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EUROPEAN CASE-LAW

INTELLECTUAL AND INDUSTRIAL PROPERTY

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Foreword

For the fifth year running, our Firm is delighted to share **ELZABURU's Annual Review of European Intellectual Property Case-Law** with our clients and colleagues in the profession.

On this occasion, the selection of judgments covers a total of 35 cases resolved by the Court of Justice of the European Union, the Spanish Supreme Court and the Community Trademark and Design Court with its seat in Alicante.

The common denominator in all those cases is none other than the supranational nature of the interests and rights at stake and the European perspective underlying the proceedings that have been analysed. The format of this Review, now with five years under its belt, enables readers to go straight to the practical reality of the case-law, i.e., following a simple and non-scientific approach.

The Review is the result of the collective effort of a team of writers who understand that this altruistic work is also part of the Firm's professional customer service.

We would, of course, like to thank all those who explore the pages of this Review.

ALBERTO ELZABURU
President

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Managing Partner

ELZABURU EDITORIAL COMMITTEE

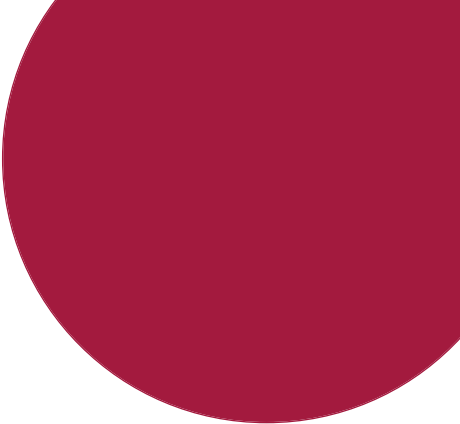
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Trademarks

1. “In dubio pro reputation”. Judgment of the Court of Justice of 10 December 2015, *The English Cut vs. El Corte Inglés* (C-603/14 P).

■ ■ 1. **BACKGROUND.** On 9 February 2010 the Spanish company The English Cut S.L. filed application for the trademark THE ENGLISH CUT (word) for clothing, etc. in Class 25. Spain’s large El Corte Inglés department store filed opposition citing their Spanish trademark for EL CORTE INGLÉS (word) and several Community trademarks for EL CORTE INGLÉS (figurative) having coverage in various classes, including goods in Class 25. Article 8(1)(b) [CTMR](#) (likelihood of confusion) and Article 8(5) CTMR (trademark having a reputation) were cited as grounds for the opposition. The opposition was rejected and the subsequent appeal dismissed.



The OHIM Board of Appeal basically held that there was no phonetic or visual similarity between The English Cut and El Corte Inglés. All that existed was a minimal degree of conceptual similarity, and given that the trademarks differed overall, Article 8(1)(b) CTMR was not infringed. The Board of Appeal further found that El Corte Inglés had failed to demonstrate any actual or potential detriment to their trademark and hence also held that Article 8(5) CTMR was not infringed.

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A subsequent appeal to the General Court was dismissed. The General Court agreed that the marks were different overall. Further, while the General Court recognized the considerable reputation enjoyed by the El Corte Inglés marks, it ruled that Article 8(5) CTMR did not apply, because the trademarks in dispute were not similar.

■ **2. FINDINGS.** The Court of Justice accepted El Corte Inglés' appeal and set aside the General Court's judgment on grounds that it had erred in law *"in so far as it was held ... that it was apparent from the fact that the degree of similarity between the signs at issue was not sufficient to result in the application of Article 8(1)(b) CTMR that the conditions for the application of Article 8(5) CTMR were therefore also not satisfied in the present case"*.

As a consequence, the case was referred back to the General Court for a fresh decision as to *"whether that degree of similarity, albeit low, was not sufficient, on account of the presence of other relevant factors such as the renown or reputation of the earlier mark, for the relevant public to establish a link between those signs, for the purpose of Article 8(5) CTMR"*.

■ **3. REMARKS.** This judgment provides an excellent opportunity for us to recapitulate the basic principles for applying Article 8(5) CTMR and hence for protecting trademarks that have a reputation. The applicability of Article 8(5) depends on three conditions, all of which need to be fulfilled. First, the conflicting trademarks need to be identical or similar. Second, the earlier mark must have a reputation. And third, use without due cause of the trademark applied for should take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark.

The important point in this judgment is the finding that the degree of similarity between trademarks, even if insufficient to fulfil the requirements of Article 8(1)(b) CTMR, cannot necessarily be deemed insufficient to fulfil the requirements of Article 8(5) CTMR, and it may thus still be possible to benefit from the protection accorded to trademarks having a reputation as provided for in this latter Article even where the trademarks in dispute have a low degree of similarity

The Court of Justice also issued an important finding regarding the link to be drawn between the signs by the relevant public pursuant to

Article 8(5) CTMR, i.e. the harm referred to in Article 8(5) CTMR does not require consumers to establish an immediate connection between the signs.

The Court of Justice's findings are, to our mind, most apposite, and this leads us to encourage the courts and other bodies competent to decide on trademark matters to consider a principle that I propose should become a pillar of trademark law. Just as the principle of "*in dubio pro consumer*" holds sway in consumer protection and advertising law, in matters involving assessment of the bar to registration laid down in Article 8(5) CTMR, why not follow a similar principle, one that might be worded as "*in dubio pro reputation*". **Jesús GÓMEZ MONTERO**

2. Coercive compensation for breach of a court order for Community trademark infringement. Order of the Community Trademark and Design Court of 8 October 2015.

■ ■ ■ **1. BACKGROUND.** This Order stems from legal proceedings for Community trademark infringement brought by Unión de Cosecheros de Labastida S.L. against Bodegas y Viñedos Puerta de la Bastida S.L. The defendant had been ordered to cease use of the sign "PUERTA DE LA BASTIDA" on wines and to remove any products, advertising material or media on which that sign appeared from the market.



During the ensuing enforcement proceedings, the Court ordered the judgment debtor to cease use of "PUERTA DE LA BASTIDA" within a period of one month and, in particular, to "cancel" a domain name. Following various formalities, the Court set coercive compensation for

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the delay in complying with the order at 37,200 Euros (at a rate of 600 Euros per day). The Court upheld the appeal lodged against that decision and revoked the damages.

■ **II 2. FINDINGS.** The Court commenced by referring to general doctrine on coercive compensation, i.e., the damages awarded per day that elapses until the defendant complies with a court order. In that regard, the judgment pointed out the following: *“Two scenarios are required in order for coercive compensation to be established, namely: a) the judgment handed down in the trademark infringement proceedings must contain an order to cease the infringing acts; and b) the infringing acts must not have ceased. Where those requirements are met, and once the judgment enforcement procedure is underway (since according to the aforementioned provision, the amount of the compensation must be established at the judgment enforcement stage), the court will award coercive compensation (since the purpose of same is to encourage the judgment debtor to cease the infringing acts) to the judgment creditor under the following circumstances: a) the minimum amount of the damages shall not be lower than 600 Euros per day; b) the dies a quo (the day as of which the compensation requirement comes into play) shall be established at the enforcement stage; and c) the dies a quem shall be the day on which the infringement effectively ceases”*.

In the case under analysis, coercive compensation had been ordered due to the defendant’s delay in cancelling the domain name associated with its sign. The Court nevertheless considered that a number of circumstances precluded damages of that nature, namely: (i) the order for infringement did not contain a specific finding relating to the domain name; (ii) the defendant, when ordered to cancel the domain name, redirected the website’s content to another website; (iii) the defendant demonstrated that it could not surrender the domain name due to administrative issues beyond its control; and (iv) during the judgment enforcement procedure, the defendant came to an agreement with the plaintiff regarding the assignment of the domain name.

In those circumstances, the Court declared as follows: *“the aim of coercive compensation, once the terms of the order to cease the infringing acts are clear (or can easily be inferred from the terms of the*

legal proceedings), is to encourage the judgment debtor, who has voluntarily and consciously ignored those terms, to respect them. It therefore calls for a conscious reluctance to comply with the order contained in the judgment in respect of putting a halt to the infringement of the other party's trademark. In accordance with the above reasoning, there is no such conduct here, since the order did not contain any reference whatsoever to the cancellation of the domain name (of which the plaintiff was aware before it filed the complaint), and afterwards, once the operative part of the judgment was specified at the enforcement stage with an order to cancel the domain name, it was impossible for the defendant to comply with that order due to organisational issues experienced by the service that were beyond the defendant's control. That party had nevertheless acted diligently (since it had repeatedly asked the service provider to cancel the domain name) and had also, some time earlier, taken action aimed at preventing damage from being sustained by the trademark holder by clearing the content of the website".

■ ■ ■ **3. REMARKS.** Few judgments examine the application of coercive compensation. It is a particularly important way in which to deal with reluctance to comply with an order to cease acts of trademark infringement. Imposing compensation for each day that goes by until a court order is obeyed bolsters the effectiveness of the judgment and gives meaning to the principle of legal certainty. However, the law barely touches on the obligation to pay such compensation or the amount which may be claimed per day.

This judgment clears up some previously unanswered questions and shows that the judgment debtor's attitude can act as a kind of "extenuating circumstance" when it comes to assessing the feasibility of coercive compensation. **Antonio CASTÁN**

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

■ ■ ■ **1. BACKGROUND.** Nestlé applied to the UK Trademark Office for registration of the shape of Kit Kat chocolate bars as a trademark:

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

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

As far as the UK Trademark Office was concerned, the first of those features was the shape resulting from the very nature of the goods claimed (except in respect of cakes and pastries), and the remaining two were necessary in order to obtain a technical result.

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

■ II 2. FINDINGS. The CJ first of all examined the issue regarding the possibility of cumulatively applying the bar to registration of signs consisting of the shape of the product when that shape is imposed by the nature of the product and when it is necessary in order to obtain a technical result. In the Court's view, the fact that a shape may simultaneously be subject to several grounds for refusal is irrelevant and, in order to refuse the application for registration, it will suffice for just one of those grounds to apply fully to the shape in question.

Secondly, the Court resolves the issue of whether the bar to registration of shapes that are necessary in order to obtain a technical result refers solely to the way in which the goods function, or whether it also applies to their method of manufacture. In that regard, the CJ considers that the relevant perspective here is that of the consumer, for whom the manner in which the goods function is decisive and their method of manufacture is not important. It therefore holds that the bar to registration does not apply to the way in which the product is manufactured.

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

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

■ **3. REMARKS.** With respect to the first issue, the CJ reiterates the doctrine established in the recent Hauck ruling, [C 205/13](#) (the Tripp-Trapp chair), in the sense that the three particular grounds for refusal of registration of product shapes are independent and must be applied separately. As the Advocate General explained in his [conclusions](#), what the CJ precluded in the Hauck judgment was the possibility of applying the three different grounds for refusal *in combination*, but not the possibility of applying them *cumulatively*, provided that at least one of those grounds *fully* applied to the sign in question.

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

with a distinctive logo, and with the term Kit Kat engraved on the four fingers comprising the chocolate bar:



In order to settle this issue, the CJ relies on the criteria followed in Nestlé, [C 353/03](#), and Colloseum Holding, [C 12/12](#), according to which in order for a trademark to acquire distinctive character through use, it is not necessary for it to have been used separately; rather, its use as part of another mark or in conjunction with that mark is also accepted. However, the trademark holder must bear the burden of proving that the mark alone, without the other marks that accompany it in trade, is distinctive.

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

4. Geographic and economic extent of reputation. Judgment of the Court of Justice of 3 September 2015, Iron & Smith (C-125/14).

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

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

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

■ **112. FINDINGS.** In a well-reasoned decision, the Court ruled explicitly:

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

■ **113. REMARKS.** The Court thus clearly held that an earlier Community trademark having a reputation may enjoy the extended protection conferred on reputed trademarks even in those countries in

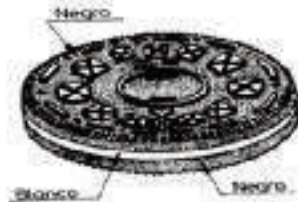
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which it is not considered reputed, provided that certain conditions relating to serious risk of and actual and present injury are fulfilled, as the case law had in fact already been requiring even in territories where the reputation of an earlier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

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

5. Trade dress and infringement of a Community trademark by free riding on well-known character. Judgment of the Spanish Supreme Court of 2 September 2015.

■ **1. BACKGROUND.** The Kraft group filed proceedings against the company Gullón for trademark infringement and unfair competition. The complaint was based on the Community and national trademarks registered by Kraft in respect of the following cookie shapes and trade dress:



The action was directed against Gullón's marketing of the following two designs of cookie packaging:



In its defence, the defendant made a number of peremptory pleas (arguing *res judicata* and the statute of limitations), and filed a counterclaim seeking revocation of one of the trademark registrations for non-use.

The appeal judgment partially upheld the complaint and ordered Gullón to pay the sum of 323,450 Euros as compensation for damages. The Supreme Court overturned the judgment and acquitted the defendant.

■ **1.2. FINDINGS.** The Supreme Court first of all analysed the counterclaim on grounds of non-use that Gullón had filed against Kraft's figurative three-dimensional trademark consisting of a drawing of a sandwich-shaped cookie. Kraft had, in fact, been using that trademark *in conjunction with* the term "Oreo", displayed in the centre of the cookie, and that word/device combination had been registered as a separate trademark. In the Court's view, this showed that the mark was being used in a manner that differed from the way in which it had been registered, since without the term "Oreo", the three-dimensional shape of the original trademark was "devoid of distinctive character".

The Court then examined whether the packaging of the defendant's "morenazos" cookies infringed Kraft's packaging trademark for its "Oreo" cookies by taking unfair advantage of the well-known character of that trade dress. The judgment referred to case-law from the Court of Justice of the European Union according to which, in order to consider such infringement to have occurred, it is necessary for the relevant public to establish a "link" between the sign and the mark with a reputation.

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The Court considered that in this case the well-known character of Kraft's trademark lay in the word element (Oreo), which is highly prominent on the packaging due to the size of its lettering. Therefore, *"the absence of that term from the defendant's packaging, and the fact that no terms that are similar to it or that evoke it have been included, means that the similarity of the remaining components of the packaging that constitutes the three-dimensional mark in question is not sufficient for the purpose of producing a link that enables unfair advantage to be taken of the well-known trademark"*.

The Court then examined whether Gullón's marketing of its cookies could constitute an act of unfair competition due to confusion with regard to the *flow pack* trade dress of Kraft's ChipsAhoy! cookies.

In that regard, the judgment commenced with the following warning: *"the fact that in the assessment of confusion conducted pursuant to [Art. 6](#) of the Spanish Unfair Competition Act it is often stated that the use of different word elements in trade dress, some of which are highly distinctive, prevents a likelihood of confusion among consumers from arising is one thing; the fact that the use of different word elements generally prevents a likelihood of confusion from arising is another thing entirely"*. The judgment is clear on that point: *"Different names can be used, and nevertheless, the similarity of the packaging, due to its shape, size and colour combination, can give rise to a likelihood of confusion among average consumers"*.

However, when applying that doctrine to the case in question, the judgment points out that *"this is not the case here, since the distinctiveness of ChipsAhoy! and its prominent position on Kraft's packaging is such that, even if the defendant's packaging were similar, the absence of the term ChipsAhoy! and the mention of a generic name for the product (Cookies) will prevent a likelihood of confusion from arising among consumers, even in the form of a likelihood of association, with respect to the manufacturer of ChipsAhoy!"*

The Court dismissed the unfair competition action based on exploitation of another's reputation that Kraft had also filed against Gullón's packaging for cookies on similar grounds. In that regard, the Court pointed out: *"In this case, in order for the unfair competition act to have been perpetrated by the defendant... it would have been*

necessary to demonstrate that the packaging (without the mention of ChipsAhoy!), which is similar to that used by the plaintiff, encapsulated the reputation or prestige of the ChipsAhoy! cookies, and that had not been demonstrated. It is actually the ChipsAhoy! sign which encapsulates that reputation or prestige, and so the use of that sign or a similar one that free rode on its prestige would warrant the consideration that unfair advantage had been taken of another's reputation".

■ ■ ■ **3. REMARKS.** There are judgments that are harmful because of how they can be interpreted rather than because of the findings that they actually contain. The simplistic message that can be extracted from some isolated findings does not always coincide with the doctrine actually applied by the court in view of the specific facts that are debated in the case. Furthermore, it should be borne in mind that the court is called upon to resolve each case on the basis of the material that the parties submit for consideration, not in light of an alleged general interest or doctrinal premises.

A simplistic interpretation of this judgment by the Supreme Court would jeopardise the possibility of pursuing confusing imitation of many three-dimensional trademarks and products. It would simply suffice to change the word element in order to ensure that the court ruled against the existence of imitation. However, that is not the reflection that this judgment should inspire.

By observing the images of the conflicting trade dress and carefully reading the findings of the judgment, it can be perceived that, in the Court's view, this case moves away from general doctrine according to which changing the name on similar products or packaging designs does not rule out a finding of confusion. The problem in this case is that the word element plays an extremely important role in the mark overall, and it is that element which, over and above all others, epitomises the well-known character of the sign. **Antonio CASTÁN**

6. The meaning and pronunciation of a Community trademark in a language that is not an official EU language may also count. Judgment of the Court of Justice of 25 June 2015 (C-147/14).

■ II 1. **BACKGROUND.** The factors to be taken into account when assessing the likelihood of confusion between two trademarks are ordinarily clear, for instance, the degree of similarity between trademarks and between the goods/services covered. It is also clear that when the similarity between trademarks is being evaluated, three factors, aural similarity, visual similarity, and conceptual similarity, are to be taken as a three-fold basis for the assessment.

These, in short, make up the factors with which all IP professionals are familiar and which are applied when examining the likelihood of confusion. But what about trademarks written in a language that is not an official language of the European Union? Should the assessment also take into account the meanings of the words and even how they are pronounced in their language? What interpretation should be given to Art. 9.1 (b) of the [Community Trademark Regulation](#) concerning the right of the holder of a Community trademark to prevent use of any sign that gives rise to a likelihood of confusion on the part of the public?

In this specific case, the Community trademarks concerned contained Arabic words written in both the Latin and Arabic scripts and were visually very similar. By contrast, if compared in Arabic, the trademarks displayed major phonetic and visual differences, in that they were substantially unlike in terms of meaning and pronunciation.



At the same time, the goods sold under these Community trademarks were food products that were essentially Arabic in origin, and so the relevant public necessarily consisted of Muslim consumers with a basic knowledge of written Arabic.

The assessment of the likelihood of confusion can vary substantially according to whether or not account is taken of knowledge of the foreign language, and so the Commercial Court of Brussels decided to stay the proceedings and make a reference for a preliminary ruling to the CJ regarding whether Art. 9.1 (b) of the Regulation should be interpreted as meaning that, in the assessment of the likelihood of confusion between a Community trademark and a sign, factors such as the meaning and pronunciation of the words in a language that is not an official EU language should be taken into account in cases where the relevant public is deemed to have a basic knowledge of that language.

■ ■ ■ **2. FINDINGS.** In view of those circumstances, the CJ came to the conclusion that *"Article 9(1)(b) of [Council Regulation \(EC\) 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that, in order to assess the likelihood of confusion that may exist between a Community trade mark and a sign which cover identical or similar goods and which both contain a dominant Arabic word in Latin and Arabic script, those words being visually similar, in circumstances where the relevant public for the Community trade mark and for the sign at issue has a basic knowledge of written Arabic, the meaning and pronunciation of those words must be taken into account"](#)*.

It also considered that if those factors were not taken into account, *"the assessment of the likelihood of confusion could be made only partially and, as a result, without taking into account the overall impression made by the Community trade marks and the sign considered on the relevant public"*.

■ ■ ■ **3. REMARKS.** The Community Trademark Regulation does not establish any legal concept of public. The closest thing to a definition of that concept can be found in CJ case-law, according to which the relevant public is comprised of consumers of the goods or services protected by the Community trade mark who are reasonably well informed and reasonably observant and circumspect. Also, in previous cases the Court has drawn a language-based distinction between consumers, which in many cases is considered to be an important factor in the assessment of the likelihood of confusion.

It therefore follows from the above that trademark legislation cannot be interpreted as imposing any limitations or restrictions whatsoever on taking account of factors such as the meaning or pronunciation of a trademark in a language that is not an official EU language when assessing the likelihood of confusion if, as is the case here, the relevant public, under normal circumstances, can be deemed to have a knowledge of that language.

This judgment is closely in keeping with the social and economic situation in the European Union, a market that encompasses consumers of all nationalities and ethnic groups. Taking account of the knowledge of relevant consumers, whether European or otherwise, is certainly the decision that makes the most sense. **Joaquín ROVIRA**

7. The scope of the exclusive right conferred by national trademarks. Order of the Court of Justice of 10 March 2015, UH (C-491/14).

■ II 1. BACKGROUND. The reference for a preliminary ruling was made within the context of legal proceedings between Rosa dels Vents Assessoria, S.L. (“Rosa dels Vents”) and U Hostels Albergues Juveniles, S.L. (“U Hostels”) regarding action filed by Rosa dels Vents for infringement of its earlier trademarks through U Hostels’ use of a later trademark registration for a stylised presentation of the word mark “UH”.

In its defence statement against Rosa dels Vents’ action, U Hostels argued that Rosa dels Vents had not brought action seeking the invalidity of its trademark registration. In view of that situation and the contradictions between Spanish Supreme Court and CJ case-law ([judgment](#) in *Fédération Cynologique Internationale*), Madrid Mercantile Court no. 3 decided to stay the proceedings and refer the following question for a preliminary ruling:

“Should Article 5(1) of Directive 2008/95 be interpreted as meaning that the exclusive rights of the proprietor of a trademark to prevent all third parties from using, in the course of trade, signs which are identical with or similar to his trademark extends to a third-party proprietor of a later trademark, without the need for that latter mark to have been declared invalid beforehand?”

■ **2. FINDINGS.** In its Order, the CJ began by analysing the judgment that had been rendered in *Fédération Cynologique Internationale* (C-561/11). After setting out the considerations that served as a basis for the CJ's interpretation of Art. 9(1) of the [Community Trademark Regulation](#), it stated that they were relevant for interpreting the scope of the exclusive right conferred by trademarks that have been registered in a Member State or at the Benelux Office for Intellectual Property, or that have been registered under international arrangements which have effect in a Member State, as harmonised by [Directive 2008/95](#).

Art. 9(1) of the Regulation and Art. 5(1) of the Directive both confer an exclusive right on the holder of a registered trademark, and they entitle that holder to prevent "any third party", where consent has not been given, to use, in the course of trade, signs likely to have an adverse effect on their mark. No distinction is made as to whether or not those third parties are holders of a trademark.

According to the CJ, a provision such as [Art. 34\(2\)](#) of the Spanish Trademark Act, which prohibits "third parties" from use, is worded in a matter analogous to the EU measures at issue, and it is therefore for the national court to apply that article in a manner consistent with Art. 5(1) of the Directive, as interpreted by the CJ.

Moreover, the CJ considered it to be clear from the wording of Art. 9 of the Directive (analogous to Art. 54 of the Regulation) that until invalidity in consequence of acquiescence occurs, the holder of a trademark is authorised to request that the later mark be declared invalid or to oppose its use by means of infringement proceedings.

The CJ lastly points out that there is no provision of the Directive that limits the exclusive right of the trademark holder in favour of a third-party holder of a later mark.

It is therefore clear from the wording of Art. 5(1) of the Directive that the holder of a trademark must be able to prohibit its use by the holder of a later mark, insofar as the provisions of the Directive must be interpreted in light of the priority principle, according to which the earlier trademark takes priority over the later one.

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On the basis of the above, the CJ answered the question referred to it in the sense that the exclusive right of the holder of a trademark to prevent all third parties from using, in the course of trade, signs identical with or similar to its trademark extends to a third-party holder of a later mark, without the need for that latter mark to have been declared invalid beforehand.

■ **III 3. REMARKS.** The CJ's Order confirms the stance taken by the Spanish Supreme Court in its [judgment](#) of 14 October 2014 (*Denso*), in which the Spanish court departed from the criteria that it had followed previously on account of the fact that it contradicted the case-law established by the CJ in its [judgment](#) in *Fédération Cynologique Internationale*. **Ana SANZ**

Notes



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8. Communication to the public by broadcasting organisations which broadcast their programmes using a “direct injection” technique. Judgment of the Court of Justice of 19 November 2015, SBS ([C-325/14](#)).

■ || 1. **BACKGROUND.** SBS is a private broadcasting organisation which broadcasts in Belgium by a technique known as “direct injection”, where the programme-carrying signals are transmitted to other distributors via a private line so that at no point during the transmission process can the signals be accessed by users. The recipients of those transmissions, i.e., the distributors, then send the signals to their subscribers using different techniques (cable, satellite, xDSL line). SABAM is the copyright administration society that manages the rights of musical authors in Belgium. This society brought the main proceedings against SBS on the grounds that the latter’s activities constituted an act of public communication and, as such, were subject to licensing requirements and remuneration in favour of the copyright holders through SABAM. SBS, however, considered that the various distributors to whom it sends the signal are actually the parties who are carrying out public communication activities. The case went to Brussels Court of Appeal, which referred a question to the CJ concerning whether SBS’ activities should be comprised within the Community concept of communication to the public.

■ || 2. **FINDINGS.** This judgment delves into the concept of communication to the public within the meaning of Art. 3.1 of Information Society [Directive 2001/29/EC](#). Just as it had done in previous cases, the CJ analysed this matter by extricating the two concepts which

together and cumulatively constitute the activity regulated by the aforementioned provision. The first concept is the act of communication *per se*. In that regard, the CJ had previously interpreted communication to the public in the broad sense, as an act of “making the work available to the public”, regardless of whether or not the works are actually accessed by the public. This flows, *inter alia*, from the judgments rendered by the CJ in Football Association Premier League (C-403/08; judgment of 4 October 2011), Airfield (C-431/09; judgment of 13 October 2011) and PPL (C-162/10; judgment of 15 March 2012). Secondly, there is the concept of public. As the CJ has pointed out in previous cases (the judgments in SGAE, C-306/05, and ITV Broadcasting and Others, C-607/11), the term “public” refers to an indeterminate number of recipients, potential television viewers, and implies, moreover, a fairly large number of persons. When the work or service has already been communicated previously, in order for the new act of communication to constitute communication to the public, the public at which it is directed needs to be new (Svensson, C-466/12, judgment of 13 February 2014). In that regard, the CJ has indicated that a public is new when “*it was not taken into account by the copyright holders when they authorised the initial communication*”. One of the factors taken into consideration by the CJ when determining whether or not the public is new is the significance of the involvement of the subject performing the second act of communication. If that second agent is acting as a mere technical intermediary, the CJ considers that the second act of communication is not communication to the public; rather, it is just one more stage of the original communication process. In this case, the CJ places particular emphasis on the fact that the activity carried out by the agents to whom SBS distributes its signals “*is not just a technical means of ensuring or improving reception of the original broadcast in its catchment area*”; rather, it is a separate service, through which they obtain commercial gain and enable the public to access the works. Consequently, the CJ considers that there is a new public in this case, and so the act of communication to the public is carried out by the distributors, who enable the public to access the works, not by SBS, the defendant in the main proceedings.

■ ■ 3. **REMARKS.** In this judgment, the CJ further examines the concept and scope of the public communication right which, of all the intellectual property rights, if not the most problematic, is certainly the one that has prompted the most references for a preliminary ruling by

the CJ. Although the Court's arguments in this case are entirely in keeping with the decisions that it had previously rendered on the subject, the second part of the analysis concerning the concept of public might not even have been necessary in light of those earlier decisions. According to the CJ's own doctrine, the use of different communication techniques by the various agents involved in a public communication process itself establishes the existence of two acts of communication directed at different users (TVCatchup, [C-607/11](#); judgment of 7 March 2013). In any event, this judgment certainly contributes towards shedding light on the controversial concept of communication to the public. **Patricia MARISCAL**

9. Freedom of the Member States to decide who can receive remuneration for private copying. Judgment of the Court of Justice of 12 November 2015, *Reprobel* ([C-572/13](#)).

■ **1. BACKGROUND.** Art. 2 of [Directive 2001/29/EC](#) provides a list of reproduction rightholders which does not include publishers. When addressing the right to receive compensation for private copying, Art. 5.2 of that same Directive states that the beneficiaries of that compensation will be the reproduction rightholders. Under Belgian copyright legislation, remuneration for private copying is allocated in equal parts to authors and publishers.

In *Reprobel*, Hewlett-Packard questions, on the basis of the CJ's findings in *Luksan* ([C-277/10](#)), whether national legislation can recognise publishers as beneficiaries of the right to remuneration for private copying.

■ **2. FINDINGS.** In this case, the Advocate General issued his [opinion](#) on 11 June 2015, indicating that "*Directive 2001/29 must therefore be interpreted as not precluding Member States from establishing remuneration specifically for publishers, intended to compensate for the harm suffered by the latter as a result of the marketing and use of reprography equipment and devices, provided that that remuneration is not levied and paid to the detriment of the fair compensation payable to authors under Article 5(2)(a) and (b) of Directive 2001/29.*"

The judgment rendered on 12 November confronts the issue in a much more head-on manner. It does not pause to explain the possibility of compensatory remuneration for publishers; instead, it merely indicates that publishers *"cannot, therefore, receive compensation under those exceptions [the reprography exception and any others] when such receipt would have the result of depriving reproduction rightholders [authors] of all or part of the fair compensation to which they are entitled under those exceptions"*.

■ **13. REMARKS.** This judgment fails to address the possibility considered by the Advocate General of the conferral of an *"extra"* right to compensation on publishers under the laws of the Member States, or the possibility of agreements between authors and publishers that are permitted under national legislation. **Pablo HERNÁNDEZ**

10. National legislation that extends the intellectual property rights provided for in the Community Directives. Judgment of the Court of Justice of 26 March 2015, *C More Entertainment* (C-279/13).

■ **1. BACKGROUND.** L C More Entertainment is a Norwegian capital company which broadcasts ice hockey matches, among other sports events, to its subscribers on its Internet site. Mr. Sandberg, a Swedish national, created links on his website through which Internet users could access the live broadcasts of those matches for free.

Mr. Sandberg's refusal to remove those links prompted criminal proceedings for copyright infringement in Sweden, which resulted in a fine and damages award against the defendant. In the second instance, the Swedish criminal court amended the initial decision on the grounds that the broadcasts did not reach the level of originality required for copyright protection. It nevertheless upheld the fine and damages award since it considered that the broadcasts were protected by copyright-related rights held by the broadcasting organisation.

The case went to the Swedish Supreme Court, which decided to refer a number of questions, relating to classification of the link as an act of communication to the public, to the CJ. All but one of those questions were withdrawn in light of the *Svensson* judgment (C-466/12). The

remaining question referred to the CJ for a preliminary ruling concerned whether the Member States could “*give wider protection to the exclusive right of authors [...] than provided for in Article 3(2) of Directive 2001/29*”

■ **II 2. FINDINGS.** The Court stated that its interpretation must be guided by the objectives justifying harmonisation in respect of copyright. In that regard, the judgment confirmed that the objective of creating an internal market that operates under the rules of free competition calls for copyright to be adapted and completed as far as is necessary in order to achieve that goal. Consequently, the Court understood that it would be necessary to readjust any differences in the legal protection provided for in the national legislations that hindered “*the smooth functioning of the internal market and the proper development of the information society in Europe*”. In other words, if the problems in question do not arise, the Court believes that the Member States’ should enjoy regulatory freedom, given that “the objective of that directive is not to remove or prevent differences between the national legislations which do not adversely affect the functioning of the internal market”.

In this specific case, the CJ’s conclusion implies that Sweden may confer wider protection on broadcasts transmitted by broadcasting organisations than that strictly provided for in EU law.

■ **II 3. REMARKS.** This judgment examines the degree of harmonisation required by [Directive 2001/29](#) and [Directive 2006/115](#), which replaces Directive 92/100 on rental and lending rights. In the Court’s opinion, the Information Society Directive is not trying to prevent or remove differences if they refer to acts that have not been regulated. It must therefore be understood that there is no margin in respect of acts that have been regulated. Nevertheless, [Directive 2006/115](#) enables the Member States to extend the protection conferred on rightholders provided that, with respect to related rights, such an extension does not undermine the protection of copyright. **Pablo HERNÁNDEZ**

11. Examination of the Danish private copying system in respect of aspects such as reimbursement, establishment of the amount of fair compensation, distinguishing among media and ownership of the device used to make the reproduction for private use. Judgment of the Court of Justice of 5 March 2015, Copydan ([C-463/12](#)).

■ ■ 1. **BACKGROUND.** Copydan is the Danish body responsible for collecting the private copying levy. Its claim to Nokia for payment of that levy in respect of the mobile telephone memory cards that that company was selling in Denmark is what prompted the reference for a preliminary ruling under analysis here.

In the context of those proceedings, the Danish court referred a battery of questions to the CJ, which reorganised them in a judgment that essentially sought to clarify how private copying is regulated.

■ ■ 2. **FINDINGS.** The CJ first of all tackled the fourth question concerning whether a provision that makes multifunctional equipment whose primary function may not be to make copies for private use subject to the private copying levy is in conformity with EU law. The Court pointed out that it is irrelevant *"whether a medium is unifunctional or multifunctional or whether the copying function is, depending on the circumstances, ancillary to the other functions"*, since it is assumed that final users will make use of all the available functions. Nevertheless, the amount of fair compensation payable must be established *"by reference to the relative importance of the medium's capacity to reproduce works for private use"*.

The Court then turned to the fifth question relating to the lawfulness of a remuneration system that made external cards subject to the levy but exempted the internal memories of MP3 players from that levy. The CJ applied the principle of equal treatment, laid down in Art. 20 of the [Charter of Fundamental Rights of the European Union](#), and indicated that, under EU law, comparable situations should not be treated differently. It nevertheless stated that it was for the national court to examine whether the memories in question were comparable and whether different treatment was warranted.

Next, the Court examined the sixth question concerning the Danish system of reimbursing business customers with the private copying levy. The CJ's response set out the guiding principles to be followed by the Danish court when rendering its decision in the case in question.

In its judgment, it pointed out that it is possible to apply the levy to business customers who acquire and subsequently sell recording media whenever there are practical difficulties associated with collecting the levy from final users, and whenever business customers in general, not just those recognised by Copydan, are exempt from payment if they demonstrate that their customers are also business customers and that the cards supplied are for purposes clearly unrelated to copying for private use.

The CJ then addressed the third question, which touches on the interpretation of recital 35, in relation to Art. 5, of [Directive 2001/29/EC](#), regarding the possibility of not establishing any compensation where the prejudice caused to the rightholder is minimal. The Court explained that setting a threshold below which the prejudice may be classed as minimal for the purpose of the above provisions must be within the discretion of the Member States. In any event, that discretion must be consistent with the principle of equal treatment.

Having answered those questions, the Court then turned to the seven parts comprising the first question that had been referred for a preliminary ruling. The first and second parts concern the impact of the rightholder's consent for users to make copies for private use on compensatory remuneration. The Court considered that where a national law had excluded a rightholder's entitlement to authorise private copying, such an act would not have any bearing on the fair compensation payable.

When replying to parts (c) and (d) of the first question, the CJ also tackled the second question regarding the potential impact of technological measures on fair compensation for private copying. The Court declared that the application of technological measures was voluntary, and that the non-application of those measures did not mean that no fair compensation was due, as previously indicated in [VG Wort \(C-457/11\)](#). However, the Member States can take account of whether or not such measures have been applied in order to establish the actual

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level of compensation so that rightholders *"are encouraged to make use of them and thereby voluntarily contribute to the proper application of the private copying exception"*.

Section (f) of the first question raises the previously resolved issue of the application of the private copying exception to reproductions made using unlawful sources. On that point, the Court reiterated its findings in the ACI Adam judgment ([C-435/12](#)). The Directive precludes national legislation which does not distinguish the situation in which the source from which a reproduction for private use is made is lawful from that in which that source is unlawful, given that *"under such a system, all the users who purchase equipment, devices or media subject to that levy are indirectly penalised"*, and those who do not make reproductions using unlawful sources *"are thus led to assume an additional, non-negligible cost in order to be able to make the copies for private use covered by the exception"* provided for by the Directive.

Section (e) of the first question examines whether the private copying exception covers reproductions made using a device belonging to a third party. In that regard, the Court pointed out that the description of the factors that make up the private copying exception does not specify the legal connection between the *"copier"* and the device used to make the copy, and so it is understood that the legislature did not consider it relevant to regulate what kind of relationship there must be. It therefore concluded that EU law does not preclude *"national legislation which provides for fair compensation in respect of reproductions of protected works made by a natural person by or with the aid of a device which belongs to a third party."*

■ **III 3. REMARKS.** In view of the large number of questions referred by the Danish court, the CJ has used this judgment to create a genuine compilation of its doctrine on private copying and thus draw up a set of guiding principles, so to speak, to enable the national court to correctly apply EU law to the case in question. The judgment nevertheless contains a new finding, namely, that it is not necessary for the device used to make the copy to belong to the natural person who is making the reproduction for private use. **Pablo HERNÁNDEZ**

12. The resale right of authors of works of art. Who pays the royalty? Judgment of the Court of Justice of 26 February 2015, *Christie's* (C-41/14).

■ **1. BACKGROUND.** Christie's France SNC is a French company which arranges the sale of works of art by public auction. Its 2008 general conditions of sale included a term whereby with regard to any lots sold by that auction house that were subject to payment of a resale royalty (*droit de suite*), the buyer had to pay the company a sum equivalent to that royalty. Christie's France SNC therefore collected that sum on the seller's behalf and then passed it on to the collecting agency. The SNA, a competitor of Christie's France, considered that the latter's sales to which the disputed term applied constituted an act of unfair competition and breached national intellectual property law regulating *droit de suite*. The term was declared void by the *Cour d'Appel de Paris* (Paris Court of Appeal), and Christie's filed an appeal with the *Cour de Cassation* (Court of Cassation). That court decided to stay the proceedings and make a reference for a preliminary ruling to the CJ in order to ascertain whether the rule laid down by Art. 1.4 of [Directive 2001/84/EC](#) should be interpreted as meaning that it is the seller who is required definitively to bear the cost of the royalty.

■ **2. FINDINGS.** The resale right for the benefit of the author of an original work of art, more commonly known as *droit de suite*, is, as its name suggests, a remuneration right held by the authors of works of art consisting of an economic share in successive sales of their works. Although this right was harmonised in the Community in 2011, [Directive 2001/84/EC](#) failed to provide for all aspects of its functioning and left a number of loose ends, for instance, the identity of the person who must definitively bear the cost of the royalty. According to Art. 1.4 of the Directive: "*The royalty shall be payable by the seller. Member States may provide that one of the natural or legal persons referred to in paragraph 2 (art market professionals) other than the seller shall alone be liable or shall share liability with the seller for payment of the royalty*". The CJ resolved this issue on the basis of the need to draw a distinction between the person liable for payment and the person who definitively bears the cost of the royalty. According to the CJ, the Directive establishes the former but is silent in respect of the latter. In that regard, it found that a term such as the one included in Christie's

France's general conditions of sale, whereby the cost of the royalty was payable by the final buyer, was not contrary to EU law.

■ ■ ■ **3. REMARKS.** The sole purpose of *droit de suite* is to enable authors to share in the economic success of their original works of art, thus balancing out any disproportion between the price for which authors let go of their work and the price reached in subsequent sales made via art market professionals. In line with that purpose, the CJ considers that the objective of harmonising *droit de suite* in the Community must be limited to ensuring that the author actually receives the payment, and that it is for the Member States to decide who can or must ultimately bear the cost of the royalty. **Patricia MARISCAL**

13. International jurisdiction in matters concerning online copyright infringement. Judgment of the Court of Justice of 22 January 2015, Art & Allposters ([C-441/13](#)).

■ ■ ■ **1. BACKGROUND.** Ms. Hejduk, a professional photographer of architecture, created a number of photographic works depicting the buildings of the Austrian architect Georg W. Reinberg. He, with Ms. Hejduk's consent, used her photographs in a conference organised by the Germany company EnergieAgentur in 2004. Subsequently, the German company made the photographs available to the public on its website without consent. When Ms. Hejduk learned that this had happened, she brought an action for copyright infringement before the Austrian courts. EnergieAgentur raised an objection that those courts did not hold international jurisdiction, since the website on which the works were made available to the public was directed at Germany, not Austria, as demonstrated by the fact that the domain name of the website was a ".de" domain. The plaintiff in the main proceedings considered that the fact that the photographs could be accessed from Austria was sufficient to confer jurisdiction on the Austrian courts under Art. 5.3 of Regulation 44/2001. In those circumstances, the *Handelsgericht Wien* decided to refer a question to the CJ for a preliminary ruling.

■ ■ ■ **2. FINDINGS.** Article 5.3 of [Regulation 44/2001](#) provides that in matters relating to tort, delict or quasi-delict, a person domiciled in a

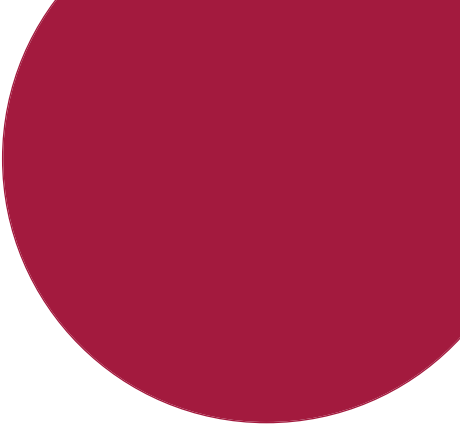
Member State may be sued in another Member State where the harmful event occurred or may occur. As the CJ has pointed out in previous rulings, the provisions of Art. 5.3, as an exception to the general rule, must be interpreted strictly. Consequently, in order for that rule to come into play there must be a particularly close linking factor between the dispute and the courts of the place where the harmful event occurred or may occur, which justifies the attribution of jurisdiction to those courts. That linking factor could lie in either the causal event, or the event giving rise to the damage, or in the occurrence of that damage or likelihood that it will occur. In this case, the causal event is the technical process consisting of making the photographs available to the public on the Internet, which took place in Germany. Nevertheless, the damage occurred in both Germany and Austria, from where the works can also be accessed. In that regard, the Court indicated that it was not necessary for the website in question “to be directed at” or “intended for” the Member State in which the court seised was situated. Consequently, and since Ms. Hejduk’s copyright in her photographs is equally recognised in Austria, the Court considered that the Austrian courts had jurisdiction over an action for copyright infringement originating in Germany but whose damaging effects were felt in Austria, since the works could be accessed online from that Member State.

■ **3. REMARKS.** The question referred for a preliminary ruling in this case had already been raised, in virtually identical terms, in *Pinckney* ([C-170/12](#)). In its judgment of 3 October 2013, the CJ confirmed that the likelihood of the occurrence, in a specific Member State, of damage deriving from copyright infringement depends exclusively on whether the rights deemed by the plaintiff to have been infringed are protected in the territory of that Member State and whether it is possible to access the work in question on the Internet from that Member State. **Patricia MARISCAL**

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Patents



14. Change of doctrine in the application of TRIPS to a European process patent reconverted into a product patent. Judgment of the Spanish Supreme Court of 21 December 2015.

■ ■ 1. **BACKGROUND.** Astrazeneca AB, the holder of a European patent for quetiapine and its supplementary protection certificate, filed infringement proceedings against Alter and other laboratories with respect to the offering and sale of a generic drug containing that active ingredient.

The patent, whose priority predated the 1986 Spanish [Patent Act](#), had only been validated in Spain with claims relating to the *process* of manufacturing that compound, not with product claims. In January 2007, Astrazeneca AB filed a petition to submit a revised Spanish translation of the patent, containing product claims, with the Spanish Patent and Trademark Office (SPTO). The petition was rejected and the SPTO's decision was appealed in the contentious-administrative courts.

Although the revised patent had not been published in the Official Intellectual Property Journal, in July 2008 Astrazeneca filed infringement proceedings based on the *product claims* after a number of pharmaceutical laboratories obtained marketing authorisation for the quetiapine generic. Opposing judgments were handed down in the first instance and in appeal before the matter went to the Spanish Supreme Court.

■ **2. FINDINGS.** The Supreme Court began by pointing out that a revised translation of a European patent cannot take effect until it is published in the Official Intellectual Property Journal, and that the decision issued by the SPTO in that regard must be reviewed by the contentious-administrative courts. Civil infringement proceedings cannot be brought until the appeal has been resolved.

The judgment then examined whether Astrazeneca's European patent, despite the refusal of that company's petition to submit a revised translation, could benefit from the application of Arts. [27.1](#) and [70.2](#) TRIPS, given that product claims were included in the original wording of the European patent. The appellant relied on case-law from Chamber I of the Supreme Court which had given the application of TRIPS its *blessing* and made it possible to convert process patents into product patents.

The judgment effectively acknowledges that the Supreme Court had previously advocated the full application of TRIPS to European patents which, on account of the Spanish reservation to the European Patent Convention, were granted in Spain as process, not product, patents. Since the entry into force of TRIPS, it could be interpreted that those patents' product claims became fully valid.

The Supreme Court nevertheless added that the same assessment can no longer be made following the Court of Justice of the European Union's judgment of 18 July 2013 in Daiichi Sankyo/Demo ([C-414/11](#)). In that judgment, the CJ considered that under the rules laid down in Arts. 27 and 70 TRIPS, a patent obtained following an application claiming the invention both of the process of manufacture of a pharmaceutical product and of the pharmaceutical product as such, but granted solely in relation to the process of manufacture, does not have to be regarded from the entry into force of that agreement as covering the invention of that pharmaceutical product.

The Supreme Court therefore concluded as follows: "*in this case too, if the European product patent was validated in Spain by means of the publication of a list of process claims, because the reservation concerning pharmaceutical product patents was in force at the time when the application was filed, the subsequent entry into force of the TRIPS Agreement does not mean that as of then, by virtue of Arts. 27.1*

and 70.2 TRIPS, that patent will protect the invention of the pharmaceutical product in Spain".

■ **13. REMARKS.** The aforementioned Daiichi Sankyo/Demo judgment and the Court of Justice's later orders of 30 January 2014 in Warner-Lambert v Minerva ([C-462/13](#)) and Warner-Lambert v SiegerPharma ([C-372/13](#)) have shattered case-law established by the Spanish courts regarding the applicability of TRIPS and the conversion of process patents into product patents.

Previous editions of this Review will serve as a reminder of the fact that, for almost two decades, litigation in Spain between the innovative and generic pharmaceutical industries has been marked by this controversy. The Supreme Court's [judgment](#) of 5 December 2012, which favoured the applicability of TRIPS, had been interpreted as a definitive turning point that cleared up any doubts on the subject. However, the CJ had the final say, and its findings have been corroborated by the Spanish Supreme Court in this judgment. **Antonio CASTÁN**

15. The "date of the first authorisation to place the product on the market in the Community" for the purpose of determining the duration of an SPC. Judgment of the Court of Justice of 6 October 2015, Seattle Genetics ([C-471/14](#)).

■ **1. BACKGROUND.** The dispute that gave rise to this judgment refers to the interpretation of the concept of the "date of the first authorisation to place the product on the market in the Community" laid down in Art. 13(1) of [Regulation 469/2009](#) concerning the supplementary protection certificate for medicinal products. The events that led to the dispute can be summarised as follows: The European Commission granted a marketing authorisation (MA) for the medicinal product Adcetris on 25 October 2012. The applicant was notified of the MA on 30 October 2012. On 2 November 2012, Seattle Genetics filed an application for an SPC for Adcetris with the Austrian Patent Office, which granted the application. The Office considered that the date to be taken into account for calculating the duration of the SPC for the medicinal product was 25 October 2012, the date on which the

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Commission issued its decision on the MA, and it therefore fixed the expiry date of the SPC as 25 October 2027.

Seattle Genetics filed an appeal against that decision, claiming that the SPC should be rectified so that it expired on 30 October 2027. In response to the appeal, the Austrian Patent Office stated that national patent offices differ in their practice with regard to the determination of the period covered by SPCs.

In those circumstances, the Austrian court stayed the proceedings and made a reference for a preliminary ruling to the CJ in order to clarify the concept of the “date of the first authorisation to place the product on the market in the Community” laid down in Art. 13(1) of [Regulation 469/2009](#). Two questions were referred to the CJ. The first question sought to ascertain whether the concept of “the date of the first authorisation to place the product in the market in the Community” should be determined according to EU law, whilst the second, in the event that the reply to the previous question was in the affirmative, sought to ascertain which date must be taken into account, i.e., whether it should be the date on which the MA is granted, or the date on which notification of the grant is given.

■ II 2. FINDINGS. With respect to the first question, the CJ alluded to the uniform application of EU law and stated that where a provision of EU law makes no reference to the law of the Member States with regard to a particular concept, that concept must be interpreted independently and uniformly throughout the European Union. Thus, given that the concept of the “date of the first authorisation to place the product on the market in the Community” laid down in Regulation 469/2009 does not contain any reference to national laws, it must be regarded as containing an autonomous concept of EU law which must be interpreted in a uniform manner throughout the territory of the EU. The CJ therefore concluded that the concept of the “date of the first authorisation to place the product on the market in the Community” should be determined by EU law.

As regards the second question, the CJ indicated that the concept of the “date of the first authorisation to place the product on the market in the Community” must be interpreted in light of the objective pursued by the Regulation concerning the grant of SPCs, which is none other

than to “re-establish a sufficient period of effective protection of a basic patent”. In that regard, the CJ pointed out that the holder of an SPC cannot begin to market its product until it is notified of the grant of the MA. It therefore concluded that the “date of the first authorisation to place the product on the market in the Community” should be interpreted as the date on which notification of the decision granting the MA is given to the addressee of the decision, not the date on which the decision granting the MA is adopted.

■ II 3. REMARKS. The interpretation of the concept of the “date of the first authorisation to place the product on the market in the Community” is essential for SPC holders, since that is the date that will be taken into account for the purpose of calculating the duration of their SPC. This is certainly a long-awaited judgment in the pharmaceutical sector since, as can be observed in the case of the main proceedings, extending the term of protection of an SPC for just five days can have a considerable financial impact on the company that owns the patented medicinal product. Following the publication of this judgment by the CJ, the Spanish Patent and Trademark Office (SPTO) published a notice in the *Official Intellectual Property Gazette of Spain*, indicating that, with respect to SPC applications that are in prosecution, the SPTO shall take the “date of the first authorisation to place the product on the market” to be the date on which notification of the decision granting the MA is given to the addressees of that decision. It would not, *a priori*, seem that such criteria will apply to SPCs that have already been granted. The courts will have the final say in that regard.
Enrique ARMIJO CHÁVARRI and María CADARSO

16. Time period for complying with the obligation to pay equitable remuneration to the holder of plant variety rights. Judgment of the Court of Justice of 25 June 2015, *Saatgut-Treuhandverwaltungs (C-242/14)*.

■ II 1. BACKGROUND. Saatgut-Treuhandverwaltungs GmbH (STV) is an association of plant variety right holders. One of the species that it manages is the winter barley variety “FINITA”. Each year, the association asks farmers to provide information on any planting of protected plant varieties for which STV administers the rights, sending planting declaration forms to them for that purpose. The association learned

that in the marketing year 2010/2011, the agricultural company Gerhard und Jürgen Vogel GbR, and Mssrs. G. and J. Vogel, the personally liable partners in that company (Vogel), had planted “FINITA” winter barley. The farmers, who had no contractual relations with the plaintiff, did not respond to either the request for information that STV had sent in May 2012 or to the payment claim made in June.

On 18 March 2013, STV sued Vogel, seeking compensation as redress for the damages sustained. The defendants objected to the payment of such compensation and argued that since they were entitled to carry out the planting (under Art. 14.1 of [Regulation 2100/94](#) on Community plant variety rights), they owed, at most, a reduced fee as equitable remuneration. The Landgericht Mannheim referred two questions to the CJ concerning when the obligation to pay equitable remuneration before sowing comes into existence, and the time period for complying with that obligation.

■ II 2. FINDINGS. The CJ answered both questions together. It first of all referred to the authorisation requirement laid down in Art. 13.2 of [Regulation \(EC\) 2100/94](#), according to which farmers must obtain permission from the holder of the plant variety rights for, inter alia, production and reproduction of their material. Art. 14.1 establishes a derogation from that obligation, insofar as it expressly authorises farmers to use the product of the harvest which they have obtained by planting propagating material where they fulfil certain conditions. That derogation is known as the “agricultural exemption”, or “farmer’s privilege”. One of the conditions for the derogation to apply, laid down in Article 14.3, requires payment of equitable remuneration to the rightholder, with small farmers being exempt from that payment. The judgment centres on the time period in which farmers may make the payment and thus avail themselves of the derogation from the obligation to obtain authorisation pursuant to Art. 14. Nevertheless, if that remuneration has not been paid, it must be considered that the farmer was not authorised and performed one of the acts prohibited under Art. 13, which would entitle the rightholder to bring the pertinent legal action, including an injunction and a compensation claim, provided for in Art. 94 for cases of infringement. In cases of intent or negligence, the compensation shall cover the damage caused.

The CJ applies [Regulation \(EC\) 1768/95](#), which establishes the implementing rules on the agricultural exemption provided for in Article 14.3 of [Regulation 2100/94](#), in order to determine the time period. Based on Art. 6, it fixes the point as of which equitable remuneration is required, namely, the date of reseeded. The rightholder may determine the circumstances of the payment but can never establish a payment date which is earlier than the date on which the farmer actually makes use of the product of the harvest.

Where the rightholder does not establish a time period, the CJ considers that it cannot be indefinite and applies the provisions of Art. 7 which, despite referring to small farmers, states that the period for payment of the remuneration is the marketing year, which starts on 1 July and ends on 30 June of the subsequent calendar year.

Basically, in order for farmers to be able to benefit from the derogation provided for in Art. 14 of Regulation 2100/94 and not be required to obtain authorisation from the rightholder in order to use the product of the harvest of a protected plant variety, they must pay equitable remuneration by 30 June following the date of reseeded.

■ ■ ■ **3. REMARKS.** The purpose of the derogation provided for in Art. 14 of [Regulation 2100/94](#) is to safeguard agricultural production in the public interest. However, we should not forget that this intellectual property right seeks to stimulate plant breeding for the benefit of society as a whole, since it confers exclusive rights on those who have invested time and resources into researching varieties that increase the productivity and quality of existing varieties.

The CJ's decision certainly endeavours to strike a balance between those two objectives, whilst filling an apparent gap in the Regulation. In that regard, farmers are entitled to use the product of the harvest of a protected variety without obtaining the rightholder's authorisation. However, the latter is guaranteed equitable remuneration within a reasonable time period, which cannot be indefinite since that would render the right to legal remedies ineffective in the event of infringement. In fact, if that time period were unlimited, farmers could attempt to defer the payment indefinitely, and rightholders would not be able to bring legal action. **Patricia GARCÍA**

17. Compatibility of Regulation 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with EU law. Judgment of the Court of Justice of 5 May 2015, Spain v the European Parliament and the Council (C-146/13).

■ ■ 1. **BACKGROUND.** Council [Decision 2011/167/EU](#) of 10 March 2011 authorised enhanced cooperation “in the area of the creation of unitary patent protection” insofar as: a) it was based on Art. 118 [TFEU](#); b) it was aimed at “creating a unitary patent which would provide uniform protection throughout the territories of the participating Member States and would be granted by the European Patent Office”; and c) its linguistic regime was inspired by the Commission’s proposal of 30 June 2010. Spain and Italy applied to the CJ for annulment of the Council Decision, and the Court, on 16 April 2013, concluded that: a) enhanced cooperation was possible in all shared competence scenarios (as was the case here since, according to the Court, intellectual property fell within the scope of the internal market, not free competition rules) in which the Treaty required unanimity; and b) in this case, the creation of such enhanced cooperation contributed to the integration process (see [ELZABURU Review](#) 2013, no. 28).

On 17 December 2012, the European Parliament and the Council adopted [Regulation 1257/2012](#) implementing enhanced cooperation in the area of the creation of unitary patent protection. Spain filed action with the CJ seeking the annulment of the Regulation on the basis of seven pleas in law, namely: infringement of the values of the rule of law; a lack of legal basis for the contested Regulation; a misuse of powers; infringement of Art. 291.2 [TFEU](#); infringement of the principles laid down in the Meroni [judgment](#); and infringement of the principles of autonomy and uniform application of EU law.

■ ■ 2. **FINDINGS.** The CJ fully dismissed all of the grounds for annulment put forward by Spain and concluded as follows:

- a. [Regulation 1257/2012](#) constitutes a “special agreement within the meaning of Art. 142 EPC”.
- b. An act by the EU institutions, in this case a regulation, can be devoid of substantial content and yet not be voidable on that basis.

- c. It is possible to create an EU title that is not autonomous, i.e., its rights and limitations are not directly proclaimed by the authority that created it –in this case, the EU-, but rather by the laws of any Member State. This is the case of Arts. 5 to 7 of Regulation 1257/2012.
- d. The legal basis of Art. 118 TFEU is adequate even though there is no harmonisation whatsoever and it does not provide “uniform protection of intellectual property rights throughout the Union”; instead, it only affords “uniform protection” of a specific European patent with unitary effect (EPUE).
- e. The amount of the annual renewal fees for EPUEs does not necessarily have to be uniform for all the participating Member States.
- f. There is no problem with regard to the EU’s delegating implementing powers to the EPO, given that it is the Member States which have made that delegation.
- g. The applicability of a regulation cannot hinge on external factors unless the regulation itself makes provision for same, which is the case here, since Regulation 1257/2012 enables the Member States to create the Unified Patent Court (UPC).
- h. When the [UPC Agreement](#) comes into force, Regulation 1257/2012 will apply to the 25 Member States participating in enhanced cooperation. However, the provisions relating to the EPUE will not apply to those which have yet to ratify that Agreement.

■ ■ ■ **3. REMARKS.** This judgment of 5 May 2015 (C-416/13) opens a Pandora’s box, and its consequences certainly transcend the scope of the EPUE. Overall, it is a disappointing judgment from a technical and legal standpoint, raising more problems than it solves. The judgment magnifies the issue by extracting it from the specific matter at hand and shifting it from species -Patent Law, in particular, the European patent as a specific intellectual property title- to class –EU law-, thus setting the stage for weightier disputes in the future. Surprisingly, it does not seem to touch on the heart of the issue, i.e., whether or not the EPUE is a real intellectual property title.

Furthermore, the discourse is poor, repetitive and occasionally seems to be predetermined by the outcome. It is certainly far removed from the remarkable reasoning that we are used to reading from the Court. It would be no surprise if, one way or another, most of these issues –the link between the contested Regulations and the EPC, the exegesis of Art. 118 TFEU, the concept of intellectual property “title”, the delegation of tasks concerning the implementation of acts by the EU institutions to the Member States or to international organisations, the value of recitals in the institutions’ acts and the distinction between the inapplicability of an act and the inapplicability of its consequences-, under which the Court had falsely drawn a line in this judgment, will rear their heads again. **Manuel DESANTES**

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

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

■ **2. FINDINGS.** The CJ fully dismissed Spain’s allegations and concluded that the Regulation: a) has a legitimate objective (the establishment of a uniform and simple translation regime for the

European Patent with Unitary Effect (EPUE), thus facilitating access to patent protection, particularly for small and medium-sized enterprises); b) makes access to the EPUE and to the patent system as a whole easier, less costly and more legally certain; and c) is proportionate because it maintains the necessary balance between the interests of applicants for the EPUE and those of other economic operators as regards access to translations of texts which confer rights, or proceedings involving more than one economic operator. Such proportion is achieved through various mechanisms, namely, a compensation scheme for the reimbursement of translation costs, a transitional period until a high quality machine translation system is available for all the official languages of the European Union and a full translation of the EPUE for operators suspected of infringement in the event of litigation.

■ ■ ■ **3. REMARKS.** The judgment of 5 May 2015 (C-417/13) certainly has consequences that once again transcend patent law insofar as the Court has, for the first time, enshrined what is, according to EU law, linguistic discrimination justified by purely economic criteria. From now on, in respect of any EU act that implies linguistic discrimination, it will suffice to reason that the pursued objective –be it what it may, since the Court will not subject it to any assessment- is legitimate (and saving on translation costs certainly is) and that the proposed linguistic regime is balanced –regardless of how, since it will not be evaluated- in order for the discrimination to be justified. Grim times for linguistic diversity and golden arguments for the gradual imposition –no longer *de facto*, now *de iure*- of a trilingual system in the EU. **Manuel DESANTES**

19. European patent infringement. Equivalence test. Value of foreign case-law. Value of the EPO Guidelines. Judgment of the Spanish Supreme Court of 29 April 2015.

■ ■ ■ **1. BACKGROUND.** Lundbeck A/S brought proceedings for patent/supplementary protection certificate infringement against a number of pharmaceutical laboratories with respect to the launch of certain generic drugs.

The first claim of the patent protects a method for preparing Escitalopram. Escitalopram was a new product on the filing date of the European patent, and so the burden of proof was reversed.

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The defendants were divided into two groups, namely, those who claimed that the manufacturer of the active ingredient was the company Reddy's (whose process did not infringe the patent, as acknowledged by the plaintiff itself) and those who claimed that the manufacturer was Natco (whose process did infringe the patent in Lundbeck's view).

The complaint was dismissed, and the cassation appeal focused, *inter alia*, on the issue of whether or not Natco's process infringed the patent. The appeal was likewise dismissed.

■ **112. FINDINGS.** *The simultaneity rule.* After establishing the patent's scope of protection, the judgment points out that in order to decide whether infringement has occurred it is necessary to assess whether the accused process falls within the scope of that protection. To that end, it is necessary to make an "*element-by-element*" comparison of the patented invention and the accused process. Only when "*all*" the elements of the patented invention have been reproduced by the accused process will the rights conferred by the former have been infringed.

The Court indicates that this rule, known as the *simultaneity* rule, has been embraced by modern legal doctrine and can be inferred from the provisions of Art. 2 of the Protocol on the Interpretation of Art. 69 of the [European Patent Convention](#) (EPC). The judgment goes on to say that, as a result of the above, under the current law "*the 'essentiality' doctrine and previous case-law from the Court itself which mention 'essential conditions' or refer to 'substantial modification of the qualities' are unacceptable*".

The equivalence test. At this point, the judgment adds that the reproduction of all the elements of the patented invention necessary for the accused process to be considered as infringing can occur due to *identity* (literal infringement) or due to *equivalence* (infringement under the doctrine of equivalents). In this case, the debate was limited to infringement by equivalence.

The Supreme Court agreed with the lower courts in that it is appropriate to *utilise* the three-question test adopted in British case-

law with respect to equivalence, essentially in *Catnic* and *Improver*. The three steps are as follows:

i) Whether the defendant's process substantially alters the way in which the invention described in the plaintiff's patent works. If not (i.e., if the functioning is not affected), the following question must be answered:

ii) Whether the alternative proposed by the defendant's process would have been obvious to a person skilled in the art reading the patent on its publication date. If the variant was not obvious, i.e., if it was inventive, there is no equivalence. If the answer is yes, it is still necessary to answer the third question.

iii) Whether that same skilled person, in view of the wording of the claims and the description of the patent, would have understood that the patent holder intended that strict compliance with the wording of the claim was an essential requirement of the invention.

The core of the dispute lies in the second question, namely, the obviousness of the alternative used in the process employed by *Natco* to obtain the active ingredient, and specifically, whether the use of enantiopure bromo-diol as a basic product was an obvious alternative for the skilled person reading the patent on its publication date.

The value of foreign precedents. The judgment points out that the doctrine established by foreign courts could be useful in certain cases, as could other doctrinal elements. However, the cassation appeal cannot be based on a discrepancy between the findings of the Spanish court and those of the UK court, since it can only be based on breach of the applicable law, in this case, the EPC and the Spanish Patent Act. Furthermore, the UK courts have themselves adapted the various rules or tests established in previous cases to the requirements of each suit, "*and so it makes no sense to dwell on that discrepancy*".

The value of the EPO Guidelines. The judgment adds that the EPO Examination Guidelines "are nothing more than that" - guidelines that the Office provides for its examiners. Therefore, they are not binding on the courts of justice. The Board of Appeal's decisions come from a body of the EPO, and it should be borne in mind that even though the Office may consider a particular invention to be patentable, "*it is for*

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the courts of each Member State to decide, regardless of what is ruled by the EPO, on the validity of a patent when nullity proceedings have been brought against it by means of an action, plea or counterclaim, and when those courts declare the nullity of a patent, they contradict the criteria of the EPO that granted it".

The assessment of obviousness for patentability purposes is not the same as examining it for the purposes of infringement. The examination of the inventive step necessary for a variant to be deemed patentable differs from the examination of obviousness during the assessment of infringement of that same variant under the doctrine of equivalents. They are evaluations that pursue different ends and, therefore, they utilise different parameters.

The assessment of inventive step for the purpose of determining an invention's patentability is not made on an element-by-element basis. Instead, it is carried out on the invention as such, considered overall, and on the basis of that overall assessment it must be decided whether or not the invention is obvious to the skilled person in light of the prior art (including the earlier patent, as well as other prior art documents). In other words, inventive step is not assessed on the basis of the invention's technical features, considered separately; rather, it is assessed on the basis of the overall solution constituting the invention.

When assessing infringement under the doctrine of equivalents, an element-by-element appraisal and comparison must be performed, and so the obviousness of one element of the variant must refer to the allegedly equivalent element of the earlier invention.

When assessing patentability, it is therefore possible for a later embodiment to exceed the required level of inventive step but infringe an earlier patent. Conversely, a later product might not meet the standard of inventive step required for it to be deemed patentable because, considered overall, it is obvious to the skilled person in light of the closest prior art on its priority date. Nevertheless, it does not infringe the earlier patent because the alternative which replaced one of the technical features of the claims, despite not altering the way in which the invention works, could not have been considered obvious to the skilled person on the priority date of the allegedly infringed patent.

Expectation of success for the purpose of obviousness. The judgment then refers to the obviousness requirement for the purpose of establishing infringement by equivalence. The Court considers that although the skilled person does not have to be absolutely certain that the variant used in respect of a technical element of the claims would work adequately, it will not suffice for the skilled person to have a reasonable expectation that it will work, "*since there needs to be a degree of predictability*".

In the case under analysis here, the replacement of the basic product (cyano-diol with bromo-diol) did not enable the skilled person to predict that the active ingredient Escitalopram, due to the empirical and unpredictable nature of the experimental racemate resolution process, and to the fact that the route used by the racemic bromo-diol in order to obtain Escitalopram gave rise to problems on a commercial production level.

■ ■ ■ **3. REMARKS.** Above and beyond the result achieved in a particular case, which is always open to opposing opinions, the Supreme Court's judgment is a decisive step forward in the long-awaited creation of Spanish case-law in patent infringement matters that can *rival* that of neighbouring jurisdictions. First and foremost, the Supreme Court definitively establishes the fundamental doctrine concerning the simultaneity rule and corrects some *deviations* that it itself had made in a not too distant past.

The judgment also recognises that *equivalence is a legal*, not factual, issue, and so it may be reviewed by means of a cassation appeal. This was *key* in order for the Supreme Court to be able to *second* the good work of Section 28 of Madrid Court of Appeal or Section 15 of Barcelona Court of Appeal, without going any further. There were no judgments from Spain's highest court that comprehensively addressed complex concepts such as infringement by equivalence and inventive step.

In its assessment, the Court recognises the value –as a guideline, but not binding– of the judgments of foreign courts and of case-law from the EPO's Boards of Appeal. If that were not enough, the judgment makes a meticulous approach to the ever complex issue of establishing equivalence in the case of pharmaceutical process patents. We could

therefore be facing the beginning of a new era in Spanish patent case-law. **Antonio CASTÁN**

20. Clarity examination in opposition proceedings at the EPO. Decision of the EPO's Enlarged Board of Appeal of 24 March 2015 ([G 0003/14](#)).

■ **1. BACKGROUND.** On 24 March 2015 the European Patent Office's Enlarged Board of Appeal issued a major decision on the issue of the clarity examination of claims in opposition proceedings at the Office.

Lack of clarity of claims ([Article 84](#) European Patent Convention) is not one of the allowable grounds for opposition enumerated in [Article 100](#) EPC. However, where a patent's claims have been amended during opposition proceedings, [Article 101\(3\)](#) EPC stipulates that the Opposition Division shall examine whether the amended patent fulfils the requirements of the EPC (including the clarity requirement laid down in [Article 84](#) EPC) and hence assess whether to allow or revoke the patent as amended.

The question of whether the EPO's Boards of Appeal should examine the clarity of claims that have been amended during opposition or appeal proceedings has been raised repeatedly, and conflicting decisions have been issued.

In these circumstances, the Enlarged Board of Appeal was asked for its opinion as to whether examination of the clarity of amended claims was permissible in cases where one or more elements of dependent claims have been inserted into an independent claim, and, in the affirmative, as to the scope of the clarity examination.

■ **2. FINDINGS.** In [decision G 3/14](#) the Enlarged Board's responded that, for purposes of the examination provided for under [Article 101\(3\)](#) EPC, patent claims may be examined for compliance with the requirements of [Article 84](#) EPC (clarity of claims) only when amendment introduces an alleged lack of clarity, and the clarity examination shall be limited in its extent to consideration of whether the amendment does introduce an alleged lack of clarity.

In consequence, the EPO may not raise objections on grounds of lack of clarity of amended claims in opposition proceedings unless the objections arise from the amendments themselves.

■ **1.3. REMARKS.** Decision G 3/14 explicitly approves the line of “conventional” jurisprudence as exemplified by decision [T 301/87](#) and disapproves the line of “diverging” jurisprudence as exemplified by decisions [T 1459/05](#) and [T/459/09](#), which advocated performing a less restricted clarity examination. Therefore, from decision G 3/14, examination of the clarity of claims in opposition proceedings will be much more restricted in its extent than was allowed under the line of “diverging” decisions.

One practical consequence of this decision is that in opposition proceedings at the EPO, no objections may be raised against the clarity of granted patent claims, in that lack of clarity is not a grounds for opposition. Thus, in opposition proceedings no examination of clarity will be possible where a patent has been amended by deleting whole claims or by limiting the broader scope of an already granted claim, since the resulting claims would not be new.

Where, during opposition proceedings, a claim is limited by inserting some (but not all) of the features of a dependent claim, the claim so limited may be examined as to its clarity, but only if lack of clarity arises afresh from the amendment as such, that is, by introduction of the new features.

It will be interesting to see how the future Unified Patent Court applies the conclusions of this decision and also whether it will have an impact on the clarity examination carried out by the EPO during the patent granting procedure. **Pedro SATURIO**

21. An SPC cannot be obtained for a combination of products not specified in the original wording of the patent. Judgment of the Court of Justice of 12 March 2015, [Boehringer \(C-577/13\)](#).

■ **1.1. BACKGROUND.** The pharmaceutical company [Boehringer](#) obtained an initial SPC for the active ingredient “telmisartan”, found

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in the medicinal product Micardis. Boehringer was later granted a marketing authorisation (MA) for a combination of telmisartan and hydrochlorothiazide (a molecule that is in the public domain) for the marketing of its medicinal product MicardisPlus. Based on that MA, Boehringer applied for a second SPC for a combination of the active ingredients telmisartan and hydrochlorothiazide. The basic patent's claims referred only to the active ingredient telmisartan, not to the combination of the two active ingredients. The UK Intellectual Property Office suggested that Boehringer amend the basic patent by including the combination in question and that it apply for the SPC again. This time, the UK IPO granted the second SPC on the basis of the amended patent.

The generic drug company Actavis appealed the grant of the second SPC on the grounds that on the date on which it was originally applied for, Boehringer's basic patent did not refer to the active ingredient in combination. Boehringer claimed that under both EU and national legislation a patent may be amended after it has been granted and that, once amended, the patent retrospectively protected the product for which the combination SPC application had been filed.

In those circumstances, the High Court of Justice of England and Wales stayed the proceedings and referred a number of questions to the CJ for a preliminary ruling. Those questions can be summarised in two points, namely: (i) whether a patent can be amended, following its grant, to insert new claims so that it satisfies the requirements for granting an SPC; and (ii) whether the holder of a patent who has already obtained an SPC for an active ingredient specified in a claim of the basic patent can apply for a second SPC for that active ingredient in combination with another active ingredient, with that combination having been specified in a claim inserted after the patent was granted.

■ **II 2. FINDINGS.** The CJ only ruled on the second question. The debate centred on the interpretation of Articles 1, 3 and 13 of [Regulation 469/2009](#) concerning the supplementary protection certificate for medicinal products, and specifically on the interpretation to be given to Article 1(c) of that Regulation, insofar as it states that the basic patent must protect the product "*as such*".

Actavis maintained that the aforementioned expression should be understood as meaning that the product for which the SPC was granted

should constitute the true subject matter of the invention covered by the patent. In other words, the product must constitute the core inventive step and not derive from a combination of an active ingredient that is already protected by the basic patent and by an SPC in combination with any other substance that does not constitute the subject matter of the invention. Otherwise, an extension of the monopoly conferred by the SPC would not be warranted. Boehringer nevertheless argued that the mere fact that the combination of the products is specified in the wording used in the claims of the basic patent is sufficient for them to be regarded as protected.

The CJ based its findings on the reasoning that, as had been demonstrated in the main proceedings, of the two active ingredients making up the combination (telmisartan and hydrochlorothiazide), only telmisartan constitutes the subject matter of the invention covered by the patent, since the molecule hydrochlorothiazide is in the public domain. After referring to the principles that must be taken into account and to the different interests at stake, the CJ concluded that the holder of a patent must be precluded from obtaining an SPC for a medicinal product containing a combination of an active ingredient that constitutes the sole subject matter of the patented invention and another substance that does not constitute the subject matter of the invention.

■ II 3. REMARKS. The CJ justifies its decision in this case by the need to strike a balance between the interests of the pharmaceutical industry and those of public health. The scale would tip very much in favour of the former if it were unrestrictedly accepted that multiple SPCs could be obtained for the subsequent marketing of an active ingredient protected on the basis of a combination of the same with any other ingredient or substance that is not the subject matter of the original protected invention.

The CJ thus confirms the case-law that it had established in previous judgments concerning SPCs for combinations of products (see *Actavis vs Sanofi* [C-443/12] and *Georgetown University II* [C-484/12]). Although the judgment does not rule explicitly on the issue of whether a patent, once granted, can be amended so that its claims include a combination of products for the purpose of satisfying the requirements for obtaining an SPC, the CJ appears to implicitly reject that possibility. **Enrique ARMIJO CHÁVARRI and María CADARSO**

22. The interpretation of the “specific mechanism” provided for in the 2003 Act of Accession to the EU in respect of parallel imports from the new Member States. Judgment of the Court of Justice of 12 February 2015, Merck (C-539/13).

■ ■ 1. **BACKGROUND.** The CJ’s judgment answers a request for a preliminary ruling on the interpretation of the “*specific mechanism*” provided for in Chapter 2 of Annex IV to the [Act](#) concerning the conditions of accession to the EU of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic, and the adjustments to the Treaties on which the European Union is founded (“the 2003 Act of Accession”).

The aforementioned specific mechanism entitles the holders of patents or supplementary protection certificates (SPCs) for pharmaceutical products to prevent the import of such products from the new Member States (those listed above) in which such protection could not be obtained at the time when the application for the patent or SPC was filed. This provision lays down an exception to the principle of exhaustion of patent rights, and establishes the requirement whereby any party that is going to import pharmaceutical products from the new Member States into a Member State where those products are subject to patent or SPC protection, or put them on the market in that State, must give the holder or beneficiary of the patent or SPC one month’s prior notification of their intention of doing so.

The events that led to the main proceedings can be summarised as follows: Merck Canada is the holder of a European patent and an SPC in the United Kingdom for the medicinal product Singulair. Merck Sharp and Dohme (“MSD”) is the holder of an exclusive licence in the aforementioned patent and SPC. Pharma XL Ltd. (“Pharma XL”), an associated company of Sigma, applied for a parallel import licence to import Singulair into the UK from Poland. Once that licence was granted, it notified MSD of its intention to import the product on several occasions. It then began to import Singulair. Following those notifications, Merck Canada and MSD expressed their opposition to the imports of Singulair by Sigma in the UK and brought patent infringement proceedings in that country.

The dispute centred on the way in which the specific mechanism provided for in the 2003 Act of Accession should be applied. On the one hand, Sigma maintained that the provision regarding the importer's obligation to give the holder of the patent or SPC one month's prior notification of their intention of importing the protected product meant that once the rightholder had been notified and a period of one month had gone by in which the holder or beneficiary of the protection had not relied on their rights, the importer would be entitled, once authorised by the pertinent authorities, to import and market the product in the Member State concerned. Sigma therefore believed that the time period laid down in the provision entailed the implicit obligation of the holder or beneficiary of the patent to exercise their rights fairly and to give notification of their intention of relying on them within the aforementioned time period. Otherwise, the importer would be left in a state of legal uncertainty that would be detrimental to their legitimate interests and expectations.

Merck, on the other hand, submitted that the specific mechanism placed the holder or beneficiary of the patent or SPC under no obligation to give prior notification of their intention of preventing the parallel imports. In order for such an obligation to exist, it would have to be expressly provided for, and there would have to be a precise definition of how the obligation should be discharged.

In those circumstances, the referring court stayed the proceedings and submitted a number of questions to the CJ on how the specific mechanism provided for in the 2003 Act of Accession should be applied.

■ II 2. FINDINGS. The CJ first of all declared that the holder or beneficiary of a patent who, in accordance with the aforementioned specific mechanism, wished to prevent a parallel importation of a pharmaceutical product, is not required to give one month's notification of their intention of opposing the importation before invoking their rights in that product. However, if the holder or beneficiary does not express their opposition to the importation within that one-month period, the parallel importer may import and market the product once the pertinent authorisation has been obtained from the competent authorities. Therefore, the holder or beneficiary of the patent or SPC will not be able to rely on their rights with respect to any importing and marketing of the pharmaceutical product in question

carried out before the intention of preventing such activity was indicated.

■ **III 3. REMARKS.** This judgment contributes towards defining the meaning and scope of the specific mechanism provided for in the 2003 Act of Accession by carefully balancing the rights conferred by patents and SPCs with the principle of the free movement of goods in the EU. **Enrique ARMIJO CHÁVARRI and María CADARSO**

23. An SPC cannot be obtained for products whose therapeutic effects are not covered by the MA. Judgment of the Court of Justice of 15 January 2015, Forsgren (C-631/13).

■ **II 1. BACKGROUND.** This judgment concerns a reference for a preliminary ruling made within the context of legal proceedings between the holder of a European patent claiming protein D and the Austrian Patent Office. Protein D was present in a pneumococcal vaccine for paediatric use named Synflorix, for which marketing authorisation (MA) had been obtained. Synflorix did not contain protein D as such; rather, that protein was present by means of a *covalent binding* with other active ingredients. Besides protein D's covalent effect in Synflorix, it also had an immunological effect of its own against the bacteria *Haemophilus influenzae*. Nevertheless, the MA for Synflorix only referred to protein D as a carrier protein and made no explicit reference to its own therapeutic effect (as a vaccine against *Haemophilus influenzae*).

The questions that the Austrian court referred to the CJ can be summarised as follows: (i) whether an SPC can be granted for an active ingredient that is present in a medicinal product as part of a *covalent bond* with other active ingredients; (ii) whether an SPC can be granted for an active ingredient whose therapeutic effect does not fall within the therapeutic indications covered by the wording of the MA; and (iii) whether a carrier protein that produces no pharmacological or immunological effect of its own that is covered by the wording of the marketing authorisation may be categorised as an “active ingredient”.

2. FINDINGS. The CJ replied as follows to the questions that had been referred to it by the Austrian court:

First, the Community Regulation does not preclude the possibility that an active ingredient can give rise to the grant of an SPC where the active ingredient is *covalently bound* to other active ingredients which are part of a medicinal product.

Second, the Regulation does, however, preclude the grant of an SPC for an active ingredient whose therapeutic or immunological effect does not fall within the therapeutic indications covered by the wording of the MA. In this case, the CJ argues that no trial or data concerning the therapeutic effect of protein D against *Haemophilus influenzae* that could have delayed the commercial use of the basic patent was integrated into the marketing authorisation procedure. Consequently, the grant of an SPC under those circumstances would have proven contrary to the objective pursued by the Community Regulation, consisting of partially compensating for the delay to the commercial use of a patented invention on account of the time needed for the first MA in the European Union to be granted.

Third, the Community Regulation must be interpreted as meaning that a carrier protein conjugated with a polysaccharide antigen by means of a covalent binding can only be categorised as an active ingredient if it is established that it produces a pharmacological, immunological or metabolic action of its own which is covered by the therapeutic indications of the MA. However, it will be for the referring court to determine this matter in light of all the circumstances of the case.

■ **13. REMARKS.** This judgment joins the numerous decisions rendered by the CJ on the interpretation of Arts. 1 and 3 of [Regulation 469/2009](#) concerning SPCs for medicinal products. In this case, the CJ pinpoints the meaning and scope of the concept of “product” which may be subject to an SPC. The CJ essentially finds that in order for a product or active ingredient to be able to give rise to the grant of an SPC, it must first of all produce a pharmacological, immunological or metabolic effect of its own. Secondly, that independent pharmacological, immunological or metabolic effect must fall within the therapeutic indications covered by the wording of the MA. **Enrique ARMIJO CHÁVARRI and María CADARSO**

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Notes

Designs

24. The relationship between the so-called “repair clause” and Community trademark law. Order of the Court of Justice of 6 October 2015, Ford Motor (C-500/14).

■ **1. BACKGROUND.** This reference for a preliminary ruling arose in connection with a fresh clash between two age-old adversaries, namely, automobile manufacturers and the manufacturers of spare automobile parts. In this case, the dispute concerned the US multinational Ford Motor Company and the Italian spare parts manufacturer Wheeltrims, which was sued by the former before the Tribunale di Torino for marketing wheel trims displaying Ford’s figurative trademark registration without consent.



Ford Motor Company argued that such conduct constituted trademark infringement, which was not justified by the exceptions provided for in EU law (Art. 12 of [Regulation 207/2009](#)), since the inclusion of the FORD trademark on the wheel trims in question was not necessary in order to indicate the intended purpose of the parts or to guarantee other descriptive functions.

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The defendant contended that it was entitled to manufacture spare parts of a complex product, trademarks included, without the rightholder's consent, under the "repair clause" provided for in Art. 14 of [Directive 98/71/EC](#) on the legal protection of designs and Art. 110 of [Regulation 6/2002](#), according to which third-party use of parts intended for the repair of a complex product shall not be prohibited if such use is for the purpose of restoring the original appearance of that product.

The Tribunale di Torino considered that the defendant's conduct constituted trademark infringement in light of trademark legislation. However, it had serious doubts as to whether the aforementioned "repair clause" that was established for designs also affected the protection conferred by trademarks. It therefore stayed the proceedings and made a reference for a preliminary ruling to the CJ regarding whether that clause could also be interpreted as constituting a limitation on the trademark right in cases where the use of a certain trademark is the only means by which to completely restore the original appearance of a complex product.

■ **II 2. FINDINGS.** Based on the fact that [Directive 98/71](#) and [Regulation 6/2002](#) only establish limitations concerning design protection and do not refer to trademark protection, and that it can be inferred from those provisions that such limitations are applicable without prejudice to other provisions of EU law or of the laws of the Member States, in particular, trademark law, the CJ concluded in its Order of 6 October 2015 that Art. 14 of Directive 98/71 and Art. 110 of Regulation 6/2002, regulating the "repair clause", do not constitute an exception to trademark law. Accordingly, they do not entitle spare parts manufacturers to affix a sign that is identical to a registered trademark to the parts without the consent of the rightholder on the grounds that such use is necessary in order to restore the original appearance of the complex product.

■ **II 3. REMARKS.** This decision by the CJ is an important victory for the manufacturers of complex products in their constant war against spare parts manufacturers. The first dispute between those two market segments was waged on trademark terrain and concerned the scope of the exception contained in Art. 6.1 of Directive 89/104/EEC ([Gillette](#)) regarding the use of a third party's trademark when such use was necessary in order to indicate the intended purpose of the spare parts.

That case was resolved on the basis of a strict interpretation of the pertinent legal provisions, where it was established that the use of a third-party trademark was considered necessary when there was no other way of conveying the information in question to the public.

In this new battle, the CJ has once again opted for a strict interpretation based on the letter of the law and established a new red line in IPR protection, in this case preventing spare parts manufacturers from being able to rely on the “repair clause” in order to make unauthorised use of trademarks belonging to complex products manufacturers on the grounds that such use is for the purpose of completely restoring the product’s original appearance. **Joaquín ROVIRA**

25. The informed user in cases of registered Community design infringement. Judgment of the Community Trademark and Design Court of 30 September 2015.

■ **1.1. BACKGROUND.** Fun Factory GmbH filed a complaint for infringement of a number of Community designs that had been registered for vibrators.



The action was directed against Life is Short’s marketing of the following designs of vibrator:



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The plaintiff was also the holder of the composite Community trademark “LOVE YOURSELF!”, which the defendant was using on its product packaging:



The complaint was accepted at first instance, with the damages assessment being postponed until the judgment enforcement stage of the proceedings.

■ **II 2. FINDINGS.** The appeal judgment centres on a comparison of the registered designs and the infringing products in order to establish whether the differences between them are too qualitatively insignificant and quantitatively scant to produce a different impression on the informed user.

The Court begins by pointing out the defendant’s incorrect application of the pertinent principles by focusing its comparative analysis on the way in which the plaintiff was marketing its products, when it should have done so on the basis of the graphic representation of the vibrators, as per the registration.

The Court then rejects the suitability of the expert used by the defendant to support its argument that the Community designs were not infringed. According to the judgment, an industrial engineer cannot be classed as an informed user, as established in Community case-law, for the purpose of conducting a comparative analysis on vibrators.

According to the judgment, the informed user “*is the subjective point of reference in respect of the individual character of the design, who*

must be predetermined for the purpose of performing the comparative process". It then alludes to EU case-law on the subject: "The Court of Justice of the European Union, in its [judgment](#) of 20 October 2011, indicates, from a negative standpoint, that the informed user is not the well-informed and reasonably observant and circumspect average consumer who normally perceives a design as a whole and does not proceed to analyse its various details. In the same line, it adds that he is also not an expert or specialist capable of observing in detail the minimal differences that may exist between the designs in conflict. It goes on to specify that the qualifier 'informed' suggests that, without being a designer or a technical expert, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally include, and, as a result of his interest in the products concerned, shows a relatively high degree of attention when he uses them. It also points out that the concept of the informed user may be understood as referring, not to a user of average attention, but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question".

The Court, in its judgment, admits that the appellant was correct in saying that the first instance judge could hardly be classed as an "informed user" for the purpose of assessing the general impression produced when comparing a category of product "that is not a mass consumer product; nor is it ordinary or habitual". However, it immediately adds that "a technical expert or specialist cannot be considered as an "informed user".

Faced with the opinion of an industrial engineer and that of the first instance judge, the Court, in the appeal proceedings, opted for testimony by a witness, namely, the exclusive distributor of the plaintiff's products in Spain. That witness attended the trial where she explained the similarities between the vibrators.

■ ■ 3. REMARKS. The nature of certain products sometimes puts the institutions to the test and reveals that concepts established in case-law do not always fit all scenarios.

Establishing infringement of a registered Community design calls for prior identification of the informed user, according to whose criteria

the comparative analysis must be carried out. In the absence of any other reference point, the first instance judge or the justices making up the Appeal Court may take on the role of “informed user” in order to make the assessment and decide whether or not the same overall impression is produced. However, what happens if the design concerns an atypical product such as a vibrator?. This judgment shows that the procedural method followed in design infringement proceedings cannot be neglected. The comparison must be made between the graphic representation of the registered object and the infringing product, and should not be conducted on the basis of the plaintiff’s product as it appears on the market. Also, the expert’s eligibility must be in keeping with the notion of “informed user”, as established by case-law. **Antonio CASTÁN**

26. The holder of an unregistered Community design must prove novelty and individual character. [Judgment of the Community Trademark and Design Court of 25 March 2015.](#)

■ **1. BACKGROUND.** Tous, S.L. and Tous Franquicias, S.A.U. brought proceedings for trademark and unregistered Community design infringement against Arturo Rodríguez e hijos, S.L. and Mr. Lázaro. The unregistered design referred to a piece of jewellery applied to earrings, pendants and bracelets.

The complaint was fully accepted in the first instance, and the decision was appealed by Mr. Lázaro.

■ **2. FINDINGS.** In its judgment, the Community Trademark Court examined the legal requirements for the protection of unregistered Community designs and the conditions for bringing proceedings for infringement of such designs.

Under the provisions of Art. 85.2 of the [Community Design Regulation](#), the court considered that the design holder (the plaintiff in infringement actions) must demonstrate that its design satisfies the validity requirements of novelty and individual character. That party must also indicate what constitutes the individual character of its design, i.e., it must set forth the reasons why its design produces on the

informed user a different overall impression from that produced by designs that had previously been made available to the public.

Failure to prove the novelty and individual character of the design, or failure to indicate what constitutes such individual character should, according to the court, lead the design to be considered invalid and thus unprotected.

Applying that doctrine to this case, the Court disagreed with the first instance decision on the grounds that the plaintiffs had not submitted any proof whatsoever of the novelty and individual character of their unregistered design; nor had they made any statement in the complaint as to what constituted its individual character. On the contrary, they had merely described it in simple terms and stated that it was new and possessed individual character.

Since the unregistered design's lack of novelty and individual character was one of the grounds for the appeal, the Court accepted same and overturned the lower court's finding in that regard.

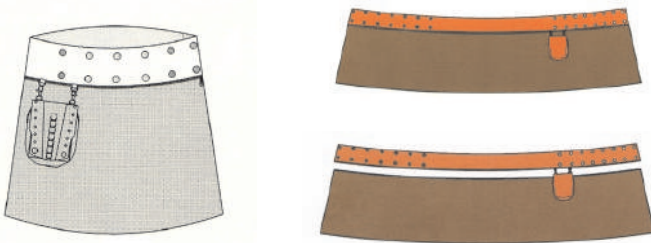
■ **3. REMARKS.** In this judgment, the Community Trademark Court applied Art. 85.2 of the [Community Design Regulation](#) in a strict manner. That provision places an additional burden of proof on the plaintiff in proceedings for unregistered design infringement, which calls for a special effort to be made when preparing the complaint.

This requirement contrasts with the presumption of validity conferred on registered Community designs by Art. 85.1, which shifts the burden of proving a lack of novelty or individual character onto the defendant in the event that the validity of the design is challenged.

It is nevertheless unlikely that the legal requirement concerning unregistered designs will go so far as to force their holders to demonstrate that their design differs from each and every design that has been disclosed previously, since that would constitute *probatio diabolica* that would undermine the actual protection of this kind of design. **Carlos MORÁN**

27. The description of a design does not fall under the scope of protection. Judgment of the Community Trademark and Design Court of 5 February 2015.

■ **1. BACKGROUND.** This judgment resolves an appeal lodged against the decision issued by Community Trademark and Design Court no. 2 on 12 September 2014. In the appealed decision, the court had accepted a complaint filed by Mr. Serafín and Mr. José Enrique against the company Smash 2005 for infringement of Community design registration no. 001720145-0001 for women's clothing, garments and skirts by the latter's marketing of skirt designs which, in their view, produced the same overall impression as the design relied on. The Court dismissed Smash 2005's counterclaim seeking the invalidation of the aforementioned Community design on the grounds that the previously disclosed skirt designs were not reversible; nor were different combinations possible, as was the case of the contested design, according to the explanation given in the description of the registration. In those circumstances, the defendant filed an appeal with the Community Trademark and Design Court in Alicante.



■ **2. FINDINGS.** The Appeal Court commenced its analysis by indicating the importance of differentiating between the design and the product. In that regard, it pointed out that the exclusive right refers not to the product to which the design is applied but to the registration concerned. This led the Court to conduct a comprehensive assessment of the factors to be taken into account when carrying out a comparative analysis for the purpose of determining whether infringement has occurred and, ultimately, to establish the actual scope of protection of registered designs.

In that regard, in order to determine which factors should be taken into account when establishing aspects such as a design's individual character, the Court stated that the most important requirements for a registered design are the graphic representation and identification of the product to which the design is to be applied. It also pointed out that whilst the purpose of identification is to "*enable third parties to search registered design databases*", the purpose of the graphic representation is to "*enable third parties to accurately identify all the details of the design*". It specified that aspects of the registration such as indication of the product or the description should not affect the scope of protection of the design, which shall be limited to the appearance of the product "*resulting from its graphic representation*".

Those arguments led the Court to consider that the description of the design does not fall under the scope of protection, and so it rejected the reasoning set forth in the appealed judgment, according to which the previously disclosed designs differed from the contested Community design because there was no evidence that those skirt designs were reversible or that they permitted various combinations, as specified in the description provided in the Community design registration.

The judgment therefore concluded that "*what matters is the comparison between the graphic representation of the two registered designs, which reveals their identity; or between the graphic representation of the design as registered and the design incorporated into a product*". On that basis, the Court accepted the appeal and thus the counterclaim.

■ ■ 3. REMARKS. The main idea that can be extracted from this judgment is that, regardless of the fact that it is possible to provide clarification by means of a simple description in the application, the scope of protection of a registered design will ultimately be limited to its appearance and, essentially, to the graphic representation provided in the registration. However, such a reading could prove risky, since it has to be asked whether the Community Trademark and Design Court in Alicante would have arrived at the same conclusion had the case involved an aesthetic description, for instance, in designs that are graphically represented in black and white, where the description can even reveal the specific colours of the design, instead of the technical or functional description at issue here. There are therefore cases in

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which the description might come to play an essential role in establishing the scope of protection of designs. **Joaquín ROVIRA**

Notes

Counterfeiting



28. Limitations on banking secrecy in the investigation of online sales of products bearing counterfeit trademarks. Judgment of the Court of Justice of 16 July 2015, Coty Germany (C-580/13).

■ II 1. **BACKGROUND.** In January 2011, Coty Germany, the holder of an exclusive licence for the Community trademark DAVIDOFF HOT WATER, acquired a bottle of perfume bearing that trademark on an Internet auction platform. It paid the sum corresponding to the price of the product into the bank account opened with Stadtsparkasse Magdeburg which had been provided by the seller. After finding that the product that it had purchased was counterfeit, Coty Germany asked the auction platform to provide it with the real name of the holder of the user account, who had sold the perfume under an alias. The person named admitted to being the holder of that account, but denied having sold the perfume and refused to provide further information on the basis of her right not to give evidence.

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

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

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

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

The CJ finds that a national provision, taken in isolation, which allows a bank to refuse, in an unlimited manner –since its wording contains no conditions or specification whatsoever– to provide information concerning the name and address of account holders involved in activities which infringe intellectual property, does not respect the fundamental right to an effective remedy and to intellectual property, and it therefore prevents the competent national authorities from being able to order the disclosure of information provided under Art. 8(1)(c) of the aforementioned Directive.

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

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

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

In Spain, we need to wait until this judgment has gained greater significance in respect of civil jurisdiction, this being the jurisdiction within which the banking secrecy which may be invoked was limited, and to a lesser extent in criminal jurisdiction, where examining magistrates already hold broad powers in the investigation of offences and the denial of fundamental rights. The judgment is a huge step forward when it comes to dealing with the uncontrolled phenomenon concerning sales of products bearing counterfeit trademarks on the Internet. **Juan José CASELLES**

29. Products bearing a trademark released for free circulation and placed under the duty suspension arrangement without the consent of the trademark holder. The trademark holder's right to oppose that placing. Judgment of the Court of Justice of 16 July 2015, Bacardi (C-379/14).

III 1. BACKGROUND. The request for a preliminary ruling was made within the context of two sets of legal proceedings involving TOP Logistics BV, Van Caem International BV and Bacardi, concerning goods produced by Bacardi.

In 2006, at the request of Van Caem (a company active in the international trade in branded goods), several consignments produced by Bacardi were transported to the Netherlands from a third State and stored in the facilities of TOP Logistics (a company active in the storage and transhipment of goods) in the port of Rotterdam.

All of the goods were initially placed under an arrangement for external transit or customs warehousing. Subsequently, some of the goods were released for free circulation and placed under the duty suspension arrangement. Accordingly, those goods left the customs suspension arrangement and were placed in a tax warehouse.

Bacardi considered that its trademark rights had been infringed and applied to a court in Rotterdam for an order to confiscate the goods on the grounds that it had not consented to the introduction of the goods into the EEA and that the product codes had been removed from the bottles in the consignments concerned.

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In 2008, the Rotterdam court held that Bacardi's trademark rights had been infringed. However, TOP Logistics appealed that decision in The Hague Court of Appeal, which also granted Van Caem leave to intervene in the appeal proceedings.

In 2012, the Appeal Court ruled that the goods that had been placed under the arrangement for external transit or customs warehousing did not infringe Bacardi's trademark rights. It nevertheless requested a preliminary ruling with regard to the goods that had been released for free circulation and then placed under the duty suspension arrangement, since although those goods had become Community goods, the court was uncertain as to whether the placing of the goods under that customs arrangement meant that the sign was being used in the course of trade, which could be prohibited by the trademark holder on the grounds that such use adversely affected the functions of the trademark pursuant to Art. 5 of [Directive 89/104](#).

■ **II 2. FINDINGS.** The request for a preliminary ruling concerns the interpretation of the aforementioned Art. 5 of Directive 89/104/EC of the Council of 21 December 1988, which was the first Directive to approximate the laws of the Member States relating to trademarks and was in force at the time of the events in question, although it was later replaced by [Directive 2008/95/EC](#) of the European Parliament and of the Council of 22 October 2008.

The aforementioned Article refers to the exclusive right of the trademark holder to prevent any third party from *using* in the course of *trade* any sign identical or similar to the trademark which could give rise to a likelihood of confusion among consumers, specifically, by importing the goods, offering them, putting them on the market or stocking them for those purposes without the rightholder's consent.

The CJ indicated in its judgment that the release of the goods for free circulation gave rise to the payment of import duties, and so as of that point they became imported goods within the meaning of Art. 5 of [Directive 92/12](#) of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (now replaced by [Directive 2008/118/EC](#) of 16 December 2008).

In the CJ's view, the trademark holder is not obliged to wait for the release for consumption of the goods covered by its trademark to oppose certain acts committed without its consent before that release for consumption (specifically, the importation of the goods concerned and their storage for the purpose of putting them on the market).

The judgment states that the terms "*using*" and "*in the course of trade*" (within the meaning of Art. 5 of Directive 89/104/EC) cannot be interpreted as referring only to immediate relationships between a trader and a consumer; account must also be taken of commercial communications and the commercial activities carried out with a view to economic advantage.

In light of all of the above, the CJ found that Van Caem made use of the BACARDI mark in trade by importing the goods without the trademark holder's consent. It also used the mark by placing those goods under the duty suspension arrangement and storing them in a tax warehouse.

The Court nevertheless pointed out that use could not be inferred from the storage services provided by TOP Logistics; rather, that company's actions merely permitted Van Caem to carry out such use.

Lastly, the CJ indicated that the essential function of the indication of origin serves to identify the goods or services covered by the mark as originating from a particular undertaking, which is the company under whose control the goods or services are marketed.

Therefore, any third-party act that prevents the trademark holder from exercising its right to control the first placing of the goods on the market undermines that essential trademark function.

■ ■ ■ **3. REMARKS.** The CJ agrees with The Hague Court of Appeal's ruling insofar as placing goods under a customs suspension arrangement for external transit or customs warehousing does not in itself infringe the trademark holder's exclusive rights, as indicated in the Philips and Nokia judgment ([C-446/09](#) and [C-495/09](#)), since for that to occur there would also have to be commercial activity or advertising targeting EU consumers. No distinction is drawn between counterfeit and genuine goods ("parallel imports").

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A different assessment is made with respect to goods that are released for free circulation, which are no longer subject to a suspensive customs arrangement and so are considered as Community goods for all effects and purposes, even if they are not directed at EU consumers, but will be subsequently exported, for instance.

Despite not being explicitly mentioned in the CJ's judgment, the fact that Van Caem removed the codes from the goods clearly undermines the business origin identification function, since by doing so, it sought to prevent the origin of the goods from being demonstrated.

This judgment further clarifies the right of registered trademark holders to control the initial marketing of genuine products bearing their mark following the release of the goods for free circulation carried out by a third party. **M. Tránsito RUIZ**

Notes



Personal
data

30. Data protection and the right to privacy and honour. Blacklists. Burden of proof. Judgment of the Spanish Supreme Court of 12 November 2015.

■ **1. BACKGROUND.** In November 2009, Mr. Humberto was dismissed by Cotronic, S.A. (hereinafter “Cotronic”), a subcontractor of Telefónica, S.A. (hereinafter “Telefónica”), on the grounds that he had wrongfully charged a client one hundred Euros for a service that was free of charge. Mr. Humberto filed a complaint against his dismissal. The dismissal was declared unfair since the defendant failed to prove the charges that had been made against Mr. Humberto. In the end, Cotronic opted to pay compensation to its employee and terminate the employment relationship.

Mr. Humberto attended a number of job interviews in the telecommunications sector but was not hired. Finally, he was interviewed at Instalaciones de Tendidos Telefónicos, S.A. (hereinafter “Itete”), which even sent him for a medical examination, but that company told him that they could not hire him. Mr. Humberto was informed by Telefónica’s works council that he had been vetoed at Cotronic’s request and that, as a result, he could not be hired by any companies that worked for Telefónica.

Mr. Humberto filed a complaint against Cotronic, in which he petitioned for a declaration of infringement of his right to honour and his own image, and for the protection of his personal data. He also requested that all personal data referring to him be removed from Cotronic’s records and that Cotronic pay him compensation of 653,319.56 Euros.

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Cotronic opposed the complaint, contending that once its employment relationship with the plaintiff had ended, it notified Telefónica so that the latter could cancel the card that it had issued to Mr. Humberto, and it denied having provided Telefónica with information on the reasons for his dismissal or any other personal data.

■ **2. FINDINGS.** This judgment first of all addresses the principle concerning ease of furnishing evidence in certain lawsuits concerning the infringement of fundamental rights.

The Supreme Court supports Constitutional Court doctrine whereby the plaintiff in proceedings concerning the infringement of fundamental rights is not exempt from the evidence requirement, given that that party must provide what is known as “reasonable grounds” or “*prima facie evidence*”. Once the plaintiff has done this, the defendant must refute those grounds or *prima facie evidence* by means of “rebuttal evidence”, or by proving that there are grounds to justify its actions, and so no fundamental rights are infringed.

In this case, the plaintiff had submitted evidence that the defendant had behaved in a way that damaged his fundamental rights by providing Cotronic with personal data that affected his reputation. That evidence consisted of a statement by a member of Telefónica’s works council which confirmed his conviction that there was a blacklist, and the fact that the plaintiff had not found a job in that sector and had not been hired by Itete after having gone through the interview process and even attended a medical examination. The defendant, however, having proximity to the evidence, since it argued that it had not placed Mr. Humberto on any blacklist and that it had sent a communication limited to the personal data necessary in order to cancel the card provided by Telefónica (name, surnames, national identity document number and entry and leaving dates), did not submit that communication in order to rebut the plaintiff’s presumption.

Secondly, the judgment analysed the infringement of the plaintiff’s fundamental rights.

The Supreme Court confirmed the opinion given in [legal report no. 0201/2010](#) prepared by the Spanish Data Protection Agency and in the [working paper](#) on blacklists prepared by the Article 29 Data Protection

Working Party, establishing that since they were personal data files created without the consent of those affected, none of the exceptions provided under [Art. 11.2](#) of the Spanish Organic Act on Data Protection were applicable to them, and so the transfer of such data was illegal and infringed the fundamental right to personal data protection. Since the data in question was also capable of damaging the affected party's honour, it also violated those fundamental rights.

■ **II 3. REMARKS.** This judgment highlights the problems faced by the plaintiff when it comes to proving that his fundamental rights have been infringed, with the plaintiff being required to submit *prima facie* evidence of the infringement and the defendant being required to submit sufficient rebuttal evidence.

In this case, the defendant failed to sufficiently and adequately demonstrate that the acts constituting violation of fundamental rights had not occurred.

The Supreme Court also considered that the unauthorised transfer of the plaintiff's personal data constituted infringement of the personal data protection laws and of the right to honour, since the data did not satisfy the truthfulness requirement and adversely affected the plaintiff's reputation. **Cristina ESPÍN**

31. The right to be digitally forgotten. [Judgment of the Spanish Supreme Court of 15 October 2015.](#)

1. BACKGROUND. This case stems from a news article published by the newspaper "El País" in 1985 regarding the arrest of A and B for drug trafficking. The article also made reference to their drug addiction and to the medical treatment that they received whilst in prison in order to ease their withdrawal symptoms.

The newspaper's digital library became accessible to the public free of charge in 2007. When the names and surnames of those concerned were used as keywords in the general Internet search engines, a link to the website containing the news article appeared among the first search results.

The initial complaint prompting these proceedings was filed when the newspaper rejected the request to stop processing the personal data of A and B and the possibility of replacing them with their initials and/or adopting technological measures to prevent information on events occurring many years ago from being indexed in the general Internet search engines.

Chamber I of the Spanish Supreme Court resolved the appeal on a point of law lodged by Ediciones El País, S.L. against Barcelona Court of Appeal's judgment in respect of the ordinary proceedings heard by Barcelona Court of First Instance no. 21.

2. FINDINGS. The Court brought to the fore the scope of liability of website publishers, specifically digital libraries which contain personal data enabling news articles to be indexed in search engines. It stated that such libraries process data under the obligation to abide by the requirements established by law, specifically, the "data quality principle" (art. 6 of [Directive 1995/46/EC](#) and art. 4 of [Law 15/1999](#)). The Supreme Court considered that the passing of time rendered the data processing inadequate with regard to the purpose of the data collection, thus echoing the CJ's judgment of 13 May 2014, Google (C-131/12) in the "right to be forgotten" case.

It also found that the newspaper's refusal to cancel the processing of the plaintiffs' personal data infringed their right to personal data protection and encroached on their rights to honour and privacy, bearing in mind that the automatic indexing of the information contained in the digital library, despite the fact that that information was truthful, caused disproportionate damage to the reputation of the affected parties, since A and B were not important public figures and the events lacked historical relevance. Such indexing would not be covered by the right of digital libraries to freedom of information, which they exercise to a softer degree in view of the secondary role that they perform, as declared by the European Court of Human Rights (ECHR).

The Court also acknowledged the need for the website publisher to adopt technological measures, making use of the pertinent exclusion protocols in order to prevent the affected parties' personal data from being indexed and stored on search engine databases. Nevertheless, it

overturned the Appeal Court's decision not to publish identification details (neither their names nor their initials) and revoked the prohibition on indexing personal data for use by the digital library's internal search engine, thus acknowledging the integrity of digital archives protected under Art. 10 of the [European Convention on Human Rights](#) and supported by the ECHR, which precludes the alteration of the content of such archives by removing or deleting data. The Court analysed this issue by drawing a distinction between those who more actively search for information, who must be able to access the news through the digital library's search engine, and the general audience, i.e., search engine users, for whom the news article would be invisible.

Lastly, the Court upheld the data subjects' right to compensation.

3. REMARKS. This is the first Supreme Court judgment on the "right to be digitally forgotten", where the Court establishes the scope and limitations of that right. Although it acknowledges the relationship between the passing of time and privacy and accepts the data subjects' objection to the processing of their personal data, it specifies that this right does not entitle "each person to custom-build their past". It confirms the media's liability with respect to news articles stored in their digital libraries by appropriately weighing up public and private interests. This judgment is an important step forward in the process of securing full and effective protection for personality rights in the digital environment. Paradoxically, the necessary preservation of privacy in an era of hyperconnectivity can be achieved using technological tools. The legislative recognition of the "right to be forgotten" could become a reality if the proposed General Data Protection Regulation is ultimately approved. That Law, Art. 17 of which regulates the "right to be forgotten", would be directly applicable in the Member States. **Cristina GARCÍA DE LA RASILLA**

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

■ ■ 1. **BACKGROUND.** Maximillian Schrems, an Austrian national, has been a Facebook user since 2008. It is usual practice for some or all of

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the personal data of users residing in the European Union to be transferred from Facebook's Irish subsidiary to servers located in the United States, where it undergoes processing.

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

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

Mr. Schrems lodged an appeal with the Irish High Court, which considered that the issue raised in those proceedings tied in closely with EU law since, in its view, the Safe Harbour Decision did not satisfy the requirements established in the judgments rendered in cases [C-293/12](#) and [C-594/12](#), EU:C:2014:238.

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

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

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

In the [Opinion](#) of the Advocate General (Yves Bot), the fact that an undertaking holds a safe harbour certification does not mean that it automatically satisfies the personal data transfer requirements established in the Community Directive on data protection.

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

■ **II 2. FINDINGS.** On 6 October 2015, the CJ ruled that the Safe Harbour Decision was invalid, and that the Irish supervisory authority should have thoroughly and diligently examined Mr. Schrems' complaint in order to determine whether the transfer of personal data by Facebook's European subsidiary to Facebook servers in the United States was in conformity with data protection principles and the protection of the fundamental rights of EU citizens, in view of the evidence that suggested that the practices in that country did not ensure an adequate level of protection of Mr. Schrems' personal data.

3. REMARKS. Considering that the Irish High Court was the court that made the reference for a preliminary ruling which gave rise to this decision, it will likely be the first court to decide whether US companies will have to: (a) compile and process all personal data on EU citizens within the European Union; or (b) undertake to effectively protect EU citizens' personal data, by preventing the US intelligence agencies from accessing or interfering with same.

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

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

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

33. Freedom of expression and liability of websites. Judgment of the European Court of Human Rights of 16 June 2015, *Delfi AS v. Estonia* ([64569/09](#)).

■ **1. BACKGROUND.** The Estonian courts held Delfi AS, the leading Internet news portal in the country, responsible for the defamatory comments posted by its users.

Delfi decided to take the case to the ECHR, since it considered that as measures for removing comments had been put in place on its portal (automatic filters and a notice-and-take-down system), the court's ruling infringed its right to freedom of expression.

In the first instance, the ECHR [upheld](#) the Estonian decision on the grounds that the restriction on Delfi's freedom of expression was justified and proportionate. Delfi lodged an appeal against that decision with the Grand Chamber of the ECHR.

■ **2. FINDINGS.** The legal findings established by the Grand Chamber address essential issues such as legality and restrictions on freedom of expression.

The Court proceeded to verify whether, by virtue of Estonian law, it was foreseeable to conceive that freedom of expression could be restricted, since a citizen can only regulate his/her conduct accordingly when he or she learns the consequences of an action.

Delfi argued that there were no rules in that regard, since European law precluded intermediaries from being held liable by virtue of [Directive 2000/31/EC](#) on Electronic Commerce.

The ECHR nevertheless pointed out that Delfi, being one of the largest news portals in Estonia, should be familiar with national law, and so it could potentially be held liable.

The Court then analysed the restrictions on freedom of expression, to which end it took account of the commercial and professional nature of the portal and its economic interest in receiving as many comments as possible.

In view of the above, and given the degree of control possessed by Delfi, the Court ruled that it could not be considered as a mere intermediary. It is thus significant that although Delfi had put in place measures for filtering the comments, they proved to be insufficient both in respect of the prior automatic filtering system (the detection of inappropriate words) and the subsequent notice-and-take-down system (the possibility of reporting inappropriate comments), since it took six weeks for the offending content to actually be removed.

The Court considered that there would be no conflict if there were no delay in the removal of the comments. It is interesting to note how the Court classifies the controversial comments as being clearly unlawful, branding them as hate speech.

In view of all this, the Grand Chamber found that the Estonian approach did not constitute a disproportionate restriction on the exercise of freedom of expression.

The Grand Chamber therefore ratified the judgment using arguments that were essentially very similar to those put forward in the first instance. It is worth noting that in contrast to the previous judgment, this one was not unanimous.

■ **3. REMARKS.** The Delfi judgment merits particular attention, since it is the first of its kind to analyse the potential violation of the freedom of expression of online news portals.

The ECHR's reasoning suggests that news portals can hold culpa *in vigilando*, and can be held liable for readers' comments, even without having received a prior complaint.

It thus follows that the comments posted on such portals should be monitored from the point when they are published and taken down from the outset.

Note that this decision cannot be extrapolated to other cases in a general manner, since it merely considers cases involving clearly unlawful comments made within the context of a professionally managed portal operating for commercial gain.

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It therefore does not apply to other Internet forums where third-party comments are posted and where Internet users can freely express their ideas on any subject, without the administrator of the forum contributing anything to the discussion for the purpose of directing it (for instance, a discussion forum, an electronic notice board, or a social media platform where the provider of the platform does not offer any content and where the content provider can be an individual who operates another website or blog as a hobby). **Fernando DÍAZ**

Notes

Geographical indications

34. Use of the term Champagne to identify a bar infringes the protected designation of origin Champagne. Judgment of Granada Court of Appeal of 28 October 2015, Champagne.

■ **1. BACKGROUND.** Comité Interprofessionnel du Vin de Champagne (C.I.V.C.), a French company responsible for looking after Champagne producers' interests and defending the designation of origin throughout the world, filed legal proceedings against the owner of an establishment named "Café Jazz La Champagnería" for infringement of the Champagne designation of origin.

The establishment in question was a wine bar that specialised in Champagne but served all kinds of drinks, including cava and other wines and spirits. The defendant had registered a trademark with the Spanish Patent and Trademark Office covering "restaurant services" and consisting of the sign "CAFÉ JAZZ LA CHAMPAGNERÍA" together with a device representing piano keys, a bottle of Champagne and the bubbles characteristic of this kind of wine:



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In the legal proceedings brought by C.I.V.C., the following relief was sought: invalidation of the aforementioned trademark registration; a declaration of infringement of the Champagne designation of origin; and an order to cease use of the sign “LA CHAMPAGNERÍA”. The complaint was fully accepted at first instance and the defendant lodged an appeal against the judgment.

■ **112. FINDINGS.** In its appeal, the defendant argued that the protection conferred on designations of origin by [Regulation \(EC\) no. 1234/2007](#) (now replaced by [Regulation \(EU\) no. 1308/2013](#)) was limited exclusively to goods and did not extend to services such as the restaurant services offered by the defendant in his establishment. Against that interpretation of the provision, the Court considered that the protection of designations of origin not only covered the product itself, but also extended to the service that could be rendered under a designation of origin or similar term, or one deriving directly from it, in trade. That was the case of the defendant’s establishment identified by the term CHAMPAGNERÍA, the Spanish word for an “establishment where Champagne is sold or served”.

The Court therefore concluded that the use of a mark similar to a designation of origin as the name of an establishment in order to take advantage of that designation of origin’s reputation to attract the attention of potential customers, and offering products not only pertaining to the designation of origin but also different products, as well as a restaurant service, is an unlawful act prohibited under Art. 118 *quaterdecies* of Regulation (EC) no. 1234/2007. That provision protects designations of origin against all direct or indirect commercial use of a protected name, insofar as such use takes advantage of the reputation of a designation of origin or a geographical indication.

The Court therefore confirmed the declaration of invalidity of the trademark “CAFÉ JAZZ LA CHAMPAGNERÍA” on the grounds that it infringed the Champagne designation of origin and thus fell within the scope of the bar to registering signs that are contrary to law, and it prohibited its holder from using it. The judgment is final.

■ **113. REMARKS.** The issue of extending the protection of the Champagne designation of origin to the use of same on bar and restaurant services, over and above use on products that compete

directly with those designated by the designation of origin, had already been considered in the judgment of Alicante Mercantile Court no. 1 of 17 April 2008 in the case Bar Champagne. In that judgment, the court considered that the use of the geographical indication to identify establishments was not permitted since it could weaken the indication and take unfair advantage of its aura of prestige and distinction.

Granada Appeal Court's judgment of 28 October 2015 has delivered the same ruling in a similar case. Arguments in favour of restricting the protection of designations of origin exclusively to the kind of product that they cover have been explicitly rejected by the Spanish courts, which thus prevents undertakings from encroaching on the image of quality and prestige of designations of origin such as Champagne in order to promote unrelated goods or services to the public.

Basically, as has been confirmed in this judgment by Granada Court of Appeal, under no circumstances can free riding on the reputation of a designation of origin in order to attract customers to goods or services not covered by that designation be deemed a lawful act. **Carlos MORÁN**

Notes

Domain names



35. Cancellation of a domain name due to breach of registration rules. Decision by Red.es of 14 December 2015, VOGUE.

■ ■ 1. **BACKGROUND.** The international publisher Condé Nast, owner of the famous VOGUE fashion magazine, learned that a third party was operating a website under the domain name voguezapatillas.es. Sports shoes of different famous brands were being sold on that website. Nevertheless, the website did not provide any contact details to enable the person operating the site to be located. It appeared to be a business that was involved in the sale of counterfeit goods. Furthermore, the details that appeared on the domain name registration's "Whois" report were scant and strange: an extravagant name and email address were given for the holder; the registrar was a company located in India; and the hosting service provider was a company located in China.

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Consequently, the only way in which to contact the owner of the website and domain name was through the email address that appeared on the Whois database. Condé Nast therefore sent a cease and desist letter to the holder of the domain name by email, notifying

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that party of its exclusive rights in the VOGUE trademark and warning them that use of the domain name voguezapatillas.es could infringe its trademark rights; it also urged the holder of the domain name to immediately cancel their domain name registration or change it so that it no longer contained the term VOGUE. As was to be expected, that letter went unheeded.

Despite this (or perhaps precisely because of this), the apparently unlawful nature of the activities being carried out on the website voguezapatillas.es and the virtual lack of information on its owner suggested that the person or persons hiding behind the site and domain name in question were trying to conceal their identity, and that the scant information given on the Whois database was or could be fake. In that regard, the [National Plan for Internet Domain Names](#) (NPIDN) – the provision applicable to the system for assigning domain names – sets out a series of obligations deriving from the assignment of domain names. In particular, Art. 13.1 of that Plan establishes that *“applicants for a domain name shall provide their identification details, being responsible for their accuracy and truthfulness”*.

Taking the above into account, Condé Nast decided to file a request to cancel the domain name registration voguezapatillas.es with Red.es (the authority responsible for assigning and managing “.es” domains) on the grounds that its holder had breached the obligation laid down in Art. 13.1 NPIDN to furnish accurate and truthful identification details.

Red.es provided the holder of the domain name with the request for cancellation so that that party could submit the pertinent allegations within a period of 10 days. Nevertheless, the domain name holder did not make any allegations.

■ II 2. FINDINGS. The decision first of all pointed out that the use of a domain name is subject to the obligations and conditions established in the NPIDN. It indicated that, effectively, one of the obligations imposed on domain name applicants is that they provide their identification details, and that they be responsible for the truthfulness and accuracy of those details. It stated that any breach of those obligations would prompt it to cancel the domain name (either *ex officio* or *ex parte*).

Red.es went on to indicate that the party requesting the cancellation of the domain name *voguezapatillas.es* had satisfied the formal requirements for commencing the cancellation procedure, and that the domain name holder had not made any allegations against the cancellation request. Red.es therefore concluded that it had not been validly demonstrated that the holder of the domain name had complied with the condition for assigning domain names cited by Condé Nast in its cancellation request.

On that basis, Red.es found that registration of the domain name *voguezapatillas.es* breached Art. 13.1 NPIDN and ordered its cancellation. That authority also granted Condé Nast a 10-day period in which to preferentially request the transfer of the domain name in question.

■ **3. REMARKS.** Disputes arising from the registration by a third party of a domain name that contains an earlier trademark registration are commonplace in trademark law. In order to recover a domain name, the trademark holder can essentially go down three different paths, namely: the administrative path (bringing UDRP proceedings administered by ICANN); arbitration; or the courts of law. Each of those options has its advantages and disadvantages, depending on the claimant's level of interest and the specific case concerned, but all of them involve time and money.

In the case under analysis, the problem with pursuing any of the above remedies lay in the fact that it was impossible to identify and locate the holder of the domain name, which often occurs in cases where intellectual property is infringed online. In those circumstances, Condé Nast went down a different route, one which was not based directly on its trademark rights but rather on breach of the procedural rules relating to the registration of domain names. It effectively resorted to the [cancellation procedure](#) regulated by Red.es. This procedure can be initiated by a simple request that is filed online on Red.es' website, and it involves setting out the allegations and causes of breach of the procedural rules by the domain name in question in a concise form.

A favourable ruling was issued on the request within just 15 days.

Over and above its uniqueness, this case shows how problems can sometimes be solved in a practical manner by going down secondary

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pathways that are no less effective than directly resorting to the typical actions and remedies (which are not always feasible). **María CADARSO**

Notes



Acronyms

CJ: Court of Justice

CTMR: Community Trademark Regulation

EPC: European Patent Convention

EPO: European Patent Office

EPUE: European Patent with Unitary Effect

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

UPC: Unified Patent Court

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