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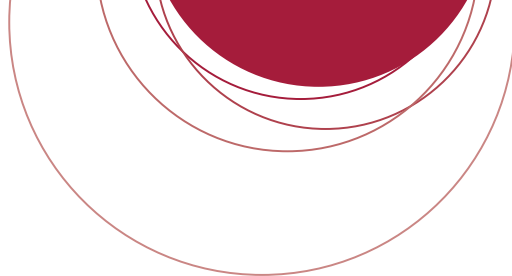
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# Foreword

Once again, our Firm is delighted to share its Review of European case-law on the subject of intellectual property with clients, colleagues and friends. This 2014 edition comes at a very special time for us since this year marks the Firm's 150th anniversary.

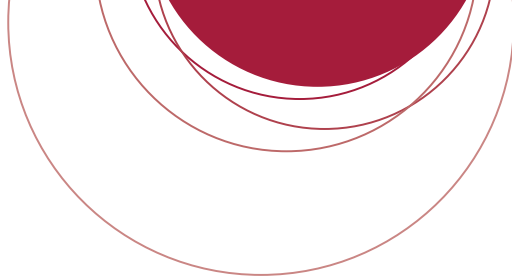
From its very outset, ELZABURU has shown a boundless vocation for teaching and scientific activities, which it views as an indispensable supplement for guaranteeing excellency in the professional service that it provides. In addition, ELZABURU has always backed an internationalist concept of intellectual property. That is why four years ago we decided to publish a classified compilation of decisions with European significance in intellectual property matters. The increasing proliferation of judgments from the Court of Justice of the European Union comprise the main body of the compilation.

None of this would be possible without the coordination work of our Editorial Committee and the generous effort made by our contributors. In this celebratory year, we want to thank all of you for your support and we promise to remain faithful to a tradition to which this Review aims to bear witness.

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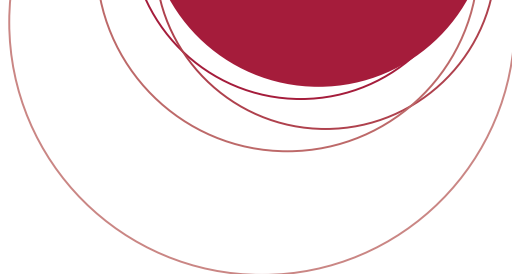






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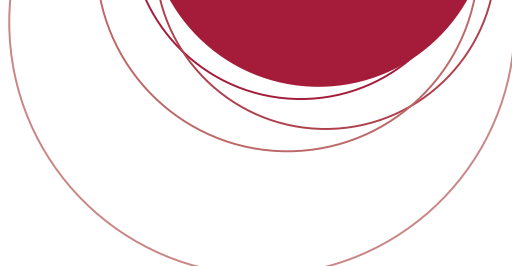






# 1. Trademarks





## 1. The value of national trademarks in opposition proceedings at the OHIM. Judgment of the General Court of 11 December 2014, F1 Live ([T-10/09](#))

■ 1. **BACKGROUND.** The General Court's (GC) judgment stems from a dispute between Racing-Live SAS and Formula One Licensing ("FOL"), a Formula One Group company responsible for promoting the FIA Formula One World Championship and exploiting the rights deriving from it. The conflict arose when Racing-Live SAS filed a trademark application with the OHIM back in 2004. The trademark application was filed for goods and services in Classes 16, 38 and 41, and it claimed the following figurative sign:



FOL opposed that trademark application on the basis of rights in several F1 word marks and one figurative mark which claimed the following logo:



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The OHIM dismissed FOL's opposition, essentially on the grounds that the term F1 was a generic sign designating a category of racing car, and that consumers would not attribute any distinctive character to it unless it appeared in conjunction with the logo shown above (which was not the case here). That decision was later upheld by the GC. FOL appealed the lower court's ruling on a point of law in the Court of Justice (CJ), which overturned the first instance judgment (C-196/11). The CJ held that the GC's judgment breached Article 8(1)(b) of the [Community Trade Mark Regulation](#) (CTMR) by questioning the validity of FOL's earlier national trademarks in proceedings for registration of a Community trademark, when such an assessment is only appropriate in cancellation proceedings initiated in the Member State in which the national trademark is registered. The CJ returned the case to the GC so that it could examine whether or not Article 8(1)(b) of the CTMR was applicable without taking into consideration the alleged lack of distinctive character of the F1 element in the earlier trademarks.

■ ■ ■ **2. FINDINGS.** The GC delivered another ruling on the trademark dispute in view of the cassation judgment. The Court declared that although the OHIM (and therefore the Court as well) can take the degree of distinctiveness of an earlier trademark into account in opposition proceedings based on that mark, such an assessment cannot culminate in a finding that a sign identical to a registered and protected national trademark lacks distinctive character, since such a finding would not be compatible with the coexistence of national and Community trademarks, and it would infringe Article 8(1)(b) of the CTMR.

On establishing that point, the GC went on to compare the signs in question. Although the Court was somewhat dubious regarding the role of the F1 element within the contested trademark in its comparison of the signs from a visual, phonetic and conceptual standpoint, it admitted that there was a certain degree of overall similarity due to the inclusion of the F1 element in same. The Court also acknowledged the fact that the two other elements comprising the contested sign (the word element "LIVE" and the figurative element) evoked the idea of events connected with motor sports which, combined with the presence of the F1 element, contributed to making the sign in question generate an association with Formula 1 motor racing in the minds of the general public. This led the GC to conclude that: *"the two marks are likely to be linked in the minds of consumers, who, because the F1 mark is reproduced identically, will interpret the mark applied for as a variant of that earlier mark and, accordingly, as having the same commercial origin"*.

In line with this conclusion, the GC ultimately rejected the mark that had been applied for and accepted FOL's petition for annulment.

■ ■ ■ **3. REMARKS.** The GC has made a correct ruling in this dispute, since it steadfastly confirms the doctrine established by the CJ in its judgment in [C-196/11](#) concerning: (i) the fact that it is impossible to question the validity of an earlier national trademark in proceedings for registration of a Community trademark; and (ii) the need to afford, on grounds of principle, a certain degree of distinctive character to a national trademark relied on in support of an opposition against the registration of a Community trademark.

**Enrique ARMIJO CHÁVARRI**

## **2. Court of Justice refers GOLDEN BALLS/BALLON D'OR case back to OHIM for want of assessment of the reputation submission. Judgment of the Court of Justice of 20 November 2014, Golden Balls ([C-581/13 P](#) and [C-582/13 P](#))**

■ ■ ■ **1. BACKGROUND.** In 2007 Golden Balls Limited filed two Community applications for the word mark GOLDEN BALLS, one in classes 9, 28 and 41 and the other in classes 16, 21 and 24. Initially the GOLDEN BALLS mark was connected with sportswear. Subsequently, however, a license was granted to enable a game show to be broadcast under that name on UK television.

Both applications were opposed by the French company Intra-Press, the organizer of the award given to the footballer considered the best player of the year, on the basis of the earlier Community trademark BALLON D'OR, registered in classes 9, 14, 16, 18, 25, 28, 38 and 41.

The two oppositions were dismissed in full by OHIM's Opposition Division and the applications were granted. Intra-Press contested those decisions and its appeals were upheld in part. The Board of Appeal held that the signs were conceptually similar and that the goods and services in the classes which the marks of the parties had in common were mainly the same. Only certain specific goods within those classes were found to be different.

Golden Balls appealed to the General Court (cases [T-437/11](#) and [T-448/11](#)) which concluded that there was no likelihood of confusion and that the applications should therefore be granted. In its findings the General Court stated that the degree of conceptual similarity between the marks was low, among other factors because it was first of all necessary to translate the expression GOLDEN BALLS in order to appreciate that it was similar to BALLON D'OR. Intra-Press then appealed to the Court of Justice.

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■ **2. FINDINGS.** On 20 November 2014 the Court of Justice gave its ruling in the joined cases. In its judgment it stated that, with respect to the goods which were deemed to be different, an error of law had been committed given that the head of claim presented by Intra-Pressé on the basis of Article 8(5) [CTMR](#), to the effect that the BALLON D'OR mark enjoyed a reputation, had not been addressed. In this light the Court of Justice sets aside the judgments of the General Court and the Board of Appeal and refers the case back to OHIM for assessment of the question of whether the earlier mark has a reputation in the Community and, if it does, whether a likelihood of confusion could therefore arise.

■ **3. REMARKS.** As the Court of Justice rightly states in its judgment, the General Court did not enter into the question of whether the BALLON D'OR mark does or does not enjoy a reputation in the EU. The analysis of that issue is of particular relevance given that, according to Article 8(5), when two signs are similar the later mark should be refused registration, even though the respective goods or services may be different, if the earlier one is deemed to have a reputation and the use of the later mark could take unfair advantage of that reputation.

As to the assessment of the conceptual similarity between the signs, it would appear true that, as the General Court observed, from the perspective of the French consumer no immediate association is to be established between the expression GOLDEN BALLS and the BALLON D'OR football award. However, while a likelihood of confusion may not be apparent from the standpoint of Article 8(1)(b), a link or connection might indeed be perceived from that of Article 8(5). We shall therefore have to wait and see what may emerge from OHIM's reassessment of the case in that light. **Marta RODRÍGUEZ**

## **3. *Jus utendi* of the owner of a Spanish trademark registration. Change in case law. [Judgment](#) of the Spanish Supreme Court of 14 October 2014, Denso**

■ **1. BACKGROUND.** Denso Holding GMBH is the owner of various international registrations designating Spain (with a priority dating from 1928) of the trademark DENSO in respect of goods in classes 2, 7, 8, 17 and 19. The mark was used in Spain under a license granted to a natural person who, in turn, contributed that intangible asset to the company Productos Denso Pla y Cía., S.L. This company also registered in its own name the Spanish trademarks DENSO (granted 4 May 1946) and PRODUCTOS DENSO (granted 23 June 1967) in classes 17 and 19. Business relations between Denso Holding and Productos Denso Pla remained ongoing until 2003. They

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ended in that year as a result of changes in the body of shareholders of the two companies.

In 2010 Denso Holding sued Productos Denso Pla for infringement of the rights in the DENSO marks. In its defence the latter argued that its use of DENSO was covered by the Spanish trademark registrations DENSO and PRODUCTOS DENSO. It added that Denso Holding had for many years known of and consented to the use of those marks in the Spanish marketplace.

The Barcelona Mercantile Court to which the case fell and, subsequently, the Provincial Court dismissed the action on the ground that, since the DENSO and PRODUCTOS DENSO marks had been validly registered and were in force and Denso Holding had not petitioned for invalidation thereof, those registrations indeed afforded Productos Denso Pla coverage for the use it was making of the DENSO mark in the course of its business.

Denso Holding then lodged a cassation appeal with the Supreme Court.

**■ ■ ■ 2. FINDINGS.** The Supreme Court upheld the cassation appeal. Although acknowledging that there was case law to the effect that the owner of a registered trademark had the right to use it while the registration remained in force, the court then pointed out that this was in contradiction with the position of the CJ as stated in the judgment given on 21 February 2013 in case [C-561/2011](#), “Federation Cynologique International vs. Federación Canina Internacional de Perros de Pura Raza”. For this reason the Supreme Court concluded that *“it is appropriate for us to amend, in this regard, the case law hitherto observed, in order that the holder of a trademark registered in Spain may prevent a third party from using an identical or similar mark in the course of trade without first having to obtain a declaration of invalidity, provided that the objectionable sign was registered later, as is already the case in the areas of patents and industrial designs (see articles 55 of Law 11/1986 of 20 march and 51.2 of Law 20/2003 of 7 July)”*.

**■ ■ ■ 3. REMARKS.** This Supreme Court judgment has substantially changed previous doctrine. Pursuant to the ruling, where the holder of an earlier registered trademark takes action claiming infringement through the use of a trademark registered subsequently, it will no longer be necessary for the holder to separately seek to invalidate the later mark, either before or in conjunction with the infringement proceedings.

Briefly perusing the history of the Supreme Court’s doctrine as it relates to the positive right of use (*jus utendi*) that a trademark confers on its owner ([article 34\(1\) of the Trademark Act](#)) will help explain the scope of the Supreme Court’s ruling in the DENSO case.



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Initially the Spanish Supreme Court's position was that the owner of a later mark could not be sued for infringement of an earlier trademark until the registration protecting the owner's *jus utendi* had been ruled invalid, except where the later trademark was used in a manner that significantly altered the distinctive character of the trademark as registered.

Subsequently, beginning with its judgment of 4 April 2012 ([the DONNA KARAN case](#)), the Supreme Court tempered its position somewhat, allowing the right of use conferred by a trademark to be bypassed provided that invalidity proceedings were brought against the later trademark concomitantly with infringement proceedings. Thus, invalidity of the trademark registration in these cases was held to have an *ex tunc* effect, that is, the later trademark was deemed never to have had effect and consequently never to have conferred any right of use.

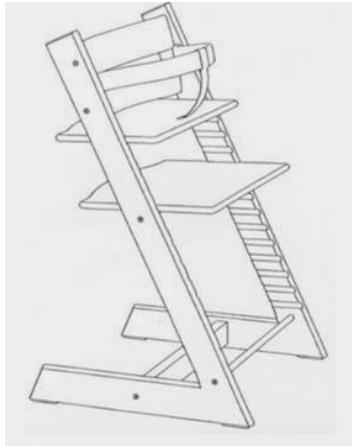
The third stage, which commences precisely with the judgment of 14 October 2014, marks the beginning of the end for the theory of "immunity through registration" in Spain. In this regard the Supreme Court notes, directly and without reservation, that the previous case law needs to be amended "*to allow the holder of a trademark registered in Spain to prevent a third party from using a sign identical or similar to its mark in trade without first having to obtain a declaration of invalidity, providing that the objectionable sign was registered later*".

Thus, although there will always be a need for an analysis of the specific circumstances arising in every given case, in order to sue for infringement it will no longer be necessary to bring an action for the invalidation of the later registered mark, as the mere fact of registration does not, in principle, fully safeguard the use thereof vis-à-vis earlier registered marks. It will henceforth be fundamental, however, to determine whether, in the event of a conflict between registered marks, the principle of limitation through acquiescence may enter into play, in view not simply of the passage of time but, more importantly, of the awareness that the holder of the earlier trademark may have had of the use of the later one ([article 52\(2\) of the Trademark Act](#)).  
**Jesús GÓMEZ MONTERO.**

## 4. 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:

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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,

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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**

## 5. 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:



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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.

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■ ■ ■ **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**

## **6. Trademark application for ‘service retail services’. Requirement of clarity and precision of the specific services to be brought together. Judgment of the Court of Justice 10 July 2014, Netto Marken-Discount (C-420/13)**

■ ■ ■ **1. BACKGROUND.** The German company Netto Marken-Discount AG & Co. KG filed a trademark application with the German Patent and Trademark Office (the DPMA) claiming goods and services in Classes 18, 25, 35 and 36, and consisting of the following composite sign:



The services claimed in Class 35 were as follows: *“Services in the retail and wholesale trade, particularly the bringing together, for the benefit of others, of a variety of services enabling customers conveniently to purchase those services, particularly services provided by retail stores, wholesale outlets, through mail order catalogues or by means of electronic media, for example websites or television shopping programmes, in relation to the following services: in Class 35: Advertising; business management; business administration; office functions; in*

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*Class 36: Issue of vouchers or tokens of value; in Class 39: Travel arrangement; in Class 41: Entertainment; in Class 45: Personal and social services intended to meet the needs of individuals.”*

The DPMA refused the application for registration for those services on the grounds that they could not be clearly distinguished from other services in terms of their substance or scope.

Netto Marken-Discount brought an action for annulment of that decision before the *Bundespatentgericht*, which decided to stay the proceedings and refer a number of questions to the CJ for a preliminary ruling.

It first of all asked whether the services of a retailer, consisting of bringing together services so that consumers could conveniently compare and purchase them, could fall under the concept of ‘services’ identified by a trademark.

It then raised the question as to whether an application for registration of a trademark for a service consisting of bringing together services must identify, in a specific and precise manner, the services rendered which constitute the bringing together service and the services brought together.

Its last question referred to the scope of the protection conferred by a trademark which covers service retail services, specifically, whether that protection extends to services provided by the retailer itself.

**■ ■ ■ 2. FINDINGS.** The Court held that the services provided by an economic operator, consisting of bringing together services so that the consumer can conveniently compare and purchase them, may constitute services claimed by an application for registration of a trademark.

The Court also considered that an application for registration of a trademark for a service consisting of bringing together services must be formulated with sufficient clarity and precision so as to allow the competent authorities and other economic operators to know which services the applicant intends to bring together.

Lastly, the Court declared the request for a preliminary ruling on whether a trademark covering service retail services extended to the services provided by the retailer itself inadmissible on the grounds that it bore no relation to the subject matter of the main proceedings, which referred solely to the DPMA’s refusal to register a trademark for a service of bringing together services.

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■ 3. **REMARKS.** In this judgment, the Court confirms the possibility of registering a trademark for service retail activities, where a trader selects, brings together and offers an assortment of third party services so that the consumer can analyse, compare, choose and purchase them from a single point of contact. If product retail is already considered as an accepted service which may be covered by a trademark, then it is only logical for the same possibility to be granted for services.

However, in order to be able to claim services of this kind without running the risk that the services will encounter objection or rejection during the prosecution of the trademark application, applicants will have to draft the services to be brought together clearly and precisely so that both the competent authorities (trademark offices and courts) and economic operators will be sure as to the specific services concerned. Additionally, pursuant to the doctrine established in the [IP Translator judgment](#), the Court states that when applicants use general class headings when listing the services to be brought together, they must specify whether they are referring to all of the services included in the alphabetical list of that class or only to some of them, in which case, they will be required to specify which services are intended to be covered.

The Court did not settle the issue of whether or not the services to be brought together can include services provided by the applicant of the trademark itself.

To conclude, this is good news for businesses which select and bring together third-party services, since their trademarks will be able to claim a service category worded in accordance with their actual commercial activities. However, those looking to claim such services will have to exercise extreme care when formulating their description, since a lack of precision or clarity could lead to objections and problems during the prosecution of the trademark application. **Fernando ILARDIA**

## 7. Colour marks: new criteria for determining their registrability. Judgment of the Court of Justice of 26 June 2014, Banco de Santander ([C-217/13](#) and [C-218/13](#))

■ 1. **BACKGROUND.** On 7 February 2002, Deutscher Sparkassen – und Giroverband eV filed German trademark application no. 30211120, as shown below:

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The mark consisted of the colour red, specifically HKS 13, and it was granted on 11 July 2007 for retail banking services in Class 36.

Oberbank and Banco Santander filed invalidity proceedings against the grant of the trademark application. Nevertheless, in view of various issues arising during the course of those proceedings, the German court decided to stay them and refer three questions to the CJ for a preliminary ruling.

■ ■ ■ **2. FINDINGS.** The first question referred to the degree of public association necessary for a trademark to be held to possess distinctive character. Specifically, the referring court asked whether it was necessary to submit a consumer survey indicating a degree of brand recognition of at least 70%.

The CJ first of all pointed out that in order to determine whether distinctive character has been acquired through use, it is necessary to carry out a specific examination and make an overall assessment of the evidence that the mark has come to identify the goods or services concerned as originating from a particular undertaking. To that end, account will be taken, *inter alia*, of market share, intensity, geographical scope and duration of use, etc. In the event that the pertinent authority has particular difficulty in assessing distinctive character, it may order an opinion poll, and it will be for that authority to determine the percentage of consumers that would be sufficiently significant. However, the result of that opinion poll will not be the only determining factor when assessing distinctive character.

Secondly, the referring court asked whether, within the context of invalidity proceedings, it was necessary to examine whether the mark had acquired distinctive character prior to the filing date of the application for registration. In this case, the rightholder argued that such character had been acquired prior to the date when the mark was granted but after its filing date.

In answer to that question, the CJ stated that it is necessary to demonstrate that the mark had acquired distinctive character before the date of filing



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of the application for registration unless the laws of a particular country provide for a later date. This does not preclude the competent authority from taking account of evidence which, although subsequent to the filing date, enables conclusions to be drawn in respect of the situation as it was prior to that date.

Thirdly, the referring court asked who must bear the burden of proving that the mark had acquired distinctive character prior to the filing date in order for it not to be considered invalid.

The CJ holds that the burden of proof rests with the holder of the trademark, not the party seeking its invalidity. Consequently, if the trademark holder does not manage to prove that the mark had acquired distinctive character prior to the filing date, it will have to be declared invalid.

■ ■ ■ **3. REMARKS.** In this judgment, the CJ takes one step further with respect to doctrine concerning colour trademarks and the problems that they face when trying to access the register. It also underscores the importance of demonstrating that distinctive character had been acquired prior to the date on which the trademark application was filed, though it leaves open the possibility of taking subsequent evidence into account.

**Marta RODRÍGUEZ**

## **8. Trademark infringement and acts of unfair competition by advertising and promoting equivalent perfumes. Judgment of the Spanish Community Trademark Court of 13 June 2014, Equivalenza**

■ ■ ■ **1. BACKGROUND.** Carolina Herrera Limited, Puig France SAS and Antonio Puig SA hold Spanish trademarks, international registrations with effect in Spain and Community trademarks for 212, CAROLINA HERRERA, PACO RABANNE, PACO RABANNE POUR HOMME, BLACK X, BLACK XA POR ELLE, ULTRAVIOLET, 1 MILLION, LADY MILLION, NINA RICCI, LOVE IN PARIS, PREMIER JOUR, NINA and RICCI RICCI, covering perfumery products.

The defendants, Equivalenza Retail SL and Cataleg de Serveis Integrals SL, were using the aforementioned signs to advertise and promote equivalent perfumes.

Carolina Herrera Limited, Puig France SAS and Antonio Puig SA filed proceedings with the Community Trademark Court encompassing action for trademark infringement and for unfair competition. Both actions were

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accepted and the defendants were ordered to: “1.) *cease offering, advertising and promoting equivalent perfumes using the signs in question and refrain from doing so again in the future; 2.) Remove from trade (including from the Internet), and destroy, any advertising or promotional material, in particular lists of equivalents referring to the defendants’ equivalent perfumes in which the signs are reproduced as described in section 5; 3.) Refrain from supplying to the network of stores any kind of advertising or promotional material which makes use of the plaintiffs’ trademarks at issue under the terms indicated in section 5, and to remove same from the stores; 4.) Jointly pay the plaintiffs the sum of 100,000 € as compensation; 5.) Publish the operative part of the judgment pursuant to the parameters set out in section 51; and 6.) Pay the costs of these proceedings”.*

The defendants only appealed two of the above findings, namely, the amount of compensation and the removal from trade and destruction of the advertising or promotional material.

The plaintiffs also contested the Court’s judgment in respect of damages.

**■ ■ ■ 2. FINDINGS.** The Court rejected the reduction in compensation requested by the defendants on the grounds that: (i) the damages sum was mutually agreed upon by the parties and was subject to a condition precedent which had been fulfilled upon the Court’s declaration of infringement of the plaintiffs’ trademarks and the perpetration of acts of unfair competition; (ii) the agreement suggests that the sum that had been agreed upon covers all the compensatory aspects claimed in the complaint, and so it cannot be reduced; (iii) in order for the plaintiffs to be compensated with the agreed sum, the Court’s specific findings in declaring the infringement of the trademarks and the perpetration of acts of unfair competition are irrelevant; and (iv) the signs used by the defendants match the word components of the plaintiffs’ trademarks on which the action was based.

The Court also rejected the argument that the findings in respect of the removal from trade and destruction of the advertising material should not extend to third parties not intervening in the proceedings on the grounds that there were circumstances that enabled it to be concluded that Equivalenza Retail SL was responsible for the fact that the lists of equivalents were used in the network of stores.

Lastly, the Court rejected the defendants’ objection to the costs award on the grounds that all of the plaintiffs’ claims had been accepted and that the costs could not be included in the compensatory sum that had been agreed by the parties since they were two entirely different concepts.

With respect to the appeal lodged by the plaintiffs, the Court ruled that the damages could not be increased at the judgment enforcement stage. In that regard, the Court held that: (i) the plaintiffs had not expressly reserved the right to demand higher compensation for the damages sustained on account of the persistence of the infringement; (ii) the agreement stated that it was unnecessary to examine any expert evidence whatsoever in order to assess the value of the damages, and so it was impossible to fix higher compensation; and (iii) since no foundation had been established for quantifying the damages, determining a new sum at the enforcement stage would be contrary to the provisions of Article 219 of the Spanish Civil Procedure Act.

■ ■ ■ **3. REMARKS.** Although establishing the amount of compensation via an agreement between the parties could be the ideal solution to the problem of assessing damages, special attention will have to be paid to the specific terms of the agreement in order to prevent the conditions of that agreement from limiting our rights. **Ana SANZ**

## **9. International jurisdiction. Relationship between Regulation 44/2001 (Brussels I) and the Community Trademark Regulation, and determination of the place where the harmful event occurred or may occur in cases of cross-border participation by several persons in a single unlawful act. Judgment of the Court of Justice of 5 June 2014, Coty Germany ([C-360/12](#))**

■ ■ ■ **1. BACKGROUND.** Coty Germany is a German perfume and cosmetics company holding a number of three-dimensional Community trademark registrations. First Note, established in Belgium, sold a batch of perfumes in Belgium to Stefan P., with his place of business in Germany. The perfumes, the bottle of which was similar to the bottle registered by Coty Germany, were subsequently resold in Germany. Coty Germany, which had reached an out-of-court settlement with Stefan P., sued First Note in Germany for trademark infringement and unfair competition.

Following dismissal of the action both at first instance and on appeal, the *Bundesgerichtshof* referred two questions to the CJ for a preliminary ruling. The first question referred to the interpretation of the term "*Member State in which the act of infringement has been committed or threatened*" in Article 93(5) of [Regulation 40/1994](#) on Community trademarks. The second question asked whether, in unfair competition matters (to which the CTMR

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does not apply), the term “*place where the harmful event occurred or may occur*” in Article 5(3) of [Brussels I](#) enables a company to be sued in Germany for having perpetrated the alleged unlawful act, not being the “*principal act*”, in another Member State.

■ ■ ■ **2. FINDINGS.** The *Coty Germany* judgment completes a very recent tetralogy of cases heard by the CJ, all of which involve action against one of the presumed co-perpetrators of alleged trademark or copyright infringement, or acts of unfair competition, where that co-perpetrator is not domiciled and has not acted in the Member State where the court seized is situated. The other three CJ decisions were rendered on 16 May 2013 ([C-228/11](#), Melzer), 3 October 2013 ([C-170/12](#), Pinckney – see commentary no. 18 by Patricia Mariscal in [ELZABURU's 2013 Review](#)) and 3 April 2014 ([C-387/12](#), Hi Hotel – please see Patricia Mariscal's commentary in this edition of the Review).

The interesting aspect of the first question lies in the fact that this is the second time that the international jurisdiction system laid down in the CTMR has been interpreted by the CJ (the first case is the judgment of 14 December 2006, C-316/05, Nokia), and it tackles it in two parts. In the first part, it recalls that the CTMR has the character of *lex specialis* and expressly precludes the application of Brussels I in respect of non-contractual obligations (tort). Therefore, it must be interpreted independently, which means that the doctrine of ubiquity (the place of the event giving rise to the damage and that where the damage occurred) will not apply automatically, and it will be necessary to reason from scratch based on analysis of the specific provision applicable, its scheme and purpose. In respect of the second issue, now released from the bonds that tied it to the “Mines de potasse” doctrine in terms of application, the CJ concluded that unlike in Article 5(3) of Brussels I, the reference in Article 93(5) of the CTMR to the “*Member State in which the act of infringement has been committed or threatened*” must be restricted to the place where the alleged unlawful act was committed, precluding the place where the result materialised.

With respect to the second question, the CJ arrived at the same conclusion that it had reached two months previously in the Hi Hotel judgment, without specifically citing that decision. It concluded that, if liable, First Note could not have committed the causal act in Germany, but rather in Belgium, and the jurisdiction of the German courts would be precluded on those grounds. It also affirmed that “*in circumstances such as those of the main proceedings, an action relating to an infringement of that law (national law against unfair competition) may be brought before the German courts*”. It nevertheless laid down two provisos. Firstly, and this applies to all intellectual property infringements and acts of unfair competition, the allegedly infringed right

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must be protected in Germany; and secondly, and this is required in all cases and must be verified beforehand by the court hearing the matter, the act committed in another Member State must have caused or be capable of causing damage in Germany.

■ ■ ■ **3. REMARKS.** The line of argument which led the CJ to establish an impassable frontier between the Community Trademark Regulation and Brussels I is, to my mind, reprehensible. The fact that the EU legislature has established a different regime in the two Regulations, and that the scope of the jurisdiction conferred in each is different (the former provides for jurisdiction with respect to defendants domiciled outside the EU, reduces it strictly to events which have occurred in the Member State in which the court seized of the matter is situated and merely provides for international, not national, jurisdiction) does not constitute sufficient grounds for concluding that the concept “place where the harmful event occurred” in cases of infringement of Community intellectual property rights must be interpreted differently.

The CJ’s reasoning in respect of the second question, namely, the interpretation of Article 5(3) of Brussels I, is even more debatable. It is safe to predict that Pinckney, Hi Hotel and Coty Germany have opened up a front that will give rise to even more questions over the coming years. Broadly establishing the jurisdiction of the courts of a Member State so that suits can be filed indiscriminately for intellectual property infringement and unfair competition (to the extent accepted by each Member State, which will give free reign to *forum shopping*) against third parties which: have only indirectly participated in the unlawful act, via undetermined chains of unlawful events; have not acted in the Member State where the court seized is situated; and are barely linked to the principal act, all without distinguishing whether the right concerned is national or Community, is contrary to the spirit and purpose of Article 5(3) of Brussels I and opens the floodgates to extremely complex litigation strategies, as well as unwarranted and abusive practices, particularly in the realm of the Internet. **Manuel DESANTES**

## **10. Inability of an individual component of a registered trademark to constitute a separate unregistered well-known mark through use. Judgment of the Spanish Supreme Court of 11 March 2014, BOMBAY SAPPHIRE**

■ ■ ■ **1. BACKGROUND.** Bacardi Company Ltd. (“Bacardi”) filed legal proceedings against Dinsa World Wide Distillers S.A. (“Dinsa”) due to the latter’s marketing of a gin by the name of GOA using the bottle shown below:

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Bacardi considered that by using that bottle, Dinsa was infringing its trademark rights and committing acts of unfair competition. With respect to the trademark infringement, Bacardi relied on the unregistered well-known mark consisting of the sapphire blue colour of its BOMBAY SAPPHIRE gin, as well as on a number of three-dimensional trademarks for that gin. An image of the BOMBAY SAPPHIRE bottle follows below:



The Community Trademark Court dismissed all of Bacardi's claims at first instance. That judgment was then confirmed by Alicante Appeal Court, which basically held the following: (i) it was impossible for the sapphire blue colour invoked by the plaintiff to be eligible, on account of use of same, for separate protection as an unregistered well-known mark in respect of the three-dimensional trademark registrations including that colour; (ii) the remaining trademarks which had been relied on had not been infringed; and (iii) the [Spanish Unfair Competition Act](#) did not apply in this case since the action referred to the alleged infringement of exclusive rights (trademark rights) which were subject to specific legislation. Bacardi appealed this judgment on a point of law in the Spanish Supreme Court.

**2. FINDINGS.** The Supreme Court dismissed Bacardi's cassation appeal. With respect to the appellant's pleadings concerning the possibility of

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protecting the sapphire blue colour as an unregistered well-known mark, the Supreme Court, after admitting that a colour could acquire distinctiveness through use, went on to reject the application of that principle in this case. The Supreme Court ruled that the sapphire blue colour of Bacardi's bottle, despite being a component found in several of the plaintiff's well-known trademarks, could not have acquired separate distinctiveness through use. The Court also highlighted the widespread use of this colour in the alcoholic beverages sector, which ruled out the possibility that the colour alone could be capable of identifying the product's business origin in the marketplace.

Another of the grounds examined in this judgment refers to the special protection afforded to well-known trademarks. The Supreme Court sided with the appealed judgment and pointed out that there would be no connection between the plaintiff's well-known trademarks and the GOA gin bottle, since their shared component, i.e., the colour blue, does not identify the brand in trade. In the Court's view, this, combined with the presence of differences between the bottles in question (in particular, the different name), would preclude any connection.

Lastly, the Supreme Court analysed the issue of compatibility between trademark actions and unfair competition actions. In that regard, the Supreme Court disagreed with the criteria followed by the Appeal Court. The Supreme Court indicated that the relationship between the Spanish Unfair Competition Act and special laws is governed by the *relative complementarity* principle (explained in the case-law established in Supreme Court [judgment 586/2012](#)). Nevertheless, the judgment ultimately dismissed the unfair competition actions brought by the plaintiff.

■ ■ **3. REMARKS.** As far as well-known trademarks are concerned, the judgment is interesting in that it examines (and rejects) the possibility that a component of a well-known registered trademark may, through use, acquire distinctiveness and constitute a separate unregistered well-known mark outside the registration. There is also the fact that the unregistered well-known mark claimed in this case consists of a colour, which gives rise to further problems as regards determining the distinctive character of the sign. **Enrique ARMIJO CHÁVARRI**

## 1 1. Trademark revocation due to genericism. Judgment of the Court of Justice of 6 March 2014, Kornspitz (C-409/12)

■ ■ **1. BACKGROUND.** The Austrian trademark KORNSPITZ is used by its holder to identify a baking mix which is supplied primarily to bakers, who use it to prepare bread rolls with pointed ends:

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As a result of its use, consumers have come to consider this trademark as the common name for this kind of bread. However, this is not the case of bakers, who are aware that this is a registered trademark owned by the company that supplies the raw materials.

In revocation proceedings on grounds of the trademark's becoming generic, which were instituted by a competitor, the Austrian court referred a question to the CJ regarding the interpretation of Article 12(2)(a) of [Directive 2008/95](#).

**■ 2. FINDINGS.** In the CJ's view, the perception of end consumers or users plays a decisive role when it comes to assessing whether a trademark has become the common name for a product. It therefore concludes that a trademark may be revoked on grounds of genericism when it has become the common name for the product among consumers (the end users of the product), even if the sellers of that product are aware of the existence of the trademark and of the business origin that it indicates.

The CJ goes on to examine the conditions under which the trademark holder's conduct can be classified as "inactivity" within the meaning of Article 12(2)(a) of the Directive, and specifically, whether the trademark holder's failure to encourage sellers to inform their customers that the sign used to designate the product has been registered as a trademark can be classified as "inactivity". The Court's response is that it may indeed be classified as such.

Lastly, the Austrian referring court asked whether in order to be able to revoke a trademark on grounds of genericism, it is necessary for there to be different names other than the registered trademark for the product in question.

The CJ considered that circumstance irrelevant, given that it would not alter the finding that the trademark had become the common name for the product, which is the requirement laid down in the law.



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■ 3. **REMARKS.** In this judgment, the CJ has cleared up some interesting issues on the conditions that are necessary in order for a trademark to be revoked on grounds of genericism. As regards the first question that had been referred, concerning the relevance of the perception of end consumers, the CJ follows the same criteria that it had used in its judgment of 29 April 2004 in a similar case ([C-371/02](#) Björnekulla Fruktindustrier), although that matter involved pickled gherkins instead of bread.

The CJ's stance on the second question, concerning interpretation of the concept of the "inactivity" of trademark holders, could prove more controversial in that it implies placing an extra burden on holders by requiring them to encourage sellers to "*make more use of the mark*" in marketing the products for which it is registered. **Carlos MORÁN**

## 12. Trademark infringement by a third party holding a later Spanish trademark registration. Judgment of the Spanish Community Trademark Court of 6 March 2014, Armani

■ 1. **BACKGROUND.** Giorgio Armani SPA (Armani) is the holder of Community trademark registration no. 504308 covering, *inter alia*, goods in Classes 9 and 14 (glasses and watches) and consisting of the following sign:



The co-defendant, Mr. Urbano, is the holder of the following Spanish trademark registration no. 2655598, covering goods in Classes 9 and 14 (glasses, optical products and watches):



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Armani filed a complaint with the Community Trademark Court seeking the invalidity of Spanish trademark no. 2655598 (absolute invalidity on grounds of bad faith and relative invalidity due to a likelihood of confusion) and a declaration of infringement of its earlier trademark. All of these actions were accepted with the exception of the invalidity action for bad faith, on which the Court did not rule. The defendants lodged an appeal against the judgment.

■ ■ ■ **2. FINDINGS.** Although the Court commenced by listing the visual differences between the signs, it concluded that not only did the marks in conflict display a significant degree of visual similarity, but they were also conceptually similar. Thus, bearing in mind the identical nature of the goods and the well-known character of the earlier trademark, the Court confirmed that there was a likelihood of confusion between the marks in question.

The Court went on to confirm the appropriateness of a damages award, referring to the Spanish Supreme Court's [judgment](#) of 4 April 2012, which had reviewed its decision of 23 January 2003 on points of law, ruling that the invalidity of the national trademark requested in conjunction with an action for infringement of an earlier trademark established the civil liability of that infringement.

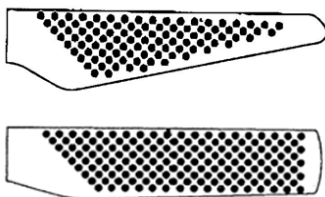
Lastly, the Court rejected the appellants' plea of *res judicata*, since the previous criminal judgment had affirmed that the semblance of legitimacy of use conferred by the national trademark registration could only be shattered in the civil courts by means of an invalidity action.

■ ■ ■ **3. REMARKS.** In this judgment, the Community Trademark Court has moved away from its previous stance and has applied the criteria followed by the Spanish Supreme Court in its judgment of 4 April 2012, which ruled that *"the retroactive, or "ex tunc" effect of the declaration of invalidity of the trademarks means that the registrations in favour of that holder, on being cancelled, cannot justify the use of the signs in question, given that they were never valid"*. **Ana SANZ**

### **13. Product shape and attainment of a technical result: Can this constitute a trademark?. Judgment of the Court of Justice of 6 March 2014, Yoshida ([C-337/12P](#) and [C-340/12P](#))**

■ ■ ■ **1. BACKGROUND.** Yoshida is a Japanese company which registered two Community trademarks covering certain kinds of cutlery in Class 8 and kitchen utensils in Class 21:

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CTM 001372580

The trademarks were actually used on a knife handle coated with concave dots, or dents, which was marketed by Yoshida, as shown in the following image:



Image obtained from [www.yoshikin.co.jp](http://www.yoshikin.co.jp)

This arrangement of concave dots, which was also protected by a number of patents, performed a non-skid function, ensuring that the knife would not slip from the hand when cutting.

Pi-Design, Bodum France SAS and Bodum Logistics A/S filed invalidity proceedings with the OHIM against those Community registrations on the grounds of lack of distinctive character and infringement of Article 7(1)(e) of the [CTMR](#), i.e., they referred to a sign consisting of the shape of goods which is necessary to obtain a technical result.

**■ 2. FINDINGS.** Following several appeals, the case went to the CJ. This Court first of all underscored the fact that the absolute grounds for refusal laid down in Article 7(1) of the CTMR should be interpreted in the light of public interest, and that it was impossible to grant a company a monopoly on technical solutions or functional characteristics of a product.

In order to correctly apply Article 7(1)(e) of the CTMR, the CJ indicated that it is necessary to identify the essential characteristics of the sign. To that end, it stated that a case-by-case analysis must be carried out, examining the various types of elements comprising the sign (bearing in mind that there is no hierarchy among them) and the overall impression produced by the sign on the public. Furthermore, Article 7(1)(e) of the CTMR will apply to both two-dimensional and three-dimensional marks.

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The Court also held that, besides the above, account must be taken of other elements, such as the filing date of the trademark application (in order to determine whether the grounds for invalidity were effectively applicable on that date), the actual use of the mark since that filing date, and the existence of earlier patents. These are circumstances which the General Court (GC) had not considered, and so it had erred in law.

Since the elements detailed above had not been taken into account, the CJ returned the case to the GC for review.

**■ ■ ■ 3. REMARKS.** This judgment by the CJ offers new guidelines concerning the elements to be taken into account when evaluating the nature of signs containing technical components. Signs which consist of the shape which results from the nature of the goods themselves, the shape of goods which is necessary to obtain a technical result, or the shape which gives substantial value to the goods must be refused.

This judgment stresses the fact that the absolute ground for refusal in question must apply to all kinds of figurative, two-dimensional and three-dimensional trademarks. The CJ also sets out the elements to be taken into account when assessing whether this absolute ground is applicable. Those elements will assist in determining whether or not a sign which, as is the case here, reflects a number of concave dots that may have the specific technical function of preventing the knife from slipping, possesses distinctive character. This is also significant in that the CJ has left the door open for the trademark offices or courts to be able to assess any kind of material. **Marta RODRÍGUEZ**

### **1 4. The holder of a reputed trademark will have to tolerate use of similar signs where there is due cause, i.e., earlier use and good faith. Judgment of the Court of Justice of 6 February 2014, Red Bull (C-65/12)**

**■ ■ ■ 1. BACKGROUND.** Red Bull is the holder in the Benelux countries of a composite mark which was registered on 11 July 1983 for non-alcoholic drinks in Class 32, as shown below:



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De Vries is the holder in the Benelux countries of the word mark THE BULLDOG in Class 32 and the following two composite marks (hereinafter similar sign or signs):



De Vries' THE BULLDOG marks were filed later than the RED BULL mark. However, De Vries had already been using the sign THE BULLDOG as a trade name for hotel, restaurant and café services (HORECA services) before Red Bull had applied for its mark. The mark THE BULLDOG was later used for energy drinks.

In legal proceedings in the Dutch Supreme Court, in which Red Bull requested cessation of the production and marketing of those energy drinks under the sign THE BULLDOG, the court expressed doubts concerning the interpretation of the concept of due cause laid down in Article 5(2) of [Directive 89/104](#) on trademarks, and so it decided to refer a question to the CJ for a preliminary ruling.

Specifically, it asked the CJ whether use by a third party of a sign (THE BULLDOG) which bears a resemblance to a reputed mark (RED BULL KRATING-DAENG) for an identical product (energy drinks) could fall within the scope of due cause if it has been proven that the similar sign had been used before the reputed mark was filed.

**■ 2. FINDINGS.** The Court indicated that in order to determine whether that prior use may constitute due cause and justify the fact that the third party is taking advantage of the mark's reputation, there are two factors which must be taken into account:

- a) Determination as to how the previously used sign has been accepted by, and what its reputation is with, the relevant public; and
- b) The intention of the holder of the similar sign.

In that regard, account must be taken of the following: the degree of similarity between the goods and services for which the similar sign has been used and the product for which the mark was registered; when THE

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BULLDOG sign was first used for a product identical to that for which the reputed mark was registered; and when that mark acquired its reputation.

In this matter, it was understood that De Vries' use of the sign THE BULLDOG for energy drinks did not imply that he was taking advantage of the reputation of Red Bull's mark; but rather, he was merely extending the range of goods and services that he had been offering previously.

■ ■ ■ **3. REMARKS.** In this judgment, the CJ has ruled that the holder of a reputed mark may be obliged, by virtue of the concept of due cause within the meaning of Article 5(2) of Directive 89/104, to tolerate use by a third party of a similar sign for a product that is identical to the one identified by the reputed mark, provided that the third-party sign had been used before the reputed mark was filed and that it had been used in good faith.

In its assessment of those circumstances, the national court will have to take account of: the degree of public acceptance and reputation of the sign similar to the reputed mark; the degree of similarity between the goods covered by the reputed mark and the goods and services for which the similar sign was originally used; and the economic and commercial significance of the use made of the similar sign.

The CJ's findings are particularly significant, since the holder of a reputed trademark may be obliged to tolerate the use by a third party of a sign similar to its own for identical goods or services, obviously provided that there has been no bad faith and that the pertinent conditions have been satisfied. **Marta RODRÍGUEZ**

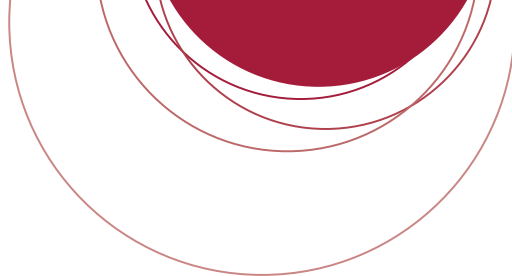




## 2. Copyright, the Information Society, the Internet







## **15. 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.

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.

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■ ■ ■ **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](#)), has set new parameters for observing the correct application of the limitations. **Patricia MARISCAL**

## **16. Copies made from unlawful sources and remuneration for private copying. Judgment of the Court of Justice of 10 April 2014, ACI Adam ([C-435/12](#)).**

**■ ■ ■ 1. BACKGROUND.** Under Dutch private copying legislation, the levy for making private copies is fixed by a Foundation (*Stichting Onderhaldelingen thuiskopie vergoeding*). In determining the amount payable, this body takes into account the harm resulting from copies made from an unlawful source. ACI and other companies required to pay this private copying levy considered that those reproductions did not form part of the concept of private copying, and so they should not be taken into account when calculating said harm. The case went to the Dutch Supreme Court, which referred a number of questions to the CJ for a preliminary ruling. The key issue in this case lies in the first two questions, and it can be summed up as follows: Does the private copying limitation also apply to copies made on the back of copyright infringement? Aside from that issue, a third question was referred concerning standing to activate the procedural measures laid down in [Directive 2004/48/EC](#) on the enforcement of intellectual property rights. The companies required to pay the private copying levy had relied on that provision in order to react against the copyright claims. Were they able to do so?

**■ ■ ■ 2. FINDINGS.** In order to respond to the main question that had been raised, the CJ commenced by explaining the need to strictly interpret the exceptions and limitations to copyright laid down in EU law. It first of all refers to the traditional legal doctrine of interpreting a limitation on a general principle in a strict manner, but it also indicates that the “three-stage test” and recital 44 of [Directive 2001/29/EC](#) call for a strict interpretation of the limitation. Rightsholders cannot be deprived of their reproduction rights and

forced to tolerate any infringement of their rights occurring as a result of private copying. The Court held that any national law that allowed this would be encouraging the circulation of counterfeited or pirated works, which would adversely affect the normal exploitation of those works and unreasonably prejudice rightholders. The Court also held that its decision in that regard could not rely on the application of certain technological measures. It is for the Member State to establish the exception and to ensure that it is applied correctly, and this is not altered by the extent to which anti-copying measures are applied. The judgment, transcribing what it had already affirmed in respect of private copying in previous decisions such as [Padawan](#) and [Thuiskopie](#), also pointed to the obligation to strike a fair balance between the rightholders and the beneficiaries of the limitation. Including copies from unlawful sources in the calculation of the harm caused would mean indirectly penalising all users, regardless of their conduct, by making them pay an additional fee for unlawful copies.

The Court resolved the third question by linking the protective measures laid down in Directive 2004/48/EC to the rightholders, and so *“they cannot be interpreted as being intended to govern the various measures and procedures available to persons who are not themselves the proprietors of such rights, and which do not relate solely to an infringement of those rights.”*

**■ 3. REMARKS.** The ACI Adam judgment has decisively shaped the European private copying model with the expulsion of copies made from an unlawful source. The combined effect of this decision and the previous [Padawan](#) judgment, which circumscribed the payment obligation to private individuals, has led to a very limited playing field for private copying compensation. The Spanish government has made intensive use of this doctrine and certainly of the finding which recognises that Member States may establish stricter limitations than those laid down in the Directive. We will see whether that provision enables the Spanish State to justify the reduced level of compensation fixed for private copying in recent years.  
**Pablo HERNÁNDEZ**

## **17. Determination of court jurisdiction in a copyright infringement matter in which the harmful event occurs in one Member State but has effect in another Member State. Judgment of the Court of Justice of 3 April 2014, [Hi Hotel \(C-387/12\)](#)**

**■ 1. BACKGROUND.** The dispute in the main proceedings from which the question referred for a preliminary ruling arises is essentially the following:

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The plaintiff, Mr. Spoering, is a photographer who had been commissioned by Hi Hotel to take a series of photographs of the interior of the hotel run by that company in Nice (France) back in 2003. Mr. Spoering granted Hi Hotel the copyright in those photographs for their exclusive use in advertising brochures and on the hotel's website. In 2008, Mr. Spoering noticed in a bookshop in Cologne (Germany) that the photographs in question had been included in a book on interior architecture published by Phaidon, headquartered in Berlin (Germany).

The strange thing about this case is that Mr. Spoering decided to sue Hi Hotel (not the publishing company) for copyright infringement in the courts of Cologne (not in France, which is where the harmful event had occurred). The German *Bundesgerichtshof* asked whether, under Article 5(3) of Regulation 44/2001, the German courts have jurisdiction over a case in which the tort or delict on which the complaint is based (Hi Hotel's unauthorised copyright assignment to the publishing company Phaidon) occurred in another Member State (France), but consists of the participation in, or contribution to, another tort or delict (Phaidon's exploitation of the unlawfully assigned photographs) which has effect in the country where the action was filed (Germany).

■ ■ ■ **2. FINDINGS.** Article 5(3) of [Regulation 44/2001](#) constitutes an exception to the general rule for determining court jurisdiction in accordance with the defendant's domicile. Under that provision, persons domiciled in one Member State may be sued, in matters relating to tort, delict or quasi-delict, in the courts of the place in which the harmful event occurred or may occur. The issue is therefore to determine where the harmful event has occurred in this matter. As pointed out by the Court, the key to answering this question lies in the fact that the term "*place in which the harmful event occurred or may occur*" in that provision refers to both the place where the damage occurred and the place of the causal event giving rise to the damage, and so the action may be brought in either of those two places at the option of the plaintiff. In this case, if we follow the criteria of the place where the damage occurred, Article 5(3) of the Regulation enables jurisdiction to be attributed to the courts of a Member State in which the defendant did not carry out the infringing activity (Germany). It is nevertheless necessary to bear in mind that the German court's jurisdiction will only extend to damages caused in that territory.

■ ■ ■ **3. REMARKS.** This decision follows the line taken by the CJ in the [Shevill case](#) (judgment of 7 March 1995), and more recently in the [Pinckney case](#) (judgment of 3 October 2013), concerning the criteria for determining the place where the harmful event occurred in matters relating to copyright infringement. However, the Court has gone one step further with this

decision, since this matter does not involve a harmful event occurring in one Member State but having effect in another Member State in which the action is brought; rather, it involves a tort or delict committed in one Member State, which contributes to the perpetration of another tort or delict (the principal act) by a third party, the detrimental effect of which is produced in the Member State in which the action is brought. It could therefore be said that by this interpretation the CJ is widening the scope of application of the rule on jurisdiction laid down in Article 5(3) of Regulation 44/2001. **Patricia MARISCAL**

## **18. Indirect copyright infringement. Judgment of Madrid Court of Appeal of 31 March 2014**

■ ■ ■ **1. BACKGROUND.** The association Promusicae and various record companies filed legal proceedings for copyright infringement against Optisoft SL, Piolet Networks SL and M Punto 2 Punto Technologies SA, the owners of a series of computer applications enabling peer-to-peer (P2P) protocols to be set up so that files could be shared among users. The programs could be acquired from the defendants' websites. A high percentage of the audio files exchanged by users of that technology were copyrighted music phonograms.

The proceedings, which comprised copyright and unfair competition actions, sought an order for the defendants to cease the aforementioned activities and to pay compensation for damages, which the plaintiffs estimated to be 13,029,599 Euros, taking into account the number of downloads and the average Internet price of each song recorded. Both actions were dismissed.

■ ■ ■ **2. FINDINGS.** The judgment began by acknowledging that the sharing of copyrighted files among Internet users without the rightholder's consent constitutes infringement of the right of communication to the public (making the works available to the public in an interactive manner) and the right of reproduction, both of authors and phonogram producers, and that the private copying limitation did not apply.

The Court nevertheless pointed out that the defendants were not users acting in the manner described above. They were companies that had produced and distributed the file sharing software which enabled decentralised peer-to-peer protocols to be set up, and so they did not participate in the file sharing that could be carried out directly among users by means of those technological tools. This prevented their conduct from being classified as *direct* copyright infringement.

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The judgment likewise denied that the defendants' could be considered as Internet service providers subject to the liability provided under the Spanish Information Society Services [Act 34/2002](#). According to the Court, *"what the defendants are doing, respectively, is creating and marketing a computer program. They are not intermediary service providers on the Internet, since their mission is not to facilitate users' access to the Internet; nor do they transmit data or provide data hosting services. They likewise do not provide links to other content or include search engines for that content"*. This therefore prevented the defendants' conduct from falling within the scope of liability applicable to information society service providers.

The Court then went on to comprehensively examine the issue of whether the defendants could be held liable for *indirect* infringement (secondary liability), i.e., where a party knowingly induces or contributes to copyright infringing acts carried out by another party.

The Court bases its reasoning on the following grounds: indirect infringement *"lacks explicit legal regulation in Spanish law in respect of copyright in the strict sense"*; there are legal precedents from the USA (Betamax) on the attribution of secondary liability concerning copyright, though the Court warns that those precedents are based *"on principles that do not strictly coincide with those which inspired Continental European law, and so care must be taken when attempting to automatically transfer case-law from that country"*; and the possibility of attributing liability for indirect copyright infringement under Spanish law is, nevertheless, *"a disputed issue in legal doctrine"*.

In view of those premises, the Court dismissed the action based on copyright on the grounds that the extent of secondary liability regulated by Article 1903 of the Spanish Civil Code would likewise not enable the liability defended by the plaintiffs to be established. According to the judgment, *"this legal provision only gives rise to the extension of secondary liability to a third party in situations where there are links in respect of hierarchy, subordination or dependence at play, with one individual having a certain degree of ascendancy over another, including the power to give orders, instructions or to supervise conduct, which justifies the former's liability for the latter's actions"*.

As regards the unfair competition action, the judgment also rejects the possibility of categorising the defendants' conduct under acts of imitation including free-riding on another's efforts, under the general clause on the contravention of good faith, or under infringement of competition rules.

■ ■ ■ **3. REMARKS.** In Spanish law, indirect infringement of intellectual property rights is only expressly provided under the Patent Act. This



judgment by Madrid Court of Appeal highlights the problems involved in bringing legal action where there is a deficiency in the law. Furthermore, this has never been a clear-cut issue in the realm of copyright, and it can be construed differently depending on the system in force in the place where the dispute arises. All of this is echoed in this judgment, which propounds reasoning which, despite not lacking reason, is also open to criticism. The situation described by the judgment nevertheless underwent a complete turnaround in Spain just a few months after the judgment was rendered. The reform of the Spanish Copyright Act in November 2014 explicitly introduced the concept of secondary liability for instigators, necessary collaborators and receivers. However, the interpretation of this reform is still uncharted territory. **Antonio CASTÁN**

## 19. ‘Reasonableness’ when imposing blocking injunctions on intermediaries. Judgment of the Court of Justice of 27 March 2014, UPC Telekabel ([C-314/12](#))

■ 1. **BACKGROUND.** The Austrian film producers Constantin Film and Wega applied to the Austrian courts for an injunction ordering the Internet access provider Telekabel to block access to a website that made their works available to the public without their consent.

In support of their petition, they relied on the provisions of Article 8(3) of [Directive 2001/29/EC](#) on the Information Society, according to which rightholders may “*apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right*”.

The court of first instance granted the injunction and ordered Telekabel to block the infringing site’s domain name and IP address. The Viennese Appeal Court upheld the lower court’s ruling in respect of the blocking of the website, but it ruled that it was for Telekabel to choose the means by which to do so. In the Supreme Court, Telekabel argued that it was not an intermediary for the purposes of Article 8(3) of the Directive, since in order to be classified as such there had to be a special contractual link with the infringer, which it did not have. Telekabel also contended that an injunction could not be granted without firstly attesting to unlawful access by some of the access provider’s customers. Lastly, the telecommunications operator argued that all of the blocking measures could be technically circumvented and that some of them were excessively costly.

The Austrian Supreme Court stayed the proceedings and referred three questions to the CJ for a preliminary ruling. The first two questions

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refer to the concept of intermediary and to the requirement to attest to infringements by customers of the access provider. The third, and definitely the most interesting, refers to how an intermediary which has received an order to block a website must act in order to avoid liability.

■ ■ ■ **2. FINDINGS.** The CJ answered the first and second questions by providing a broad interpretation of the concept of intermediary for the purposes of Article 8(3) of the Information Society Directive: *“Any person who carries a third party’s infringement of a protected work or other subject-matter in a network”* shall be regarded as an intermediary.

The objective behind the Court’s adoption of this interpretation was to avoid diminishing the legal protection of rightholders, taking into account that such protection is not only aimed at bringing the infringement to an end, but also at preventing it.

With respect to the second question that had been referred, the CJ likewise did not accept the operator’s argument, and deemed it unnecessary to demonstrate that some customers had actually accessed the works. In order for a blocking injunction to be granted against an access provider, it will suffice for the works to be accessible through that party.

The third question addressed the degree of obligation to be imposed on the access provider when blocking a website. The Court made it clear that in view of the nature of the Internet, it is not possible to impose a full obligation since that would imply excessively restricting other conflicting rights (freedom of information and freedom to conduct a business), and it would be contrary to general principles of law, such as the principle of proportionality.

In its judgment, the CJ considers that in order to strike a fair balance between the conflicting rights at play, the specific measures to be taken by the operator in order to achieve the pursued objective should not be defined, and also, the addressee of the injunction may avoid liability by demonstrating that it has taken all reasonable measures.

Regarding this aspect, the Court points out that in order to give the addressee of an injunction legal certainty, the operator must have the possibility of maintaining to the judge *“that the measures taken were indeed those which could be expected of him in order to prevent the proscribed result”*.

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The judgment has made a worthy effort to try and specify how access providers should act by appealing to criteria of objectivity and reasonableness.

In that sense, the Court indicates that the measures must serve to bring an end to the infringement, and so they will not be warranted if they needlessly affect *“Internet users who are using the provider’s services in order to lawfully access information.”*

The Court also underscores the fact that the measures to be taken by the access provider must be sufficient in order to *“ensure genuine protection of the right”*, and it considers that this will be achieved if they have *“the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging Internet users who are using the services of the addressee of that injunction from accessing the subject-matter made available to them”* in an unlawful manner.

**■ ■ ■ 3. REMARKS.** The CJ’s judgment is clearly positive as far as copyright protection is concerned insofar as it clarifies the entitlement of rightholders to seek the intervention of access operators in order to prevent their rights from being infringed on the Internet. It is moreover a realistic judgment in which the Court seeks to establish criteria of ‘reasonableness’ in order to determine the level of stringency to be imposed on an intermediary so that the measures are not unnecessarily restrictive for Internet users or overly costly for the operator, but yet enable content to be effectively protected.  
**Pablo HERNÁNDEZ**

## **20. The Court of Justice defends the traditional format of territorial collective management. Judgment of the Court of Justice of 27 February 2014, OSA (C-351/12)**

**■ ■ ■ 1. BACKGROUND.** OSA is the acronym for the Czech musical works copyright collecting society which operates against a legislative backdrop in which collective management is reserved to a single entity. OSA basically holds the monopoly in its activities by virtue of state law.

This case stems from a claim filed by OSA against a spa establishment for the payment of copyright fees for making works available to the public by means of radio or television in the spa’s rooms. With respect to this conflict between the parties, Pilsen Regional Court essentially referred two questions for a preliminary ruling. The first question addresses the act of transmitting works by means of televisions or radios located in the rooms

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of a spa establishment. In that regard, the decision is certainly not new with respect to the Court's findings in [Rafael Hoteles v SGAE](#). However, some findings merit special attention for different reasons. The second question is more interesting, given that it raises the issue of the conformity of Czech law, which provides for a monopolistic system of collective management, with EU law.

**■ ■ ■ 2. FINDINGS.** Naturally, there was nothing new in the finding regarding the performance of an act of communication to the public by *"the operator of a spa establishment [which] gives its patients access to the broadcast works via television or radio sets by distributing in the patients' rooms the signal carrying the protected works"*. With this decision coming just days after the [Svensson judgment](#), and from the same Chamber that had ruled out the existence of a new public in respect of communication via links to websites from which works could be lawfully accessed, the Court dedicated a paragraph to explaining that this case *did* involve a new public. *"Like the guests of a hotel, the patients of a spa establishment constitute such a new public. The spa establishment is the organisation which intervenes, in full knowledge of the consequences of its action, to give access to the protected work to its patients. In the absence of that intervention, its patients would not, in principle, be able to enjoy the broadcast work."*

The most relevant aspect of the judgment in this regard is the distinction that it draws between copyright and related rights when explaining why the findings of the Corso decision (15 March 2012, [C-135/10](#)) do not apply to this case. The Corso decision had ruled out the existence of public communication in respect of phonograms produced in a small dental practice. Aside from the different points of fact, which the Court does not go into, it indicates that the principles set out in that decision are not relevant in this case because that doctrine refers to performers' remuneration rights and cannot be extended to an exclusive right such as that held by authors by virtue of Article 3(1) of [Directive 2001/29](#).

The third question referred to Czech law, which provides for the existence of a single collecting society for the management of copyright in musical works. The defendant had argued that local legislation prevented it from obtaining licences from other European societies, and that the fees charged by the Czech society were very high. Against those provisions of Czech law, the defendant invoked Article 16 of [Directive 2006/123](#) on the freedom to provide services and the application thereof to collective copyright management services, Article 56 of the [Treaty on the Functioning of the European Union](#) (TFEU), based on said Directive, which prohibits restrictions on the freedom to provide services in the European Union, and Article 102

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TFEU, which prohibits abusive practices by societies in a dominant market position.

The Court first of all stated that Article 16 of the Directive on the freedom to provide services was inapplicable insofar as Article 17(11) thereof excludes copyright from the liberalisation of services. The next step was therefore to examine the case in light of Article 56, which declares freedom to provide services, and which can only be excluded for overriding reasons in the public interest. The judgment considers copyright protection to constitute one of those reasons, and holds that the grant of a territorial monopoly is *"suitable for protecting intellectual property rights, since it is liable to allow the effective management of those rights and an effective supervision of their respect in that territory"*. The Court considers that it has not been shown, as European Union Law stands at present, another method allowing the same level of copyright protection as the territory-based protection, which encompasses reciprocal representation agreements between societies. Under those circumstances, the judgment finds that the restriction does not go *"beyond what is necessary in order to attain the objective of protecting intellectual property rights."*

The last question tackled by the Court refers to the compatibility between Czech law and the prohibition against abuse of a dominant position. In that regard, the judgment provides an overview of traditional doctrine, explaining that the mere creation of a dominant position is not prohibited, and so granting OSA a monopoly over the collective management of copyright is not contrary to Article 102 TFEU, despite the fact that it gives it a dominant position. The prohibition is activated upon abuse of that position. In that regard, the Court once again recaps on European doctrine, stating that an indication of abuse could be where a company in a dominant position imposes fees *"which are appreciably higher than those charged in other Member States (a comparison of the fee levels having been made on a consistent basis)."*

**■ 3. REMARKS.** The OSA judgment is surprising in that it has maintained, without qualification, the Court's early opinion on collective management established in [Lucazeau](#) and [Tournier](#), which has safeguarded the current territorialised format of collective management that is predominant in Europe. This pattern seemed to be weakened by the Commission's initiatives aimed at introducing competition among societies, particularly in the digital environment. The OSA case, together with the CISAC case, have to a large extent revived traditional doctrine which appeared to have been called into question thanks to new technology and to the reduction in the transaction costs linked to territorial control. It will now be for the market, rather than the regulatory body, to confirm this orientation in the future.

**Pablo HERNÁNDEZ**

## 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"*.

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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.**

## **22. The concept of effective technological measures laid down in Directive 2001/29/EC also includes measures which prevent the interoperability of a console with other devices, equipment and software from sources other than the manufacturer of the console. Judgment of the Court of Justice of 23 January 2014, Nintendo ([C-355/12](#))**

**■ ■ ■ 1. BACKGROUND.** The dispute prompting the referral for a preliminary ruling arose in Italy between Nintendo and PC Box as a result of the latter's manufacturing and marketing devices which, once installed in the Nintendo console, circumvent its protection system against the use of illegal copies of videogames. Those devices are known as *homebrews*, created specifically by PC Box to be used in Nintendo consoles for the purpose of deactivating the technological protection measures which enable videogames from other manufacturers, as well as MP3 files, movies and videos, to be read.

Nintendo sued PC Box for circumvention of the technological protection measures incorporated into its consoles, leading to infringement of its intellectual property rights. PC Box argued that the devices were lawful based on their multiple purposes over and above enabling the use of illegal copies of videogames.

Under those circumstances, the referring court asked the CJ to determine the scope of the protection granted by those measures under the provisions of [Directive 2001/29/EC](#) on the Information Society.

**■ ■ ■ 2. FINDINGS.** The Italian court referred two questions to the CJ for a preliminary ruling. First of all, it asked whether the technological protection measures that Nintendo had installed in its consoles to prevent the use of programs, games and content in general produced by sources other than that company were in conformity with EU law, and specifically, whether they adhered to the concept of effective technological measures laid down in Article 6 of Directive 2001/29/EC. Secondly, it asked under which criteria the scope of the legal protection against the circumvention of effective technological measures should be assessed.



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(i) The first of these questions is extremely pertinent, given that the technological measures adopted by the plaintiff consist of an encryption system installed in both consoles and videogames, which not only prevents use of videogames without a code, but also the use of any other kind of software intended for other purposes, such as reading MP3 files, videos or movies. In that regard, PC Box contends that those technological measures would go beyond what is provided by the Directive by excluding any kind of interoperability between the console and other devices that do not come from the manufacturer. To that end, recital 48 of the Directive states that the legal protection conferred by the technological measures *“should respect proportionality and should not prohibit those devices or activities which have a commercially significant purpose or use other than to circumvent the technical protection”*.

According to the CJ, there is nothing in Directive 2001/29/EC, which also applies to videogames, to suggest that Article 6(3) thereof does not refer to technological measures such as those used by Nintendo for its consoles. The concept of effective technological measures is defined broadly and includes the application of protection systems consisting of encrypting both the physical housing of videogames and the consoles themselves so as to prevent interoperability with devices and equipment that are not subject to that encryption system.

The referring court's second question concerned the criteria or parameters under which the scope of the legal protection against the circumvention of technological measures should be assessed, and specifically, whether it was necessary to take account of the intended use attributed by the rightholder to the product in which the protected content is inserted.

In that regard, the Court holds that in light of the aforementioned recital 48 of Directive 2001/29/EC, the national court will have to take account of criteria such as the existence of other technological measures the effectiveness of which is comparable to those adopted by the plaintiff, and which would have caused less interference with the activities of third parties not requiring authorisation by the rightholder, the costs of the different types of measures, as well as other purposes of the devices used by the defendant other than to circumvent the technological measures, and how often the devices are actually used by third parties.

**■ ■ ■ 3. REMARKS.** It is impossible to draw a definite conclusion from the CJ's decision as regards whether or not the *homebrews* manufactured and marketed by PC Box are legal, since this assessment is left in the hands of the national court on the basis of the evidence of actual third-party use of same. What is clear is that the concept of effective technological measures

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laid down in Directive 2001/29/EC also encompasses measures which prevent a console from interoperating with other devices, equipment and software from sources other than the manufacturer of the console.

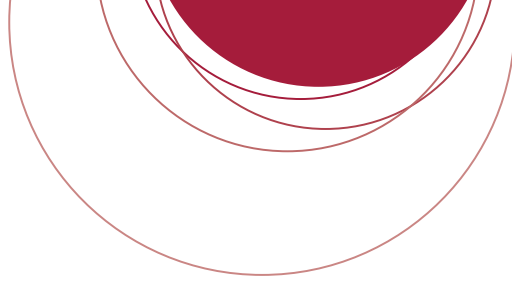
Another interesting aspect of this judgment is the CJ's finding on the legal classification of videogames. In this Court's view, videogames constitute "*complex matter*" comprising not only a computer program, but also graphic and sound elements which have a unique creative value, and which are therefore, together with the entire work, eligible for copyright protection. It follows that the legal system established by Directive 2001/29/EC applies to videogames. **Patricia MARISCAL**





## 3. Patents





## **23. The possibility of patenting human parthenotes. Legal protection of biotechnological inventions and the concept of ‘human embryo’. Judgment of the Court of Justice of 18 December 2014, International Stem Cell Corporation (C-364/13)**

■ ■ ■ **1. BACKGROUND.** Article 6(2)(c) of [Directive 98/44/EC](#) of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions provides that uses of human embryos for industrial or commercial purposes shall be considered unpatentable on the grounds that they are included among the group of inventions whose commercial exploitation would be contrary to public order or morality.

The interpretation of the term ‘human embryo’, for the purpose of the application of the aforementioned article, had previously been established by the CJ in the Brüstle case ([C-34/10](#)). According to that interpretation, the concept included human ova following the fertilisation stage, but also unfertilised human ova into which the nucleus from a human cell has been transplanted, as well as unfertilised human ova whose division and further development have been stimulated by parthenogenesis, i.e., ‘human parthenotes’. This definition was based on the fact that all of these organisms were capable of commencing the process of development into a human being, as reflected in the information which had been submitted to the CJ.

After that judgment had been rendered, the UK Intellectual Property Office refused two national patent applications (GB0621069.4 and GB0621068.6) filed by International Stem Cell Corporation (hereinafter, ISCO) on the grounds that the inventions that they described referred to unfertilised human ova whose division and further development had been stimulated

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by parthenogenesis, which constituted uses of “human embryos” that were considered unpatentable. ISCO lodged an appeal against that decision with the High Court of Justice (England & Wales), Chancery Division (Patents Court), claiming that human parthenotes cannot undergo a development process that culminates in a human being, and that determining whether that condition was satisfied seemed to have been the key factor in deciding which organisms were unpatentable in case C-34/10.

The High Court of Justice decided to refer a question to the CJ for a preliminary ruling in order to determine whether unfertilised human ova whose division and further development has been stimulated by parthenogenesis, but which are incapable of developing into human beings (human parthenotes) are comprised within the concept of ‘human embryo’.

■ **2. FINDINGS.** The Advocate General, Mr. Pedro Cruz Villalón, published his [Opinion](#) on 17 July 2014, in which he recommended excluding human parthenotes from the concept of human embryo.

In its judgment of 18 December 2014, the CJ, in line with the Advocate General’s prior conclusions, declared that Article 6(2)(c) of Directive 98/44/EC must be interpreted in the sense that an unfertilised human ovum whose division and further development has been stimulated by parthenogenesis does not constitute a ‘human embryo’ within the meaning of that provision if, in light of current scientific knowledge, that ovum does not, in itself, have the inherent capacity of developing into a human being, this being a matter for the national court to determine.

The CJ confirmed that the criteria to be met in order for an unfertilised human ovum to be classified as a ‘human embryo’ is that it must necessarily have the inherent capacity of developing into a human being, and the mere fact that it is capable of commencing a process of development will not suffice. It highlighted the fact that all interested parties who submitted written observations to the Court agreed that current scientific knowledge indicates that a human parthenote, due to the effect of the technique used to obtain it, is not, as such, capable of initiating the process of development which leads to a human being. Nevertheless, the information presented in *Brüstle* (C-34/10) indicated the opposite, which led to the classification of parthenotes as human embryos.

With respect to the specific case prompting the reference for a preliminary ruling, mention is made of the amendments that ISCO made to its applications in order to exclude the prospect of additional genetic manipulation of the parthenotes. However, the CJ is clear on the fact that it is for the referring court to determine whether or not the human parthenotes comprising

the subject matter of ISCO's applications have the inherent capacity of developing into human beings, and to infer that they do not constitute 'human embryos' within the meaning of Article 6(2)(c) of Directive 98/44 in the event that they do not have that capacity.

■ ■ ■ **3. REMARKS.** This case once again illustrates the special features of biotechnology in respect of the specific legal framework for determining the patentability of biotechnological inventions, interpreting its scope, striking an appropriate balance between encouraging research and respecting human morality and dignity, and the problems faced by judges and legislators when making decisions on this subject in light of the scientific knowledge concerned, which is constantly advancing and particularly complex. In that regard, it is necessary to acknowledge and express gratitude for the detailed scientific discussion on the unique features of human parthenotes submitted by the Advocate General, Mr. Pedro Cruz Villalón, in support of his conclusions.

Human parthenotes are considered by many as an alternative to human embryonic stem cell research, and so it can be expected that the recognition of their patentability and their differences with respect to human embryos will encourage the financial support of research projects concerning human parthenote-based regenerative therapies, and will even diminish any moral rejection that could affect authorisation for such research. **María Rosa de la COLINA.**

## **24. Applicability of the TRIPS Agreement to patents for pharmaceutical products initially granted as process patents. Order of the Court of Justice of 30 January 2014, Warner-Lambert (C-372/13)**

■ ■ ■ **1. BACKGROUND.** In 1990, the Greek pharmaceutical company Warner-Lambert Company LLC ("Warner-Lambert") applied for a European patent for a chemical compound for the treatment of hypercholesterolemia. The patent application included claims for the active ingredient *atorvastatin calcium trihydrate*, as such, and for the manufacturing process of that compound. The patent application was filed whilst the Greek reservation to the [European Patent Convention \(EPC\)](#) concerning the effectiveness of patents for chemical or pharmaceutical products was in force. The [TRIPS Agreement](#) came into force in Greece in February 1995. In October 2001, Warner-Lambert obtained a European patent referring to the chemical compound *atorvastatin calcium trihydrate*. This compound was one of the active ingredients of the medicinal product "Lipitor", which Pfizer Ellas AE ("Pfizer") marketed on the basis of a licence granted by Warner-Lambert.



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In 2008, SiegerPharma Anonymi Farmakeftiki Etaireia (“SiegerPharma”) began to market a generic drug containing the active ingredient *atorvastatin calcium trihydrate* in Greece. Warner-Lambert and Pfizer reacted against this situation by filing legal proceedings with Athens Court of First Instance against SiegerPharma for infringement of patent rights in that active ingredient.

The Greek court considered that in order to resolve the case, it was essential to determine the extent of the protection conferred by Warner-Lambert’s patent in Greece. In its view, there were two possible interpretations:

- First possible interpretation: The patent did not protect the active ingredient *atorvastatin calcium trihydrate* insofar as the patent was applied for prior to the expiry of the Greek reservation to the EPC concerning product patents, and so the pharmaceutical product that was its subject matter was excluded from patent protection.
- Second possible interpretation: The patent *did* protect the active ingredient *atorvastatin calcium trihydrate* insofar as the provisions set out in Article 70 of TRIPS enabled it to be held that following the entry into force of said Agreement, the patentability of pharmaceutical products laid down in Article 27 of TRIPS would extend to the process patents initially included in the reservation to the EPC.

Consequently, the Greek court decided to stay the proceedings and refer three questions, concerning the interpretation of Articles 27 and 70 of the TRIPS Agreement, to the CJ for a preliminary ruling.

**■ 2. FINDINGS.** The CJ indicated that those three questions were identical to the questions referred to it by that same court in *Daiichi Sankyo and Sanofi-Aventis Deutschland (C-414/11)*. The Court therefore delivered its ruling by means of an order reproducing the answers proposed in that judgment.

It firstly held that Article 27 of TRIPS fell under the common commercial policy, and so the Member States were able to apply it.

It secondly declared that chemical and pharmaceutical products were capable of being the subject matter of a patent under Article 27 of TRIPS.

Thirdly (and this is the most controversial point of the order), the CJ reiterated the fact that a patent obtained on the basis of an application including both product and process claims, but granted solely in respect of the process claims, only protects, as of the date on which TRIPS came into force, the invention of the process of manufacture of the pharmaceutical product. With respect to that point, it should be noted that in case C-414/11 the CJ

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indicated that although Article 70 of TRIPS gives rise to obligations in respect of “*all subject matter existing at the date of application of this Agreement for the Member in question*”, under no circumstances can it be held that the protection of the “*existing subject matter*” referred to in Article 70 of TRIPS consists of attributing to a patent effects which it has never had.

■ ■ ■ **3. REMARKS.** This order is certainly interesting. First of all, it confirms the doctrine established by the CJ on this topic in case C-414/11, and secondly, it highlights the contradiction between CJ case-law and case-law from Chamber I of the Spanish Supreme Court (judgments of [10 May, 27 October](#) and [11 November](#) 2011, and of [5 December](#) 2012, *inter alia*) and Chamber III of that Court (judgments of [4 November](#) 2010, [3 March, 16 September](#) and [21 November](#) 2011 and [16 May](#) 2012, *inter alia*) concerning the interpretation of Articles 27 and 70 of the TRIPS Agreement.

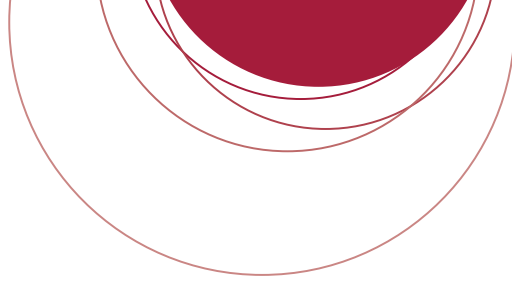
In last year’s edition of this [Review](#), we had discussed the judgment handed down by the CJ in case C-414/11 and indicated that this divergent criteria had reignited an apparently closed debate. Although there have already been some decisions from the civil courts reflecting the CJ’s doctrine on this issue (for example, Barcelona Court of Appeal’s [judgment](#) of 22 October 2014), neither the First nor Third Chambers of the Spanish Supreme Court have ruled on the matter as yet **Enrique ARMIJO CHÁVARRI**





## 4. Designs





## 25. 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.

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■ ■ ■ **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**

## 26. A registered design holder's subsidiary lacks standing to sue. Judgment of the Spanish Supreme Court of 25 June 2014, Hansgrohe

■ ■ ■ **1. BACKGROUND.** The German company Hansgrohe AG, which holds an international industrial design registration for a tap fitting, sued Grifería Tres S.A. for infringement of that registration by marketing a tap design known as Alp-Tres. The plaintiff's Spanish subsidiary, Hansgrohe S.A., intervened in the proceedings as co-plaintiff.



Barcelona Court of Appeal ruled that Hansgrohe, S.A. lacked standing to sue and dismissed the complaint on the merits on the grounds that the designs in question produced a different overall impression on the informed user. The plaintiffs appealed that decision on a point of law.

■ ■ ■ **2. FINDINGS.** The Supreme Court first of all confirmed Hansgrohe S.A.'s lack of standing to sue, rejecting the appellants' arguments that the subsidiary's link to the German parent company Hansgrohe AG, the holder of the registered design, was stronger than the link deriving from a licensing or distribution agreement, making it an "indirect holder" of the industrial design. By contrast, the Supreme Court held that such a corporate relationship did not constitute a licensing agreement, and so it did not confer the rights provided by law on a licensee or co-holder of the registration.



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As regards the second question submitted to review on a point of law, the Supreme Court held that the Appeal Court had conducted a correct comparison of the defendant's product and the plaintiff's industrial design. In that regard, the Supreme Court supported the criteria laid down in the appealed judgment, according to which the components of the registered industrial design which exhibit less individual character have little relevance when assessing whether other industrial designs featuring those components might produce the same overall impression on the informed user. The Supreme Court also affirmed that the informed user is aware of the usual styles and fashion trends in the sector of trade involved, and will pay less attention to them than to more unique components or features of the design, with the latter being what will ultimately determine a different overall impression on the informed user.

Lastly, the Supreme Court ruled on the controversial issue of whether fashion trends should be held to restrict the designer's degree of freedom for the purpose of comparing designs. The judgment states that they should not, and clarifies that if such trends had existed when the design application was filed, and they were followed in same, then that would detract from the design's individual character. If, however, those trends post-dated the registration, so that the design preceded the fashion trends or was even a determining factor in their evolution, that greater individual character should not be diluted by allowing competitors to market products with a similar design using the excuse that the freedom of the creator of the later design was limited by the demands of fashion.

**■ 3. REMARKS.** The dispute settled by the Supreme Court in this judgment regarding the standing to sue of subsidiaries of registered design holders is extremely interesting, and its conclusions apply to other types of intellectual property. However, the judgment does not go into the controversial issue of whether any licence that were held would have to be recorded at the Registry in order for the licensee to have standing to bring infringement actions, since in this case no evidence had been submitted as to whether a licence had been granted to the subsidiary company.

As regards the comparative assessment of the industrial design, the Supreme Court reiterated the criteria that had been followed in its judgment of 30 April 2014, in which it analysed the correlation between the degree of individual character of the protected design and the degree of differentiation required of competitors' designs, in respect of which the less unique components of the registered design are less relevant. The Supreme Court has also taken a decisive stance against considering market trends to limit the designer's degree of freedom, in line with the interpretation given by the General Court in its judgments of [22 June 2010](#) and [13 November 2012](#). **Carlos MORÁN.**

## 27. Broad interpretation of the concept of disclosure of unregistered designs, and the burden of proving the copying of a protected design. Judgment of the Court of Justice of 13 February 2014, *H. Gautzsch Großhandel* (C-479/12)

■ ■ ■ **1. BACKGROUND.** In 2004, the German company MBM Joseph Duna designed a canopied gazebo which was included in the company's new products leaflets in April and May 2005. Those leaflets were distributed to the main traders in the sector and to German furniture-purchasing associations. In 2006, Gautzsch Großhandel began marketing a design of gazebo named "Athen", manufactured by a Chinese company.

MBM Joseph Duna considered the "Athen" gazebo to be a copy of the earlier design and, under [Regulation 6/2002](#) on Community designs, filed a complaint with Düsseldorf Regional Court against Gautzsch Großhandel for infringement of its unregistered Community design.

Gautzsch Großhandel opposed the action, contending that the "Athen" gazebo had been created independently, and that the design had been presented to European customers in March 2005 in the Chinese manufacturer's showrooms. The defendant also argued that the plaintiff's rights had extinguished over time and that the action had become time-barred, since the plaintiff had been aware of the existence of the "Athen" design since September 2005 and had known that it was being marketed since August 2006.

Following first instance and appeal rulings, the case went to the German Federal Court of Justice, which decided to stay the proceedings and refer a number of questions to the CJ for a preliminary ruling.

■ ■ ■ **2. FINDINGS.** The first question referred to the concept of disclosure and to the term "*circles specialised in the sector concerned*", which had given rise to considerable interpretative uncertainty. In that regard, the Court opted for a broad interpretation of the term "*circles specialised in the sector concerned*" on the grounds that Article 11 of the Regulation laid down no restrictions relating to the nature of the activity of the persons who may be considered to form part of that category, and therefore, there was no reason why traders and other market players, despite not having a creative influence on the design of the product, should not be taken into account for the purpose of determining whether or not disclosure had taken place.

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The second question asked whether a design that has been made available to just one undertaking in the sector, or which has been presented in the showrooms of an undertaking located outside the European Union, can be considered to have been disclosed. In response, the Court states that according to the law, it is not *"absolutely necessary (...) for the events constituting disclosure to have taken place within the European Union"*, and so *"it is quite possible that, in certain circumstances, a disclosure of that kind may indeed be sufficient"*. The CJ nevertheless adds that it is for the Community design court to assess, having regard to the circumstances of the case before it, whether the design may have reasonably become known in the normal course of business to the circles specialised in the sector concerned.

Thirdly, the Court indicates that Article 19(2) of the Regulation must be interpreted as meaning that the holder of an unregistered design bears the onus of proving that the design has been copied. However, the Court specifies that where the circumstances of the case make it *"impossible or excessively difficult for such evidence to be produced"*, by virtue of the principles of equivalence and effectiveness, the national court will have to *"use all procedures available to it under national law to counter that difficulty"*.

Lastly, with respect to the questions concerning applicable law, the Court indicates that according to Article 88(2) of the Regulation, the defences of the extinction of rights over time and of an action being time-barred, as well as the damages claims, *"are governed by national law, which must be applied in a manner that observes the principles of equivalence and effectiveness"*. On the other hand, Article 89(1)(d) of the Regulation should be interpreted as meaning that *"claims for the destruction of infringing products are governed by the law of the Member State in which the acts of infringement or threatened infringement have been committed, including its private international law"*.

**■ ■ ■ 3. REMARKS.** The designs of many products on the market have a lifespan that is unlikely to exceed the three-year period of protection provided by the Regulation for unregistered Community designs, and so in many cases designs are still being protected by unregistered Community design legislation to the detriment of protection via registration, which would nevertheless extend to five years. As we know, however, the existence of rights in an unregistered Community design inevitably depends on the disclosure of same.

This judgment clears up much of the interpretative uncertainty surrounding the concept of disclosure in Articles 7 and 11 of the Regulation. Indeed, the Court's broad interpretation of the persons who could be considered to fall under the category of *"circles specialised in the sector concerned"* for the purpose of disclosure hugely facilitates access to unregistered Community

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design protection, since it also covers persons who have no conceptual influence on the creation of the design, such as traders.

The CJ also clarifies that it is the holder of the unregistered design who, where necessary, must prove that its design has actually been copied, although the Court specifies that national courts may use all procedures available to them under national law to adjust that burden when the circumstances of the case make it very difficult or impossible to produce such evidence.

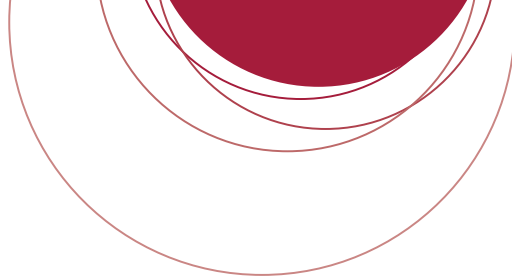
**Joaquín ROVIRA.**





## 5. Counterfeiting





## **28. 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 mouthwash 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 decision 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 proceedings 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.

**III 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.**

## **29. Customs authorities destroy a counterfeit ROLEX watch purchased by a Danish individual from a Chinese online store. Judgment of the Court of Justice of 6 February 2014, Blomqvist (C-98/13)**

■ ■ ■ **1. BACKGROUND.** Mr. Blomqvist, a resident of Denmark, ordered a ROLEX watch from a Chinese website in January 2010. The order was placed and paid for through the actual website, and the watch was sent from Hong Kong by post.

When the parcel arrived in Denmark, the customs authorities conducted the routine inspection procedure provided under [Regulation \(EC\) 1383/2003](#) aimed at preventing the importing and marketing of counterfeit and pirated goods.

Rolex, on establishing that the product was indeed a counterfeit, requested that Danish Customs suspend the customs clearance of the watch, pursuant to the measures provided in the Regulation, and at the same time asked Mr. Blomqvist to consent to its destruction. However, Mr. Blomqvist objected to the destruction, arguing that he had purchased the watch legally for his own personal use.

Rolex filed legal action against Mr. Blomqvist seeking an order that he allow the detention and destruction of the watch. The action was accepted by the Commercial Court of Denmark, and Mr. Blomqvist appealed the decision.

■ ■ ■ **2. FINDINGS.** The Danish Supreme Court referred two specific questions for a preliminary ruling. The first one sought clarification as to whether in order for the holder of an IP right over goods sold on the Internet from a third country to enjoy the protection afforded by the Regulation, it is necessary for the sale to be considered as constituting *distribution to the public or use in the course of trade* in the Member State where the goods are delivered.

The second question referred to whether prior to the specific sale, it was necessary for the goods to have been the subject of an offer for sale or an advertisement targeted at consumers in the Member State in question.

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The CJ first of all points out that trademark holders are entitled (under the Trademark Directive and Community Trademark Regulation) to prohibit a third party from using, without their consent, a sign identical to that trademark when that use is in the course of trade. Also, authors have the exclusive right (under the copyright directive) to authorise or prohibit any form of distribution of their works (original or copies) to the public.

The CJ confirmed that *“distribution to the public must be considered proven where a contract of sale and dispatch has been concluded”*.

The Court concluded that since the ROLEX watch was the subject of a sale to a customer in the European Union, the IP rightholder would enjoy the protection afforded by the Customs Regulation from the time when the goods entered the territory of the Member State in question, without it being necessary *“to verify whether such goods were, in addition, prior to that sale, the subject of an offer for sale or advertising targeting European Union consumers”*.

■ **3. REMARKS.** The CJ had already held in its previous judgment of 1 December 2011, Philips-Nokia ([C-446/09](#) and [C-495/09](#)), that IP rights could be infringed even before entering the European Union if the counterfeit goods coming from third countries had been the subject of a commercial act or advertising targeting EU consumers.

The Blomqvist judgment merely confirms what had been established in the Philips-Nokia case.

Goods which have been sold to a resident in a Member State shall enjoy the protection afforded by the Customs Regulation from the point at which those goods enter the European Union, since it is understood that a commercial act targeting EU citizens has occurred.

It is nevertheless unnecessary for there to have been an offer for sale or advertising targeting EU consumers beforehand, since the sale itself, despite having been conducted on an online sales website in a third country, will trigger the application of the Customs Regulation if the counterfeit goods cross EU borders. **Transi RUIZ**



## 6. Unfair Competition and Advertising





## 30. Misleading advertising and unlawful comparative advertising as independently regulated offences. Judgment of the Court of Justice of 13 March 2014, Posteshop ([C-52/13](#))

■ ■ ■ **1. BACKGROUND.** The Autorità Garante della Concorrenza e del Mercato (the Italian competition regulator) held that certain advertising material being used by the company Posteshop in the promotion of its KIPOINT franchise network was misleading and therefore declared it unlawful pursuant to the decree transposing into Italian law Directive 2006/114/EC of 12 December 2006 concerning misleading and comparative advertising (codified version).

Posteshop contested that decision, arguing that its advertising was not unlawful given that both the directive and the Italian legislative decree should be interpreted in the sense that advertising may only be deemed misleading if it is at the same time comparative. In this regard Posteshop contended that the Italian version of [Directive 2006/114/EC](#), which refers to “pubblicità ingannevole ed illegittimamente comparativa” (“misleading and unlawful comparative advertising”), should be interpreted in the sense that the two must go together.

Appeals having been filed, the Italian referring court put the following question to the Court of Justice for a preliminary ruling: *‘With regard to the protection to be afforded to traders, is Directive [2006/114] to be interpreted as referring to advertising that is misleading and at the same time based on unlawful comparison, or to two separate offences, each of which may be relevant in its own right, namely, misleading advertising and unlawful comparative advertising?’.*

■ ■ ■ **2. FINDINGS.** In its judgment the CJ unhesitatingly concludes that Directive 2006/114/CE should be interpreted in the sense that misleading

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advertising and comparative advertising are two independent infringements and, therefore, that for misleading advertising to be prohibited and penalised it is not necessary that it also constitute unlawful comparative advertising.

■ 3. **REMARKS.** The judgment we are discussing here relates to circumstances that arise with a certain frequency at the time of interpreting the texts of Community directives. We have on many occasions seen that interpretations may differ on account of divergence between the various language versions in which the provisions are couched.

In the Italian, Directive 2006/114/CE uses the words "*pubblicità ingannevole ed illegittimamente comparativa*" ("misleading and unlawful comparative advertising"). This might be construed to refer to advertising which is misleading and, at the same time, unlawfully comparative. In this regard the CJ observes, however, that the wording used in one language version of European Union law provisions cannot serve as the sole basis for the interpretation of those provisions and that where, as in this case, there is a divergence between the various language versions of a European Union text, the provisions in question must thus be interpreted by reference to the general scheme and the purpose of the rules of which they form part.

This point having been made, it is necessary also to consider how EU legislation on misleading and comparative advertising has developed over the course of the harmonization process. [Directive 84/450/CE](#) of 10 September 1984 referred only to misleading advertising. It was not until the adoption of [Directive 97/55/CE](#) that comparative advertising was in turn regulated in the EU. Through that directive the previous one was amended in order to include comparative advertising and specify the conditions under which it is permissible.

Following a subsequent minor amendment of both, as a consequence of the adoption of [Directive 2005/29/CE](#) concerning unfair business-to-consumer commercial practices in the internal market, all the previous texts were finally codified through Directive 2006/114/CE, so that all the provisions relating to misleading advertising and comparative advertising could be regulated in a single instrument.

The Court of Justice found this history of the relevant legislation to have a major bearing on the case and concluded, in the light thereof, that Directive 2006/114/CE should without doubt be interpreted as referring to two independent infringements and, therefore, that for misleading advertising to be prohibited and penalised it is not necessary that it also constitute unlawful comparative advertising.

The court's rationale may be summarized as follows:

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- c) Directive 2006/114/CE pursues two goals : that of protecting traders against misleading advertising, on the one hand, and that of laying down the conditions under which comparative advertising is permitted, on the other.
- d) Misleading advertising and comparative advertising are different concepts and, as such, are the subject of separate definitions as set out in points (b) and (c) of Article 2 of the directive.
- e) It should be possible for the courts or authorities of the Member States to adopt measures either against misleading advertising or against unlawful comparative advertising, without it being required, in order for there to be an infringement, that the two circumstances exist cumulatively.
- f) The criteria set for the purpose of determining whether the practice is unlawful are different in each case. Whereas the directive lays down minimum criteria and objectives with respect to misleading advertising, it lists various cumulative conditions which comparative advertising must meet in order to be permitted.

In conclusion, in this judgment the CJ leaves it clear that misleading advertising and unlawful comparative advertising are two independent offences and that for the former to be penalised it is not necessary that it take place within the framework of the latter. We consider this a most apposite point of view. The two forms are indeed separate, even though one of the basic and fundamental requirements for comparative advertising to be deemed lawful is precisely that it should not mislead or be capable of misleading those to whom it is addressed. **Jesús GÓMEZ MONTERO**

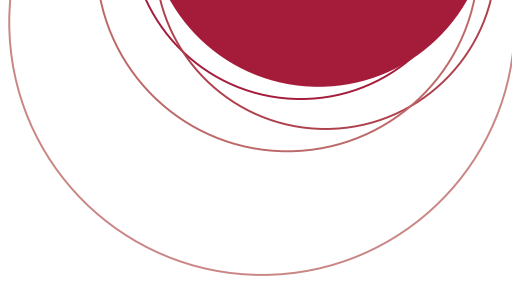






## 7. Personal Data





### 3 1. “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.** Primeramente, 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 establishment 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.** EThis 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.

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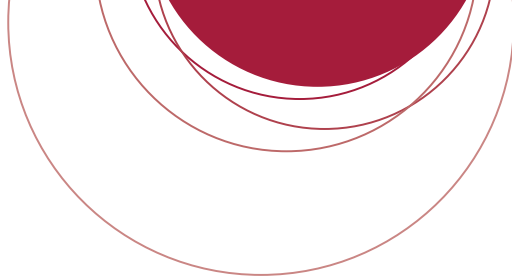
### INTELLECTUAL PROPERTY

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.**





# Acronyms

**AEPD:** Spanish Data Protection Agency

**CJ:** Court of Justice

**CTMR:** Community Trademark Regulation

**EPC:** European Patent Convention

**GC:** General Court

**OHIM:** Office of Harmonization in the Internal Market (Trade Marks and Designs)

**TFEU:** Treaty on the Functioning of the European Union

**TRIPS:** Agreement on Trade-Related Aspects of Intellectual Property Rights



