claiming damages on its

own, or may it only intervene in an action brought by the rightholder itself?

2. Findings.

With respect to the first question, a literal interpretation of Article 33.2 of [Regulation 6/2002](#) could lead one to think that an unrecorded licensee cannot enforce the rights in the design against a third party, since the first sentence of that provision states that “*legal acts referred to in Articles 28, 29 and 32 [concerning transfers, rights in rem and licensing] shall only have effect vis-à-vis third parties in all the Member States after entry in the register*”. The court nevertheless reminds us that legal provisions must be interpreted not just in light of their wording but also in light of the context in which they occur and the objectives that they pursue.

In that regard, the court notes that subparagraphs 2 and 3 of Article 33 make specific reference to third parties who have acquired rights, which thus infers, in the contextual framework, that the rule is intended to regulate the effects of entry in the register vis-à-vis third parties who may have acquired rights subsequently and does not apply to other cases where the third party is simply an infringer.

Thus, the answer to the first question is that the licensee may indeed bring proceedings for infringement of rights in a licensed registered Community design

even though the licence has not been entered in the register.

With regard to the second question, the uncertainty as to whether an unrecorded licensee, although able to bring infringement actions on its own account, may also claim damages arises from the wording of Article 32.4. That provision establishes that, for the purpose of obtaining compensation for damage suffered by it, the licensee shall be entitled to intervene in an infringement action brought by the rightholder in a Community design. However, nothing is said with regard to the question of whether the licensee has a right to claim damages if it brings that action itself.

Once again, the court looks at the context and observes that, since there are circumstances in which an exclusive licensee is permitted, under the Regulation, to bring proceedings for infringement on its own account (with the rightholder’s consent and where the latter has failed to take action itself within an appropriate period despite having been asked to do so), it would make no sense if the licensee could nonetheless only claim damages by intervening in an action brought by the rightholder. The court adds that such a restrictive interpretation would be contrary to the objective of the provision, which is to provide the licensee with the means to

take action against the infringement and thus defend its rights.

Basically, the conclusion reached by the court in relation to the second question is that the licensee, once entitled to bring proceedings for infringement, may also claim damages on its own account.

3. Remarks.

By this judgment, which echoes previous findings in respect of EU trademarks ([case C-163/15](#)), the CJ has once again taken the view that licensees have standing to sue even though their licenses have not been entered in the register.

This ruling is furthermore in line with the interpretation provided by Alicante Mercantile Court in its judgment of 26 December 2011 ([ECLI:ES:JMA:2011:152](#)), in which it held that Article 33 of the Regulation was only aimed at regulating the legal position of the licensee with respect to third parties who may in turn acquire rights from the licensor and owner of the trademark.

Joaquín ROVIRA

44

The 'repair' clause in Article 110 of Regulation No. 6/2002 on Community designs. Judgment of the Court of Justice of 20 December 2017, [Acacia \(C-397/16 and C-435/16\)](#).

1. Background.

Audi and Porsche are the holders of a number of Community designs of alloy car wheel rims.

Acacia manufactures and markets alloy car wheel rims which are identical to Audi's and Porsche's alloy wheel rims, and which are sold exclusively as replacement parts for the purpose of making repairs. In Porsche's case, Acacia also manufactures and markets rims in colours and sizes which do not correspond to the original products.

Audi and Porsche brought proceedings before the Italian and German courts, respectively, seeking a declaration that the rims manufactured and marketed by Acacia infringed their Community designs. In both cases, the actions were upheld.

Acacia filed appeals against both decisions, and in both cases the second instance courts held that doubts were raised as to the interpretation of Article 110.1 of [Regulation No. 6/2002](#). The courts thus decided to stay the proceedings and refer a number of questions to the CJ for a preliminary ruling in respect of the interpretation and requirements for application of the so-called 'repair' clause regulated in that provision.

2. Findings.

By the second question referred in the Audi case and the first in the Porsche case, the referring courts essentially asked whether Article 110.1 of Regulation No. 6/2002 must be interpreted as meaning that the 'repair' clause makes the exclusion of protection as a Community design for a design which constitutes a component part of a complex product which is used for the purpose of the repair of that complex product so as to restore its original appearance subject to the condition that the protected design is dependent upon the appearance of the complex product.

The CJ replied to those questions in the negative, holding that it follows from both the wording of Article 110.1 of Regulation No. 6/2002 and the origin of the 'repair clause' that dependence of the protected design upon the appearance of the complex product is not a requirement for that clause to come into play.

By the first question in the Audi case and the second in the Porsche case, the referring courts asked, in essence, to which conditions the 'repair' clause in Article 110.1 of Regulation No. 6/2002 subjects the exclusion of protection as a Community design for a design which constitutes a component part of a complex product which is used for the purpose of the repair

of a complex product so as to restore its original appearance.

The CJ's reply is unequivocal. Three requirements can be deduced from the wording of Article 110.1 of Regulation No. 6/2002, namely:

- The existence of a Community design;
- The presence of a *component part of a complex product*; and
- The need for *use within the meaning of Article 19.1 for the purpose of the repair of that complex product so as to restore its original appearance*.

In relation to this case, the CJ confirms that the Audi and Porsche rims are protected by valid Community designs, and that the *rims are a component part of a complex product*.

As regards the third requirement, the CJ points out that the possibility of relying on the 'repair' clause requires that the *use of the component part be necessary for the repair of a complex product that has become defective, inter alia due to the lack of the original part or damage caused to it*, and any use for decorative purposes or for reasons of convenience is excluded from that clause.

The CJ also stresses that the repair must be carried out in order to restore the 'original' appearance of the complex product,

thus concluding that the ‘repair’ clause will only apply to component parts of a complex product that are visually identical to original parts.

Lastly, by the third question in the Audi case and the third and fourth questions in the Porsche case, the referring courts asked, in essence, whether Article 110.1 of Regulation No. 6/2002 must be interpreted as meaning that, in order to rely on the ‘repair’ clause in that provision, the manufacturer or seller of a component part of a complex product must ensure, and in that case, how it must ensure, that the component part can be purchased exclusively for repair purposes.

The CJ replied that while the manufacturer or seller of a component part of a complex product cannot be expected to guarantee, objectively and in all circumstances, that the parts that they make or sell for use in accordance with the conditions prescribed by Article 110.1 of Regulation No. 6/2002 are actually used by end users in compliance with those conditions, the fact remains that, in order to benefit from the derogatory regime put in place by that provision, the manufacturer or seller is under a duty of diligence as regards compliance by downstream users with those conditions.

The CJ states, in particular, that it is for the manufacturer or seller to:

- Inform the user, through a clear and visible indication on the product, on its packaging, in the catalogues or in the sales documents: (i) that the component part concerned incorporates a design of which they are not the holder; and (ii) that the part is intended exclusively to be used for the purpose of the repair of the complex product so as to restore its original appearance.
- Ensure, through appropriate means, in particular contractual means, that users do not intend to use the component parts at issue in a way that does not comply with the conditions laid down in Article 110.1 of Regulation No. 6/2002.
- Refrain from selling such a component part where they know, or ought reasonably to know, that the part in question will not be used in accordance with the conditions laid down in Article 110.1 of Regulation No. 6/2002.

3. Remarks.

The CJ reminds us that the purpose of the ‘repair’ clause is to liberalise the replacement parts market, hence the interpretation of Article 110.1 of [Regulation No. 6/2002](#) offered by the judgment under analysis here.

Provided that manufacturers and sellers comply with the duty of diligence referred to by the CJ, the manufacturing and sale

of replacement parts which imitate protected designs are covered by the 'repair' clause provided in Article 110.1 of Regulation No. 6/2002.

Ana **SANZ**

45

Features of a product solely dictated by its function in Community designs. Judgment of the Court of Justice of 8 March 2018, Doceram ([C-395/16](#)).

1. Background.

At the time of the referral for a preliminary ruling, there was an ongoing debate in Europe with regard to determining when a feature of a product was “*solely dictated by its technical function*” and, thus, there were various different interpretations of Article 8.1 of [Regulation No. 6/2002](#) on Community designs.

Up to that point, the prevailing theory in Germany and other EU countries (including Spain), was the “*multiplicity of forms*” theory, which defended the position that if the same technical function could be achieved through different forms to that claimed in the design, that form could not be considered to be dictated solely by said technical function.

In opposition to that theory was the causality theory (“*no-aesthetic-consideration test*”) followed by the EUIPO and by the courts of the UK and France, among others, according to which the decisive factor was whether the features of the design were chosen on the basis of considerations other than purely functional considerations or, in other words, whether aesthetic considerations also contributed to the design.

DOCERAM GmbH, a manufacturer of technical ceramic components, was the owner of various Community designs under registration no. 000242730 which pro-

tected the form of centring pins for welding, some of which may be seen below:



CeramTec GmbH is a company that also manufactures centring pins for welding.

DOCERAM brought an action against CeramTec before the German courts for infringement of the rights in its Community designs. In reply to the action, CeramTec brought a counterclaim seeking a declaration of invalidity of DOCERAM's designs, arguing that the features of the appearance of the products in question were dictated solely by their technical function.

The Community designs were declared invalid at first instance and, therefore, DOCERAM appealed said decision before the Düsseldorf Higher Regional Court. Given the different theories that existed regarding Article 8.1 of Regulation No. 6/2002 in case law and legal doctrine, the Court decided to stay the proceedings and refer the following questions to the Court of Justice for a preliminary ruling:

1. Are the features of appearance of a product solely dictated by its technical function, within the meaning of Article 8(1) of

Regulation No. 6/2002 which excludes protection, also if the design effect is of no significance for the product design, but the (technical) functionality is the sole factor that dictates the design?

2. If the Court answers Question 1 in the affirmative, from which point of view is it to be assessed whether the individual features of appearance of a product have been chosen solely on the basis of considerations of functionality? Is an "objective observer" required and, if so, how is such an observer to be defined?

2. Findings.

On the first question, the Court of Justice positioned itself in favour of the causality theory, based on the following arguments.

Considered in the light of Recital 10 of Regulation No. 6/2002, Article 8(1) is intended to prevent technological innovation from being hampered by granting design protection to features of appearance dictated solely by a technical function of a product.

In the opinion of the Court of Justice, if the mere existence of alternative designs fulfilling the same function as that of the product concerned is sufficient in itself to exclude the application of Article 8(1) of Regulation No. 6/2002, a single economic operator would be able to obtain several registrations, as a Community design, of

different possible forms of a product incorporating features of appearance of that product which are dictated exclusively by its technical function. This would permit such an operator to benefit in practice, with regard to such a product, from exclusive protection equivalent to that offered by a patent, but without being subject to the much stricter requirements for obtaining the latter.

Therefore, in order to determine whether the features of appearance of a product are solely dictated by its technical function, it must be established that the technical function is the only factor which determined those features, the existence of alternative designs not being decisive in this regard.

As for the second question, the Court of Justice states that while Article 6(1) and Article 10(1) of Regulation No. 6/2002 expressly provide that for the purpose of their application, the assessment must be based on the overall impression produced by a design on an “*informed user*”, Article 8(1) does not require the perception of an “*objective observer*” to be taken into account for the purposes of its application.

In this regard, the Court of Justice simply states that the national court must take account of all the objective circumstances relevant to each individual case in order to determine whether the relevant features

of appearance of a product are covered by Article 8(1), such as, for example:

- The design at issue.
- The objective circumstances indicative of the reasons which dictated the choice of features of appearance of the product concerned.
- Information on its use.
- The existence of alternative designs which fulfil the same technical function.

All of these circumstances, data or the existence of alternative designs must be supported by reliable evidence.

3. Remarks.

The Court of Justice's judgment confirms the [view](#) of the Advocate General that the features of a design are not protectable under design law if, from an objective standpoint, they were chosen solely on the basis of considerations related to functionality. This decision thus confirms that the right approach is that of causality theory, thereby ending the causality vs. multiplicity of forms debate.

Therefore, the judgment should put an end to the existence of different interpretations by various national courts and the EUIPO regarding how to determine whether a feature is “*dictated solely by its technical function*”.

As a consequence of the application of the causality theory, from now on designs of functional products are likely to be more exposed to potential cancellation in relation to Article 8(1) of [Regulation No. 6/2002](#).

In Spain, specifically, this judgment will have an effect on the practice of the Spanish courts, which have up until now applied the multiplicity of forms theory, such as, for example, in the judgment handed down by Alicante Mercantile Court No. 1 on 5 April 2012 (*CEGASA case*) ([ECLI:ES:JMA:2012:18](#)) or in preliminary injunction order No. 267/07 OF 20 November 2017 by the same court (*SILVERLIT case*).

Pedro SATURIO

46

Jurisdiction of national courts to order interim relief measures in connection with Community designs. Judgment by the Court of Justice of 21 November 2019, Spin Master ([C-678/18](#)).

1. Background.

The Canadian company Spin Master Ltd, owner of a registered Community design, applied to a court of first instance (District Court) in Amsterdam for interim relief measures to stop a Dutch company from selling a product that infringed its design.

The defendant entered a plea of lack of jurisdiction of that court, reasoning that the District Court in The Hague is the court designated as the "Community Design Court" by the Netherlands pursuant to Article 80.1 of [Regulation 6/2002](#) and hence has exclusive jurisdiction over Community design matters.

The court in Amsterdam denied that plea and held that it had jurisdiction to deal with the application for interim measures before it. The Procurator General lodged an appeal against that decision, and the Supreme Court of the Netherlands decided to refer a question to the Court of Justice for a preliminary ruling as to the proper interpretation of Article 90.1 of Regulation 6/2002 as it relates to Article 80.1 of that same Regulation.

2. Findings.

Article 90.1 of Regulation 6/2002 provides that in respect of a Community design, application may be made to the courts of a Member State, including Community

design courts, for provisional measures, including protective measures, as may be available under the law of that Member State in respect of national design rights, even if, under the Regulation, a Community design court of another Member State has jurisdiction as to the substance of the matter.

The referral in the case dealt with the first part of that Article. The Netherlands government contended that jurisdiction for applications for provisional and interim measures concerning Community designs in a Member State lies exclusively with the "Community Design Courts" designated under Article 80.1 of [Regulation 6/2002](#).

However, the Court of Justice has taken an opposing viewpoint. It has ruled that EU lawmakers' intent concerning applications for provisional and interim measures in matters involving the infringement and invalidity of Community designs was for the principles of proximity and efficiency to prevail over specialisation of the courts.

For that reason, it has held the courts with jurisdiction to order provisional and interim measures in respect of a national design also have jurisdiction to order such measures in respect of a Community design, even if they are not a "Community Design Court" designated under Article 80.1 of [Regulation 6/2002](#).

3. Remarks.

This ruling by the Court of Justice in this matter will have major practical consequences in the EU countries, including Spain. The situation in our country in this connection is akin to that in the Netherlands, namely, a single seat, the commercial courts of Alicante, has been designated to have jurisdiction in matters dealing with the infringement of Community designs, whereas a number of different courts, i.e., certain commercial courts in A Coruña, Barcelona, Bilbao, Granada, Las Palmas de Gran Canaria, Madrid, and Valencia, have jurisdiction to hear matters involving infringement of national designs.

According to the rule of functional jurisdiction regarding interim measures laid down in Spain's [Civil Procedure Act](#), applications for measures involving Community designs would have to be filed with the commercial courts of Alicante. By contrast, according to the interpretation of Article 90.1 of Regulation 6/2002 set forth in the judgment considered here, and under the principle of the primacy of EU law, applications for such interim measures may also be submitted to the commercial courts in the cities just mentioned above, even though the main action will still have to be heard by the commercial courts of Alicante.

Furthermore, the doctrine set by this judgment would appear to be extensible to applications for interim measures involving EU trade marks. In this regard, the wording of Article 131.1 of [Regulation 2017/1001](#) on the European Union trade mark is identical to that of Article 90.1 of [Regulation 6/2002](#). In consequence, the Court of Justice's reasoning in its judgment relating to this latter Regulation would be directly transferable to the former Regulation.

To sum up, this ruling by the Court of Justice opens the door to a sort of forum shopping among national courts in respect of applications for interim measures involving EU designs and trade marks that will call for giving due consideration to the potential advantages and disadvantages in each case when deciding on the court to select to file a given application.

Carlos **MORÁN**

Anti-Counterfeiting

47

Counterfeit goods in transit. Border measures. Judgment of the Court of Justice of 1 December 2011, Philips and Nokia ([C-446/09 and C-495/09](#)).

1. Background.

This judgment stems from two joined cases based on identical factual grounds. A shipment of shavers from China and a shipment of mobile telephones and mobile telephone accessories from Hong Kong were detained by the Belgian and United Kingdom Customs authorities, respectively. Customs had no proof that the goods were intended to be put on sale in the European Union, with Colombia being the final destination in the latter case. The petition for damages and the destruction of the goods made in the Belgian case and the decision by UK Customs that was contrary to the detention of the goods gave rise to references for a preliminary ruling.

2. Findings.

The Court of Justice of the European Union (CJ) finds that goods which are in transit or held in Customs warehousing (suspensive procedures) cannot be considered to have been “put on sale” in the European Union.

Goods placed under a suspensive procedure cannot, merely by the fact of being so placed, infringe intellectual property rights applicable in the European Union. Therefore, the goods cannot be destroyed, nor can the operators concerned be penalised, on the grounds of a mere risk of fraud based on a legal fiction.

The judgment acknowledges that goods placed under a suspensive procedure infringe intellectual property rights where they are the subject of a commercial act directed at European Union consumers (the sale of goods to an EU client, an offer for sale or advertising targeted at EU consumers or documents or correspondence concerning the goods in question suggesting that there is liable to be a diversion of those goods to EU consumers).

The Customs authorities may legitimately act where there are indications that the operators involved, even if they have not yet begun to direct the goods towards European Union consumers, are about to do so or are disguising their commercial intentions.

Such indications arise where there is material to cause *suspicion* (in particular where the destination of the goods is not declared, where no information is given as to the identity of the manufacturer, where there is a lack of cooperation with the Customs authorities or where documents are discovered suggesting that the goods are liable to be diverted to the European Union).

The CJ adds that the suspicion must arise from the particular circumstances surrounding the case and that it cannot be general. The counterfeit goods may comply with the provisions in force in the

country in which they were manufactured and in the country to which they are being transported. It is therefore essential to avoid hindering commercial operations between those countries. Nevertheless, where there are suspicions of infringement of intellectual property rights in the non-member State of destination, it is the European Union's duty to cooperate with that State in order to remove the goods in question from international trade (Article 69 [TRIPS](#)). However, the detention of the goods by Customs under Regulations [3295/94](#) and [1383/2003](#) would not appear to be the appropriate channel through which to proceed.

3. Remarks.

This judgment has dealt a fresh blow to the pursuit in Europe of counterfeit goods destined for non-member States. The CJ is adverse to regarding goods that are in transit or held in Customs warehousing as capable of infringing trademarks, within the meaning of the Regulation on border measures. Since the Regulation is relied upon in order to block the entry of counterfeit goods from other countries into the European Union, if the goods are not ultimately intended for sale within that territory, then there is no reason for them to be detained by Customs under the border measures procedure. Nevertheless, the CJ does offer some hope to right holders in the form of the suspicion that the goods

might access the European Union. It is difficult to predict what position each of the 27 Customs administrations of the European Union will adopt in relation to the kind of indications or evidence of future sale in the EU that will be required in order to detain counterfeit goods in transit. This will depend on the domestic laws of each country. In the case of Spain, regardless of the stance taken by our Customs administration, it seems clear that the goods in transit will be in national territory, will fall within the scope and boundaries of Spanish criminal jurisdiction and may therefore be detained and held by the courts just like any other piece of evidence in criminal proceedings. There are a number of judicial precedents to support this.

Juan José CASELLES

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Public interest in border measures and the customs authorities' power to establish the infringement of intellectual property rights. Judgment of the Court of Justice of 9 April 2014, Sintax Trading ([C-583/12](#)).

1. Background.

Sintax Trading imported bottles of mouth-wash supplied by a Ukrainian company into Estonia. Acerra informed Customs that those bottles infringed its registered design rights. Customs suspended the release of the goods in order to carry out a further investigation, which revealed a strong similarity between the shape of the bottles which had been imported and Acerra's design. Suspecting that intellectual property rights had been infringed, Customs seized the goods and requested an opinion from Acerra, which confirmed those suspicions. Customs declared that the goods infringed intellectual property rights within the meaning of [Regulation 1383/2003](#) and consequently rejected Sintax's application to obtain the release of the goods.

Following a number of appeals by Sintax, the release of the goods was ordered on the grounds that the aforementioned Regulation did not authorise the customs authorities to decide, ex officio, whether intellectual property rights had been infringed, or to detain goods after the expiry of the ten-day period prescribed to that effect. Nevertheless, the Estonian Supreme Court had doubts about the release of the goods, given that under Estonian law the customs authorities may conduct, themselves and on their own initiative, adversarial proceedings in order to issue a deci-

sion on the merits as to the existence of an infringement of an intellectual property right.

2. Findings.

The CJ declared that the provisions of Regulation 1383/2003 do not in themselves preclude proceedings to determine whether there has been an infringement of an intellectual property right under national law from being commenced on the initiative of the customs authorities, in the absence of any initiative by the rightholder concerned.

The objective of Regulation 1383/2003 is not only to protect private rights and interests, but also to protect public interests. Given that the Regulation seeks to prevent the marketing of goods which, besides infringing intellectual property rights, may deceive consumers and in some cases endanger their health and safety, parties other than the rightholders may invoke a legitimate interest in establishing the infringement of those rights in order to eliminate those risks. Therefore, the Regulation does not preclude the Member States from providing that the customs authorities may themselves initiate proceedings to determine whether there has been an infringement of an intellectual property right under national law.

As regards the issue of whether the customs authorities may conduct those pro-

ceedings and adopt a decision on the merits in order to determine whether there has been an infringement of an intellectual property right under national law, it is the law in force in the Member State in which the goods are situated which will be applicable in order to make that determination. The EU legislature has not ruled out the possibility that an authority other than a judicial authority may be designated as the authority competent to give a decision on the merits of a case. The CJ reiterates that this possibility is also provided under Article 49 of the [TRIPS Agreement](#), and declares that it is for the national law of each Member State to lay down the rules for the exercise of such powers pursuant to the principle of procedural autonomy.

The CJ concludes that there is nothing to prevent the customs authorities, in the absence of any initiative by the holder of the intellectual property right, from initiating and conducting proceedings on the merits themselves, provided that the relevant decisions taken by those authorities may be subject to appeal, ensuring that the rights derived by individuals from EU law and, in particular, from the aforementioned Regulation, are safeguarded.

3. Remarks.

There are three significant aspects in this judgment, namely: a) it declares that there

is public interest in border measures and enables the customs authorities to initiate proceedings on the merits themselves, even when the holder of the allegedly infringed intellectual property right has not taken any action; b) it leaves open the possibility that, by virtue of the principle of procedural autonomy, jurisdiction to issue an opinion on the merits, which in Spain is currently held by both the criminal and civil (commercial) courts, can also be held by the customs authorities; and c) it raises a very sensitive issue in Spain, specifically, whether the customs authorities' power to initiate proceedings *ex officio* could transform into the duty of customs officials to report any offences of which they become aware, pursuant to [Article 262](#) of the Spanish Criminal Procedure Act, and in the event that they do not do so, into breach of the duty to pursue offences, under [Article 408](#) of the Spanish Criminal Code. The debate is on.

Juan José CASELLES

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Limitations on banking secrecy in the investigation of online sales of products bearing counterfeit trademarks.

Judgment of the Court of Justice of 16 July 2015, Coty Germany [\(C-580/13\)](#).

1. Background.

In January 2011, Coty Germany, the holder of an exclusive licence for the Community trademark DAVIDOFF HOT WATER, acquired a bottle of perfume bearing that trademark on an Internet auction platform. It paid the sum corresponding to the price of the product into the bank account opened with Stadtsparkasse Magdeburg which had been provided by the seller. After finding that the product that it had purchased was counterfeit, Coty Germany asked the auction platform to provide it with the real name of the holder of the user account, who had sold the perfume under an alias. The person named admitted to being the holder of that account, but denied having sold the perfume and refused to provide further information on the basis of her right not to give evidence.

Coty Germany asked the Stadtsparkasse Magdeburg bank to provide it with the name and address of the holder of the bank account into which it had paid the amount corresponding to the price of the counterfeit perfume, but the bank refused to furnish that information, invoking banking secrecy.

In view of this situation, Coty Germany brought civil action before the Regional Court of Magdeburg, which ordered the bank to provide the information requested. That court's judgment was quashed

by the Higher Regional Court of Naumburg on the grounds that the bank was entitled to refuse to give evidence in civil proceedings under German civil law. Coty Germany lodged an appeal on a point of law before the Federal Court of Justice, which stayed the proceedings and made a reference for a preliminary ruling to the CJ concerning whether German banking secrecy legislation was compatible with [Directive 2004/48/EC](#) on the enforcement of intellectual property rights.

2. Findings.

The CJ establishes limitations on national laws that protect bank secrets and states that Directive 2004/48/EC precludes a national provision which allows, in an unlimited and unconditional manner, a banking institution to invoke banking secrecy in order to refuse to provide a court with information concerning the name and address of an account holder within the context of proceedings for intellectual property infringement.

The CJ finds that a national provision, taken in isolation, which allows a bank to refuse, in an unlimited manner - since its wording contains no conditions or specification whatsoever – to provide information concerning the name and address of account holders involved in activities which infringe intellectual property, does not respect the fundamental right to an

effective remedy and to intellectual property, and it therefore prevents the competent national authorities from being able to order the disclosure of information provided under Art. 8(1)(c) of the aforementioned Directive.

3. Remarks.

This matter highlights the need to strike a balance between the right to an effective remedy, and to intellectual property, and the right to personal data protection.

Although this judgment clearly supports national laws that ensure a fair balance between the various fundamental rights at issue, it also implies a serious limitation on banking secrecy in the investigation of intellectual property infringements.

In view of the opacity of the seller of counterfeit goods on the Internet, it is extremely important to identify the holder of the bank account into which payments are made in order to discover the perpetrator of the infringement. As the Advocate General pointed out in his [opinion](#) of 16 April 2015, in Germany it is impossible to bring civil proceedings against an unidentified person, and so in a clear-cut case of infringement, identifying the infringer is clearly justified.

In Spain, we need to wait until this judgment has gained greater significance in respect of civil jurisdiction, this being the

jurisdiction within which the banking secrecy which may be invoked was limited, and to a lesser extent in criminal jurisdiction, where examining magistrates already hold broad powers in the investigation of offences and the denial of fundamental rights. The judgment is a huge step forward when it comes to dealing with the uncontrolled phenomenon concerning sales of products bearing counterfeit trademarks on the Internet.

Juan José CASELLES

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The lessor of commercial premises as an intermediary in the sale of counterfeit goods. Judgment of the Court of Justice of 7 July 2016, Delta Center ([C-494/15](#)).

1. Background.

Delta Center sublets to various market-traders the sales areas located in the Prague market halls (*Pražská tržnice*) of which it, in turn, is the tenant. Delta Center imposes on those market-traders the obligation to respect the regulations to which their activities are subject and provides them with a brochure entitled “Warning for traders”, written in Czech and Vietnamese, which highlights the fact that the sale of counterfeits is forbidden and may lead to the termination of the contract for the rental of the sales area.

Tommy Hilfiger Licensing LLC, Urban Trends Trading BV, Rado Uhren AG, Facion Kft., Lacoste SA and Burberry Ltd. noticed that counterfeits of their goods were being sold in those market halls and sued Delta Center in Prague City Court. The court was asked to issue an injunction against the defendant, ordering it to refrain from concluding or extending contracts for the rental of sales areas in those halls with persons who infringed trademark rights, to refrain from concluding or extending such contracts where the terms of same did not include the obligation on market-traders to refrain from infringing intellectual property rights, or the clause according to which Delta Center may terminate the contract in the event of the infringement or likelihood of infringement of those rights, and to submit a written

apology and have a report published in a journal. That application was rejected by the first instance court and in appeal. The Czech Supreme Court subsequently referred two questions to the CJ for a preliminary ruling.

2. Findings.

The CJ firstly examines whether the concept of “*an intermediary whose services are being used by a third party to infringe an intellectual property right*” –Art. 11, third sentence, of [Directive 2004/48/EC](#)– includes the defendant, a market hall tenant.

The judgment cites CJ case-law on the subject of electronic commerce (CJ’s judgment of 12 July 2011, *L’Oréal and Others*, [C-324/09](#)), according to which an access provider which merely permits Internet access without proposing other services or exercising a review provides a service which is capable of being used by a third party to infringe intellectual property rights and must be classified as an “intermediary”.

The Court also points out that it is irrelevant whether the provision of sales points concerns an online marketplace or a physical marketplace, such as market halls.

The judgment concludes that the concept of “*an intermediary whose services are being used by a third party to infringe an*

intellectual property right” includes the tenant of market halls who sublets the various sales points located in those halls to market-traders, some of whom use their pitches in order to sell counterfeit branded products.

Secondly, the CJ examines whether the requirements for an injunction directed against an intermediary who provides a service relating to the letting of sales points in market halls are identical to those for injunctions which may be addressed to intermediaries in an online marketplace, and concludes that the requirements are identical.

In that regard, the judgment states that in accordance with the Directive and CJ case-law, injunctions must be “*effective and dissuasive*”, as well as “*equitable and proportionate*”. Although they must not “*create barriers to legitimate trade*”, or require the intermediary to exercise “*general and permanent oversight over its customers*”, the intermediary can be forced to take measures which “*contribute to avoiding new infringements of the same nature by the same market-trader*”.

3. Remarks.

Curiously, this judgment by the CJ carries out a reverse analysis of what has been the warhorse in intellectual property matters since the arrival of the Internet, namely, how to ensure that rightholders

have the same means of defence in the digital environment as they do in the analogue environment. In this case, we are faced with exactly the opposite scenario: the debate centres on whether an enforcement instrument initially conceived for pursuing online infringements –the possibility of directing injunctions against intermediaries- can also apply in an analogue environment.

The Court's affirmative answer –proceedings for infringement may be directed against the tenant of a marketplace who sublets the various points of sale in the event that counterfeit goods are being sold there- is twofold.

On the one hand, the Court classifies the lessor as an “intermediary”, not as a rights infringer, notwithstanding any responsibility for the infringement that it may hold. It is one thing to be able to impose certain measures on the lessor, and another thing entirely to directly consider that party responsible for the infringement.

On the other hand, the CJ, when establishing the scope of the injunction, i.e., the measures aimed at ceasing the infringing conduct and preventing further infringements, once again calls for the need to strike a balance between the protection of intellectual property rights and the absence of obstacles to legitimate trade. It is for the national court to determine,

in light of those criteria, the scope of the injunction addressed to the lessor of market stalls used to sell counterfeit branded products.

This judgment therefore forms part of the latest trend in case-law, which requires greater involvement on the part of intermediaries in the sale of counterfeit goods in order to secure the cessation and prevention of infringements.

Juan José **CASELLES**

51

Access by public authorities to electronic data for the purpose of identifying the owners of SIM cards activated with a stolen mobile telephone: not limited to serious criminal offences. Judgment of the Court of Justice of 2 October 2018, Spanish Public Prosecutor ([C-207/16](#)).

1. Background.

On 16 February 2015, Mr. Hernández Sierra filed a complaint with the Spanish police for a violent robbery, in which he was injured and his wallet and mobile telephone were stolen. On 5 May 2015, the Examining Magistrates' Court rejected the request made by the police to order various providers of electronic communications services to provide the telephone numbers activated between 16 February and 27 February 2015 with the IMEI code of the stolen mobile telephone and the personal data concerning the identity of the owners or users of the telephone numbers corresponding to the SIM cards activated with said code, such as their forenames, surnames, and, if necessary, their addresses.

The Public Prosecutor's Office appealed the rejection of these inquiries, referring to the [judgment](#) of the Spanish Supreme Court of 26 July 2010 in a similar case. The Tarragona Court of Appeal decided to stay the proceedings, recalling the amendment of the [Code of Criminal Procedure](#) (enacted under [Organic Act No. 13/2015](#) of 5 October 2015, strengthening procedural due process and regulating technological investigative measures) which introduced two new alternative criteria for determining the degree of seriousness of an offence: a) a substantive criterion relating to conduct which corresponds to criminal classifications the criminal nature of which is specific and serious,

and which is particularly harmful to individual and collective legal interests; and b) a formal normative criterion based on the penalty prescribed for the offence in question, establishing a threshold of 3 years' imprisonment.

The Provincial Appellate Court referred two questions to the CJ for a ruling:

1. Can the sufficient seriousness of offences, as a criterion which justifies interference with the fundamental rights recognised by Articles 7 and 8 of the [Charter of Fundamental Rights of the EU](#), be determined taking into account only the sentence which may be imposed in respect of the offence investigated, or is it also necessary to identify in the criminal conduct particular levels of harm to individual and/or collective legally protected interests?
2. If it were in accordance with the constitutional principles of the European Union, used by the CJ in its judgment of 8 April 2014 [*Digital Rights Ireland and Others*, [C-293/12 and C-594/12](#), EU:C:2014:238] as standards for the strict review of the Directive, to determine the seriousness of the offence solely on the basis of the sentence which may be imposed, what should the minimum threshold be? Would it be compatible with a general provision setting a minimum of three years' imprisonment?

2. Findings.

In this judgment, it is stated that pursuant to the principle of proportionality, in the areas of prevention, investigation, detection and prosecution of criminal offences, a serious interference may be justified only by the objective of fighting crime which must also be defined as serious. However, when the interference entailed by such access is not serious, it may be justified by the objective of preventing, investigating, detecting and prosecuting criminal offences generally.

The data sought by the Spanish police only enable the SIM card or cards activated with the stolen mobile telephone to be linked, during a specific time period, with the data concerning the identity of the owners of those SIM cards. Without checking those data against the data concerning the communications made with those SIM cards and the location data, it is not possible to determine the date, time, duration or recipients of the communications made with the SIM cards in question, or the locations where the communications were made, or the frequency of those communications with certain people during a certain time period. Therefore, said data do not allow precise conclusions to be drawn regarding the private lives of the persons whose data is affected, and therefore it cannot be

regarded as a serious interference in the fundamental rights of those individuals.

The interference entailed by access to said data may be justified by the objective of preventing, investigating, detecting and prosecuting criminal offences generally, as referred to in the first sentence of Article 15(1) of [Directive 2002/58](#), without it being necessary that those criminal offences be defined as serious.

Consequently, it is stated that the access of public authorities to data for the purpose of identifying the owners of SIM cards activated with a stolen mobile telephone, such as forenames, surnames and, if necessary, their addresses, constitutes interfering with their fundamental rights, although this interference is not sufficiently serious to mean that said access is to be limited to fighting serious crime.

3. Remarks.

Let us hope that this judgment helps reduce the reluctance of some courts to prevent, investigate, detect and prosecute any type of crime requiring technological investigative measures, encouraging them to weigh the different interests involved but without hindering the chances of establishing the facts of the matter or identifying the perpetrators.

Juan José CASELLES

Geographical Indications

fig. 8



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Community trade mark – applicability of the regulation protecting geographical indications of spirit drinks protected at the Community level against trade marks registered prior to its entry into force – temporal and direct application. Judgment of the Court of Justice of 14 July 2011, *Cognac* ([C-4/10 and C-27/10](#)).

1. Background.

The Finnish company Gust. Ranin Oy applied for registration of two Finnish trade marks in Class 33 consisting of bottle labels which included the word COGNAC together with other terms resulting from the translation of that word into Finnish (fig. 8). One was filed in respect of “cognacs” and the other in respect of “liqueurs containing cognac”.

Following the registration of the marks, opposition was lodged against both by *Bureau National Interprofessionnel du Cognac* (BNIC), the French organization in charge of policing the geographical indication COGNAC. That geographical indication was registered as such in the European Union prior to the filing of the contested trade marks. In one case the opposition was upheld, whereupon the corresponding registration was cancelled, while in the other it was not. Each party appealed the decision adverse to its interests. BNIC’s appeal was dismissed, while that of Gust. Ranin Oy was upheld. The grant of both trade mark registrations was thus confirmed. BNIC then appealed to the *Korkein hallinto-oikeus* (Supreme Administrative Court), which referred certain questions to the Court of Justice (CJ) for a preliminary ruling.

2. Findings.

The CJ analyses the subject of the protection of Community geographical indications for spirit drinks and, particularly, the question of the applicability of the current [Regulation \(EC\) No. 110/2008](#) to marks registered when the former [Regulation \(EEC\) No. 1576/89](#) was in force.

It also gives consideration to the [Trade Marks Directive](#) (TMD) concerning the approximation of the laws of the Member States relating to trade marks and, specifically, to the grounds established therein for refusing or invalidating trade marks which may deceive the public, for instance as to the nature, quality or geographical origin of the goods or service, clarifying that Directive 89/104, in force at the time the applications at issue were filed, and the current [Directive 2008/95](#), which has replaced the former, are identical in that regard. Lastly the Court examines the protection afforded to geographical indications under the [TRIPS Agreement](#).

The CJ addresses the question of the bearing on the case of the regulations entering into play from the standpoint of the principles of legal certainty and the protection of legitimate expectations in relation to their direct and temporal application.

It states that, although EU measures ought not, as a rule, to take effect from a point in time preceding their publication,

except when, from their terms, objectives or general scheme, it may clearly be gathered that such effect should indeed be given to them and legitimate expectations are at the same time respected, Regulation No. 110/2008 is applicable to the assessment of the validity of a trade mark containing a geographical indication protected by that regulation, even though the mark may have been registered before the regulation came into force.

It is found that the use of a mark containing a geographical indication, or a term corresponding to that indication and its translation (bearing in mind that protected geographical indications may not be translated either on the label or in the presentation of a spirit drink), for a spirit drink which does not meet the relevant specifications constitutes a direct and improper commercial use of a geographical indication for goods comparable to the spirit drink registered under that indication but not actually covered thereby. The CJ also notes that registered geographical indications warrant protection against evocation, against their use with delocalizers (“like”, “type”, “style”, etc.) and against the use of indications which may give rise to a false impression as to the origin of the drinks or mislead the consumer as to their true origin.

The Court also states that Regulation No. 110/2008 should be applied independent-

ly of the rules transposing the TMD into the national legal order.

3. Remarks.

The chief interest of this judgment perhaps lies in the fact that it dispels all doubt with respect to the applicability of the current regulation on geographical indications for spirit drinks to trade marks registered before that regulation entered into force, a circumstance which might well extend to other kinds of goods and to their respective regulations, and in that it highlights the prohibition on the translation of such geographical indications. It might be criticized in that the application of the concept of evocation to cases where the word COGNAC appears as such is perhaps somewhat inappropriate. Such cases might be more suitably placed in other categories of infringement. This is despite the fact that the concept itself is very correctly explained.

Miguel Ángel MEDINA

fig. 9



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Evocation. Criteria for the assessment of what may constitute an evocation of a geographical indication. Judgment of the Court of Justice of 21 January 2016, Verlados ([C-75/15](#)).

1. Background.

The company Viiniverla Oy, located in the town of Verla (Finland), was marketing a cider spirit under the name VERLADOS. *fig. 9.*

Following a complaint based on alleged misuse of the French geographical indication CALVADOS, protected in the EU for cider spirit and perry spirit, the European Commission conducted an enquiry and then notified the Finnish authorities that it considered VERLADOS to be an evocation of that geographical indication and therefore contrary to article 16b) of [Regulation \(EC\) No. 110/2008](#) on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks. The Commission added that it would open infringement proceedings against the Republic of Finland if the latter failed to comply with that interpretation. In these circumstances, the Finnish Social and Health Sector Licensing and Supervisory Authority issued a decision prohibiting further sale of VERLADOS.

Viiniverla Oy contested that decision on appeal to the Finnish Market Court, which stayed the proceedings and referred certain questions, relating to the interpretation of the concept of “evocation”, to the CJ for a preliminary ruling.

Through those questions the referring court basically sought clarification as to

which kind of consumer reference should be made, as to whether, for the purpose of assessing the existence of evocation, consideration should be given not only to the degree of similarity between the words but also to other circumstances that might dispel the likelihood of confusion for the Finnish public (such as the fact that VERLA is the name of the Finnish town where the drink is made and the producer is located, that it also forms part of the name of the company, that it may be recognized by Finnish consumers who will consequently not think that the product comes from France; that the drink is sold in Finland and in limited quantities; that VERLADOS and CALVADOS only have one syllable and four letters, out of eight, in common, etc.), and as to whether, even if there were evocation, use of the contested name could be permitted if there were no likelihood of confusion.

2. Findings.

The CJ held that in order to determine whether there is evocation the national court should refer to the perception of the average consumer who is reasonably well informed and reasonably observant and circumspect (as already established through the case-law laid down in such judgments as *Mars*, [C-470/93](#); *Gut Springenheide and Tusky*, [C-210/96](#); *Lidl*, [C-159/09](#); and *Teekanne*, [C-195/14](#)).

Going further, the CJ added that the said average consumer should be a European consumer and not just one from the Member State where the contested product is manufactured. Logically, in this context European should be understood to refer to the consumers of the European Union and not to those of other, non-member, European states.

The CJ similarly stated that the national court should take account of the phonetic and visual relationship between the terms and of any factors which may indicate that the relationship is not fortuitous at the time of assessing whether the image that will be triggered in the mind of the average consumer, when he is confronted with the evocative name, is that of the product whose geographical indication is protected. In this regard the CJ noted that a factor to be considered in the present case was that, according to the facts as presented by the French government, the VERLADOS product was originally called VERLA and the suffix DOS, which has no meaning in Finnish, was added following significant growth in exports of CALVADOS to Finland.

Lastly, the CJ held that the use of a name constituting an evocation of a geographical indication may not be authorized even when there may be no likelihood of confusion whatsoever).

3. Remarks.

This judgment takes us once again into the fascinating realm of evocation and the protection which geographical indications are afforded against it within the EU legal system. That protection is often cited as one of the greatest advantages that GIs have when compared with registered trademarks.

We find the expression average European consumer a little confusing, but understand that what the Court means is that, since the GI CALVADOS is protected at the EU level, it is not sufficient, for the assessment of the evocation, to have reference solely to the perception of the consumer of the country where the contested product is manufactured. The reference should instead be to the perception of the average consumer of any of the Member States of the EU. What is meant by average European consumer is, therefore, presumably this, rather than the perception of the arithmetical average of the consumers of the Member States.

Likewise of interest is the reference made by the Court to some factor which may indicate that the relationship (between the contested product and the geographical indication) is not fortuitous, which in the present case is linked to a change in the name of the product, bringing it closer to the protected GI, without there

being any other apparent justification for that change. This is a subjective element which may in some way contribute towards the creation of a presumption of intent to evoke and thus incline the national court to conclude that the evocation indeed arises.

Lastly, the CJ reminds us that, in accordance with the judgments given in *Bureau National Interprofessionnel du Cognac*, [C-4/10](#) and [C-27/10](#), *Consorzio per la Tutela del Formaggio Gorgonzola*, [C-87/97](#), and *Comisión/Alemania*, [C-132/05](#), for there to be evocation it is not necessary that the consumer actually be misled. What is important is that there be evocation. Whether the evocation is or is not likely to give rise to confusion is irrelevant.

Evocation is not something that depends solely on the number of syllables or letters which the names may have in common or on other purely objective facts. What really matters, irrespective of the means or manner, is that the contested name may trigger in the mind of the consumer the image of the of the product whose geographical indication is protected. In our view, that effect may arise out of phonetic, or visual, or conceptual factors.

Miguel Ángel MEDINA

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The concept of evocation in a geographical indication. Judgment of the Court of Justice of 7 June 2018, Scotch Whisky ([C-44/17](#)).

1. Background.

In the context of an action brought by the Scotch Whisky Association seeking an order for the German online whisky distributor, Michael Klotz, to cease marketing a whisky named “Glen Buchenbach”, on grounds of infringement of the geographical indication protected in the European Union SCOTCH WHISKY, the Hamburg Regional Court (*Landgericht Hamburg*) in Germany submitted a request to the CJ for a preliminary ruling in relation to the scope of protection of geographical indications under the provisions of Article 16 of [Regulation \(EC\) No. 110/2008](#) of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and protection of geographical indications of spirit drinks.

The disputed whisky was produced in Berglen, in the Buchenbach valley in Swabia (Germany). This information also appears on the label.

The objection was based on the argument that the term “glen”, meaning “valley”, is widely used in Scotland, instead of the English word “valley” and, thus, its use on whiskies evokes in the public an association with Scotland and with Scotch Whisky, despite the presence of other information on the label that might prevent that mistaken association.

2. Findings.

The CJ concludes that:

- With regard to the protection of geographical indications against “*indirect commercial use*” of the same [Article 16(a)]

For this protection to apply, it is not sufficient that the disputed element is liable to evoke some kind of association with the geographical indication. Said element must be used in a form that is identical or phonetically or visually similar to the geographical indication to be protected.

- With regard to “*evocation*” [Article 16(b)]

The decisive factor for finding there to be an evocation is that when confronted with the disputed designation, the image triggered in the mind of the average European consumer is that of the product whose geographical indication is protected.

Conceptual proximity may be sufficient and thus similarity does not have to be limited to similarity in phonetic or visual terms. It is not necessary to take into account the context (for example, the other elements on the label) in which the potentially evocative element is presented and it is irrelevant whether the true origin of the product is indicated.

- With regard to the interpretation of “*false or misleading indication*” [Article 16(c)]

The Court declared that it is not necessary to take the context into account to assess whether the indication is misleading or false, given that otherwise the prohibition would be deprived of practical effect.

3. Remarks.

The judgment is particularly interesting in that it provides important clarification regarding the interpretation of the protections provided for under Article 16 of [Regulation \(EC\) No. 110/2008](#), the article containing the provisions which form the corner stone of protection of geographical indications in the European Union and which had been subject to practical and doctrinal interpretation, with varying degrees of success, by various different authors and decision-making bodies.

Among the useful aspects of the judgment, we may highlight its broadening of the interpretation that we had seen up until now of the concept “*evocation*” (a characteristic element of the system governing geographical indications in the European Union) and which, in practice, had often been constrained by the quasi-formal requirement that the conflicting designations overlap, at the very least partially, from the lexical standpoint (possibly because this had always or almost always

been present in the cases before the Court to date; see the classic cases: [C-87/97 Gorgonzola v Cambozola](#) or [C-132/05 Parmigiano Reggiano v Parmesan](#), among others).

Another important aspect of this judgment is that the ruling can broadly be applied to the different systems for protection of geographical indications that exist in the European Union, given that “evocation” (like the other provisions for protection of geographical indications discussed in the judgment) is similarly included in the corresponding specific Community regulations for goods other than spirits which have an established protection system in the European Union, and it is to be expected that they will likewise be included in the long-awaited protection system for non-agricultural products which we may see in the near future.

The judgment further raises the already high expectations concerning the preliminary ruling currently pending in relation to the possible infringement, as the result of use of different elements, of the Protected Designation of Origin “Queso Manchego”, in which the main bone of contention relates to evocation not stemming from lexical similarity and in which conceptual aspects will play a key role.

The judgment also invites us to reflect on possible solutions for the headaches for

trademark owners that these special circumstances of protection of geographical indications cause, such as avoiding infringements, conducting preliminary searches on the viability of trademarks for goods for which there are geographical indication protection systems in place (and how to conduct such searches), and the advisability of seeking specialist advice in order to establish a secure position.

Miguel Ángel MEDINA

fig. 10



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Further advances in case law concerning the definition of the concepts ‘evocation’ and ‘average consumer’ in the protection of geographical indications.

Judgment of the Court of Justice of 2 May 2019, Queso Manchego (C-614/17).

1. Background.

The Regulatory Council (Foundation) of the Protected Designation of Origin “Queso Manchego” (hereinafter, “Regulatory Council”), an organisation responsible for the management and protection of the Protected Designation of Origin (PDO) “Queso Manchego”, brought an action against Industria Quesera Cuquerella, S.L., before the Spanish court of first instance seeking a declaration that the labels “Adarga de Oro”, “Súper Rocinante” and “Quesos Rocinante” for cheeses not covered by the PDO constituted an unlawful evocation of that PDO. *fig. 10*.

The action was dismissed, on the ground that there was no similarity to the PDOs “Queso Manchego” or “La Mancha” and that the use of signs such as the aforementioned or the image of the character Don Quixote evoke the region of La Mancha but not the cheese protected by the PDO “Queso Manchego”.

The Regulatory Council lodged an appeal with the Provincial Court of Appeal Court, which upheld the judgment. The Regulatory Council then lodged an appeal before the Spanish Supreme Court, which suspended the proceedings to refer questions to the Court of Justice of the European Union for a preliminary ruling

2. Findings.

The questions referred for a preliminary ruling led to the following findings:

- a) Evocation of a PDO may occur through the use of figurative signs.

Registered names must be protected against ‘any evocation’, whether through word elements or figurative elements.

It is for the referring court to specifically determine whether certain figurative signs can directly bring to the mind of consumers the goods covered by the registered name.

- b) Evocation of a Protected Designation of Origin, as prohibited by the applicable regulations, can occur through use of figurative signs, even where the signs are used by a producer that is established in that same region but whose products, similar or comparable to those protected by the PDO, are not covered by it.

- c) The concept of ‘average consumer’, to whose perception the national court has to refer in order to assess whether there is ‘evocation’, must be understood to cover European Union consumers, and not only consumers of the Member state in which the product giving rise to evocation of the PDO is produced or with which said PDO is geographically associated and in which the product is mainly consumed.

3. Remarks.

The Court establishes further advances in determining the scope of such important legal elements for interpreting the protection afforded to geographical indications (GIs) under EU regulations as ‘evocation’, against which GIs are protected, and the concept of the ‘average consumer’, in relation to which certain doubts had arisen concerning its scope with regard to GIs.

This new judgment provides a broad definition of both concepts, along the necessary lines alluded to in our [Annual Reviews](#) of 2016 and 2018, when commenting, respectively, on the judgments in the cases [C-75/15](#) (*Verlados v Calvados*) and [C-44/17](#) (*Glen Buchenbach v Scotch Whisky*).

Where there was particular emphasis in the *Verlados* case, due to the circumstances of the case, on the assessment of evocation for the average consumer not being limited to the perception of consumers of the country in which the disputed product is sold, in the case at hand there is further clarification, making it clear that consumers in that country are not excluded either. Thus, both if there is evocation from the perspective of consumers in the country in which the disputed product is sold or from the perspective of consumers in other EU countries, the bar relating to evocation of protected GIs shall apply. We think that comparisons can be drawn

with the interpretation that is made for the application of the absolute bars to registration in the case of European Union trademarks, given that, basically and for all practical purposes, it could be said that where there is deemed to be evocation in a single Member State, it would be sufficient to conclude that there is indeed evocation.

As for the scope of the concept of 'evocation', the Court's emphasis on the importance of the term "any" (where the appropriate article indicates that GIs are protected against "any evocation") would seem to be decisive, ruling out any restrictive interpretation of the concept of 'evocation' as referring to evocation only on a lexical or phonetic level (or to other kinds of evocation which may arise in the future, we presume), initially subject to restrictive interpretations, based on the observations made by the Court in cases such as [C-87/97](#) (*Cambozola v Gorgonzola*) or [C-132/05](#) (*Parmesan v Parmigiano Reggiano*) and which happened to be cases relating to lexical aspects.

In case [C-44/17](#) (*Glen Buchenbach v Scotch Whisky*) we saw that evocation could also have a conceptual basis. And now we have a case based on figurative elements, which also intrinsically implies a certain degree of conceptual evocation.

It seems clear that all of the Court's findings in the judgment under consideration here can broadly be considered to apply to all EU geographical indication protection schemes at EU level.

Miguel Ángel MEDINA

Personal Data

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The right to
be forgotten”.
Judgment of the
Court of Justice of 13
May 2014, Google
[\(C-131/12\)](#).

1. Background.

On 5 March 2010, Mr. Costeja González lodged a complaint with the Spanish Data Protection Agency (AEPD) against Vanguardia Ediciones S.L. and against Google Spain, S.L. and Google Inc. In his complaint he requested that La Vanguardia be ordered to either remove or alter the pages containing an announcement concerning attachment proceedings involving him, which had been fully resolved for a number of years and so the reference to them was now entirely irrelevant, or to use certain tools made available by search engines in order to protect that data. Mr. Costeja González also requested that Google Spain or Google Inc. be ordered to remove or conceal his personal data so that it would cease to be included in the search results and would no longer appear in the aforementioned links to La Vanguardia.

After studying the case, the AEPD rejected the complaint against the newspaper and upheld the complaint against Google Spain, S.L. and Google Inc., ordering them to remove the data from their index and to prevent access to the data in the future. Google Spain, S.L. and Google Inc. filed appeals with the Spanish National High Court seeking to overturn the AEPD's decision.

The National High Court stayed the proceedings and referred a number of questions to the CJ for a preliminary ruling.

Those questions addressed the following issues:

- The territorial application of [Directive 95/46/EC](#);
- Determination of the extent of the responsibility of search engines as providers of content in relation to Directive 95/46/EC; and
- The scope of the right of erasure and the right to object in relation to the right to be forgotten.

2. Findings.

The CJ first of all classifies the activity of search engines consisting of “*finding information published or placed on the Internet by third parties, indexing it automatically, storing it temporarily and, finally, making it available to Internet users according to a particular order of preference*” as “*processing of personal data*”, which therefore makes the operator of a search engine the controller of that data processing and the party responsible for ensuring satisfaction of the requirements laid down in Directive 95/46/EC and guaranteeing the effective and complete protection of data subjects’ rights.

As regards territorial application, the CJ rejects Google’s argument that Google Search does not process personal data as part of its activities in Spain. The Court regards Google Spain, S.L. as an establish-

ment within the meaning of the Directive, since it is Google Inc.’s subsidiary in Spain and since the processing of personal data is carried out “*in the context of the activities*” of the establishment in the Member State (Spain), with the aim of selling or promoting its goods or services in that State.

As regards the extent of the responsibility of search engines as providers of content in relation to the Directive, the Court holds that the operator of a search engine is obliged to remove from the list of results displayed following a search made on the basis of a person’s name links to web pages published by third parties and containing information relating to that person. The Court adds that this obligation also exists in cases where that name or information is not erased beforehand or simultaneously from those web pages, even when the publication is lawful. The Court argues that a structured overview of the information relating to that individual can potentially affect his private life.

Lastly, the Court establishes the possibility that, after a certain time, the data subject, exercising the right to be forgotten, may request erasure from the list of results. If it is found that the list is, at this point in time, incompatible with the Directive, the information and links that it contains must be erased. The information will be considered incompatible when

it appears to be inadequate, irrelevant or no longer relevant, or excessive in relation to the purposes of the processing at issue and the time that has elapsed.

3. Remarks.

This judgment has had a significant impact on personal data processing in the European Union, and it has led to profound debate on the topic. The CJ's judgment enables EU citizens to require the removal of Internet links which are “incompatible” in the sense described above.

The CJ establishes the need to weigh up the user's right to access information with the data subject's right to protect personal data. This balance will depend on the nature of the information concerned and the public role of the data subject.

Search engines must currently assess each request for the removal of links, and can only continue to show results in cases involving public interest.

According to Google's Transparency Report, within little more than six months of the judgment Google had received 203,000 requests to exercise the right to be forgotten, affecting a total of 738,000 URLs.

Cristina ESPÍN

57

The Safe Harbour Decision is invalid and attacks the fundamental rights of European Union citizens. Judgment of the Court of Justice of 6 October 2015, Schrems ([C-362/14](#)).

1. Background.

Maximillian Schrems, an Austrian national, has been a Facebook user since 2008. It is usual practice for some or all of the personal data of users residing in the European Union to be transferred from Facebook's Irish subsidiary to servers located in the United States, where it undergoes processing.

On 25 June 2013, Mr. Schrems made a complaint to the Irish supervisory authority (the Data Protection Commissioner) on the grounds that, in light of the revelations made by Edward Snowden in 2013 concerning the United States intelligence services (the NSA and others), the law and practice in force in that country did not ensure adequate protection by the public authorities of the personal data transferred there from the EU.

The Irish Commissioner rejected the complaint on the basis of the [decision](#) of 26 July 2000, according to which under the "safe harbour scheme", the United States ensured an adequate and satisfactory level of protection of the personal data that is transferred (the "Safe Harbour Decision").

Mr. Schrems lodged an appeal with the Irish High Court, which considered that the issue raised in those proceedings tied in closely with EU law since, in its view, the Safe Harbour Decision did not satisfy

the requirements established in the judgments rendered in cases [C-293/12](#) and [C-594/12](#), EU:C:2014:238.

On 17 July 2014, the Irish High Court referred the following questions to the Court of Justice (CJ) in order to obtain clarification on the subject:

“1) *Whether in the course of determining a complaint which has been made to an independent office holder who has been vested by statute with the functions of administering and enforcing data protection legislation that personal data is being transferred to another third country (in this case, the United States of America) the laws and practices of which, it is claimed, do not contain adequate protections for the data subject, that office holder is absolutely bound by the Community finding to the contrary contained in [Decision 2000/520] having regard to Article 7, Article 8 and Article 47 of [the Charter], the provisions of Article 25(6) of Directive [95/46] notwithstanding?*

2) *Or, alternatively, may and/or must the office holder conduct his or her own investigation of the matter in the light of factual developments in the meantime since that Commission decision was first published?”*

In the [Opinion](#) of the Advocate General (Yves Bot), the fact that an undertaking

holds a safe harbour certification does not mean that it automatically satisfies the personal data transfer requirements established in the Community Directive on data protection.

This argument had previously been put forward in Communications [COM\(2013\) 846](#) and [COM\(2013\) 847](#).

2. Findings.

On 6 October 2015, the CJ ruled that the Safe Harbour Decision was invalid, and that the Irish supervisory authority should have thoroughly and diligently examined Mr. Schrems' complaint in order to determine whether the transfer of personal data by Facebook's European subsidiary to Facebook servers in the United States was in conformity with data protection principles and the protection of the fundamental rights of EU citizens, in view of the evidence that suggested that the practices in that country did not ensure an adequate level of protection of Mr. Schrems' personal.

3. Remarks.

Considering that the Irish High Court was the court that made the reference for a preliminary ruling which gave rise to this decision, it will likely be the first court to decide whether US companies will have to: (a) compile and process all personal data on EU citizens within the European

Union; or (b) undertake to effectively protect EU citizens' personal data, by preventing the US intelligence agencies from accessing or interfering with same.

The CJ's conclusions on safe harbour will also likely apply to undertakings that operate under a BCR (Binding Corporate Rules) or model contract scheme system.

However, Art. 26 of [Directive 95/46](#) establishes the exceptions on which US companies could rely when it comes to continuing to process EU citizens' personal data (for example, the consent of the data subject, the need to transfer the data in order to perform a contract entered into with the data subject, etc.).

This decision by the CJ sends out a warning to foreign companies which process EU citizens' personal data, whereby they must protect such data in accordance with reasonable standards from the standpoint of the pertinent EU laws.

Cristina **ESPÍN** and
Alba M^a **LÓPEZ**

58

Requirements and scope of “the legitimate interests of a third party” in the processing of personal data. Judgment of the Court of Justice of 4 May 2017, Rīgas satiksme ([C-13/16](#)).

1. Background.

Following an accident between a taxi and a trolleybus in Riga (Latvia), which may have been caused by the taxi passenger, Rīgas satiksme –the municipal trolleybus company– asked the Latvian national police for the name, surname, identity document number and address of the taxi passenger, as well as other information on the penalty proceedings, in order to be able to file a civil claim.

The national police provided the first name and surname of the passenger but refused to provide the rest of the information. They argued that administrative proceedings leading to sanctions may only be accessed by the parties to those proceedings, and under the Latvian Administrative Infringements Code, Rīgas satiksme was not a party to the case at issue, since it had not requested to be given the status of victim in the proceedings.

The District Administrative Court upheld the action brought by Rīgas satiksme, but the national police lodged a cassation appeal with the Latvian Supreme Court which, in view of its doubts as to the interpretation of the concept of “necessity” referred to in Article 7. f) of [Directive 95/46](#), referred the following questions to the Court of Justice for a preliminary ruling:

“1) *Must the phrase “is necessary for the purposes of the legitimate interests pur-*

sued by the [...] third party or parties to whom the data are disclosed”, in Article 7(f) [...] be interpreted as meaning that the national police must disclose to Rīgas satiksme the personal data sought [by the latter] which are necessary in order for civil proceedings to be initiated?

2) Is the fact that [...] the taxi passenger whose data is sought by Rīgas satiksme was a minor at the time of the accident relevant to the answer to that question?”.

2. Findings.

The CJ considers that the processing of personal data based on a legitimate interest of the data controller or a third party must satisfy the three requirements laid down in Directive 95/46, namely:

- a) The interest must be legitimate. In this case, the CJ has no doubt that there is a legitimate interest in obtaining the personal information of a person who has caused harm in order to sue that person for damages. This was ruled previously in the *Promusicae* judgment of 29 January 2008 ([C-275/06](#)).
- b) The processing must be necessary in order to satisfy that legitimate interest. The CJ maintains that the person who caused the damage cannot be correctly identified on the basis of the first name

and surname alone, and that it is also necessary to obtain that person’s address and/or identification number. Consequently, communication of that information was necessary in order to be able to bring action.

- c) The fundamental rights and liberties of the person concerned by the data protection should not take precedence. In that regard, the CJ points out that the rights and interests at issue should be balanced in light of the circumstances of each particular case, as established in the judgments of 24 November 2011, *ASNEF* ([C-468/10](#)) and 19 October 2016, *Breyer* ([C-582/14](#)).

With respect to the fact that the passenger was a minor, the CJ holds that this is a factor which should be taken into account in the context of that necessary balancing of interests. It nevertheless clarifies that, in this case, refusing to disclose the requested data to Rīgas satiksme on the grounds that the person who caused the damage was a minor does not appear to be justified.

However, after studying the requirements concerning legitimate interest, the CJ concludes that legitimate interest confers entitlement to process personal data, but under no circumstances does it impose the obligation to disclose personal data to a third party so that said party can bring

civil action for harm caused by the person concerned by the protection of that data

3. Remarks.

The [General Data Protection Regulation](#) (GDPR), which is set to replace Directive 95/46, brings in new requirements for basing data processing on the interested party's consent. In light of this, it can be expected that legitimate interest will now be relied on more often as a legal basis for certain data processing.

This judgment is therefore particularly relevant, since it sets out the requirements that must be satisfied in order for certain data to be processed on the grounds of legitimate interest. Those requirements are also laid down in the GDPR, since the concept of legitimate interest remains untouched with respect to the Directive.

Those requirements are as follows: the existence of an actual legitimate interest; the need to process personal data for the purposes of the legitimate interest pursued; and the need for the balance to tip in favour of the legitimate interest when the rights at issue are weighed up.

Lastly, the CJ points out that although this legal basis confers entitlement to process data, it does not impose the obligation to do so. Therefore, there is no obligation to disclose personal data to a third party –even if that party pursues a legitimate

interest granting entitlement in respect of the data processing– but if the data were communicated, it would not be contrary to law.

Ruth BENITO

59

Operator of a website on which the Facebook “Like” button is embedded is considered a “joint controller” of the personal data processing. Judgment of the Court of Justice of 29 July 2019, Fashion ID ([C-40/17](#)).

1. Background.

Fashion ID GmbH & Co. KG., a German on-line clothing retailer, embedded on its on-line store the “Like” social plugin from the social network Facebook, commonly known as ‘the “Like” button’. When such plugins or buttons are embedded on a website, the user’s browser accessing the site transmits to the server of the third-party provider, in this case Facebook, the computer’s IP address, the browser’s technical data and information relating to the desired content.

The collection and transmission of the data takes place without the operator of the website, in this case Fashion ID, being able to control what data is transmitted or what the third-party provider subsequently does with the data. Moreover, in the case at hand, this occurs regardless of whether the visitor to the website has a Facebook account or has clicked on the “Like” button. However, it is also true that in permitting the collection and transmission of data, Fashion ID was attempting to maximise publicity for its brand, products and/or services on the social network Facebook.

Verbraucherzentrale NRW, a public-service association tasked with defending the interests of consumers, brought legal proceedings before the Düsseldorf Regional Court, seeking an injunction to force Fashion ID to stop transmitting the personal data of the visitors to its website to Facebook without

having obtained their consent or having provided the information required under data protection legislation, and the Court partially upheld the complaint.

Fashion ID lodged an appeal with the Higher Regional Court, asserting, among other arguments, that it should not be regarded as a controller since it has no influence over the data transmitted or over the use that Facebook subsequently makes of the data.

The Higher Regional Court has referred several questions to the Court of Justice for a preliminary ruling, among them the following:

- Who is to be considered the “controller”, the third-party provider who makes the “Like” button or similar plugin available to website operators, or the operator of the website incorporating the plugin, even if said operator has no influence over the data processing operation?
- To whom should the website visitors give their consent for the processing of their data, to the operator of the website or to the third-party provider?
- Does the operator of the website have the duty to provide information concerning the data processing in question?

2. Findings.

The Court of Justice takes into account the following:

- The concept of “controller”, which is very broad according to [Directive 95/46/CE](#).
- “Controller” does not necessarily refer to a single entity, and joint responsibility is possible.
- It is not necessary for there to be joint control with respect to all of the operations that may be entailed by the processing of data.
- Not having access to the data does not prevent a party from being deemed the controller.

The Court of Justice thus holds that Fashion ID and Facebook both control the means for the operations of collection and transmission of data and they are therefore joint controllers, although with respect to those specific data collection and transmission operations, Fashion ID cannot be deemed a controller in relation to what Facebook subsequently does with the data.

The logical consequence is that Fashion ID must, prior to the collection and transmission of the data, obtain the consent of visitors to its website and provide them with the required information, although both obligations refer solely to the processing operations for which the means and purposes are effectively determined by the operator of the website, which in-

clude the collection and transmission of data to Facebook.

3. Remarks.

The [General Data Protection Regulation](#) (GDPR), repealing [Directive 95/46/CE](#), expressly includes the concept of “joint controllers” and requires that they determine, in a transparent manner and by means of an arrangement between them, their respective data protection responsibilities with regard to processing.

The judgment identifies as joint controllers, the operator of a website incorporating a social plugin and the third-party provider of said plugin. This is extremely important given that currently almost all websites feature plugins of this kind or other devices such as cookies, and they are obliged to put in place the mechanisms for informing website visitors and obtaining their consent in relation to the use that they will be making of their personal data, including the collection and transmission of the data to the respective third-party providers. They are likewise obliged to make available to data subjects the essence of the arrangement agreed with the third-party providers of their respective responsibilities with regard to data protection, and they must comply

with the other obligations to which any controller is subject.

Ruth BENITO

60

Annulment of Privacy Shield and requirements for international data transfer safeguards. Judgment of the Court of Justice of 16 July 2020, Schrems II ([C-311/18](#)).

1. Background.

Following the *Schrems* case ([C-362/14](#)), in which the Court of Justice invalidated the first agreement between the EU and the US for personal data flows (“Safe Harbor”), Mr. Schrems reformulated his complaint against Facebook (“FB”) in relation to the transfer of personal data of EU citizens by FB Ireland to FB Inc. in the US.

Schrems maintains that US law (Section 702 of the [Foreign Intelligence Surveillance Act](#) and [Executive Order 12333](#)) requires FB Inc. to make the data available to the country’s authorities in a manner incompatible with Articles 7, 8 and 47 of the [Charter of Fundamental Rights of the European Union](#) and, therefore, a level of protection equivalent to that ensured within the EU is not guaranteed for the persons concerned.

He argues that neither the standard contractual clauses (controller to processor) approved by Commission [Decision 2010/87/EU](#) (“SCC Decision”), nor the new “Privacy Shield” agreement reflected in [Commission Implementing Decision \(EU\) 2016/1250](#) (“Privacy Shield Decision”) offer sufficient guarantees for the rights and freedoms of the data subjects in the US.

Schrems complains that EU citizens do not have the same remedies as US citizens to act against the processing of their

data by the US authorities, given that a) the Fourth Amendment of the US Constitution is not applicable to EU citizens, b) the activities of the National Security Agency based on Executive Order 12333 are not subject to judicial oversight, c) the Privacy Shield Ombudsperson is not a tribunal and d) the standard contractual clauses are not binding on the US authorities.

The High Court of Ireland refers several questions to the Court of Justice for a preliminary ruling aimed at, in summary, determining the scope and binding force of both the standard contractual clauses and the SCC Decision, as well as the Privacy Shield Decision, in relation to the data exporter and importer and the authorities of the country of destination, and whether they are sufficient for the purpose of ensuring an adequate level of protection of the rights and freedoms of the persons whose personal data is being transferred.

2. Findings.

The Court of Justice finds as follows:

- The [General Data Protection Regulation](#) (“GDPR”) is applicable to transfers of personal data to a third country, irrespective of whether, at the time of the transfer or subsequently, that data may be processed by the authorities of said third country for the purposes of public security, defence and State security.
- When applying any of the safeguards of Article 46 GDPR, and not only the standard contractual clauses, consideration must be given to whether that safeguard effectively ensures an adequate level of protection bearing in mind a) the contractual clauses agreed between the exporter and the importer of the data, b) any access by the public authorities of the third country to the personal data transferred and c) the relevant aspects of the legal system of that third country, in particular those set out in Article 45.2 GDPR.
- The competent supervisory authority is required to suspend a transfer of personal data based on standard contractual clauses if it considers that, in the light of all the specific circumstances of the transfer, those standard contractual clauses are not or cannot be complied with in the third country of destination and that the protection of the data cannot be ensured by other means.
- The examination of the SCC Decision in the light of Articles 7, 8 and 47 of the Charter of Fundamental Rights has disclosed nothing to affect the validity of that decision.
- The Privacy Shield Decision is invalid.

With this ruling, the Court of Justice finds that the Privacy Shield agreement did not afford sufficient protection, and therefore

declares it invalid, and holds that the standard contractual clauses, as well as any of the other safeguards provided for in Article 46 GDPR that are to be adopted, must be assessed before commencing the transfer, on a case-by-case basis, in the light of the specific circumstances of the data transfer concerned, with a view to determining whether it effectively offers a level of protection equivalent to that required under EU law for the rights and freedoms of the persons whose data is to be transferred to a third country.

iii.. the legal system applicable in the country of the data importer.

Ruth BENITO

3. Remarks.

Following this judgment, European companies must identify which transfers of personal data they are making to destinations outside the EEA that do not have an adequacy decision and:

- a) Those transfers that they are making to the US based on Privacy Shield must have a further safeguard which must be assessed as described in point b) below:
- b) The safeguard to be applied to (existing or future) transfers of personal data should be assessed on the basis of:
 - i. the content of the standard contractual clauses or instrument in question provided for in Article 46 GDPR.
 - ii. the specific circumstances of the transfer.

Acronyms

AEPD: Spanish Data Protection Agency	GIs: Geographical indications
CJ: Court of Justice of the European Union	MA: Marketing authorisation
CTMR: Community Trademark Regulation	PDO: Protected designation of origin
ECHR: European Court of Human Rights	SPC: Supplementary protection certificate for medicinal products
EEA: European Economic Area	TEU: Treaty on European Union
EPO: European Patent Office	TRIPS
EPC: European Patent Convention	Agreement: The Agreement on Trade-Related Aspects of Intellectual Property Rights
EUIPO: European Union Intellectual Property Office	WTO: World Trade Organization
EUTMR: European Union Trade Mark Regulation	
GC: General Court of the European Union	
GDPR: General Data Protection Regulation	

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