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INTELLECTUAL AND INDUSTRIAL PROPERTY

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Foreword

We are proud to once again share ***ELZABURU's Annual Review of European case-law on the subject of intellectual and industrial property*** with our clients, friends and colleagues.

After six consecutive years of this Review, we can see that European case-law on IP-related matters continues to evolve. On this occasion, the judgments cover a total of 31 cases resolved by the Court of Justice of the European Union, the EFTA Court, the Spanish Supreme Court and the European Union Trademarks Court in Alicante.

The articles maintain the format conceived by this Review, which approaches the working reality of the case-law under analysis in a simple manner, free from dogmatic ambition.

The Review would not be possible without the enthusiastic participation of a large number of our Firm's professionals.

Our thanks go out to the team of writers and to all those who read the Review and wish to send us their comments.

ALBERTO ELZABURU
President

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Managing Partner

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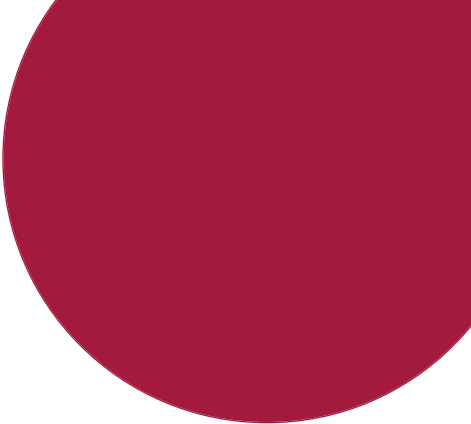
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Trademarks

1. Trademark rights exhaustion in the case of parallel trademarks. Judgment of the Court of Justice of 20 December 2017, *Schweppes* (C-291/16).

■ ■ ■ **1. BACKGROUND.** Ownership of the SCHWEPPEES trademark in the EU is divided between Schweppes International and the Coca-Cola Group. The former is the holder of the SCHWEPPEES trademark in most Western European countries (including Spain), whilst Coca-Cola is the holder of that mark in most Eastern European countries (and in the United Kingdom). Schweppes, S.A. is Schweppes International's exclusive licensee for the Spanish SCHWEPPEES trademarks on the basis of which the main proceedings were brought.



In May 2014, Schweppes, S.A. initiated proceedings against Red Paralela before the Spanish courts for infringement of the Spanish SCHWEPPEES trademark. The grounds for the complaint were that Red Paralela had

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imported and distributed in Spain bottles of tonic water bearing the SCHWEPPES trademark which had originated in the United Kingdom. Schweppes, S.A. argued that such conduct was unlawful since the bottles of tonic water had not been manufactured by it or with its consent, but by Coca-Cola, which was unrelated to the holder of the SCHWEPPES trademark in Spain.

In its defence, Red Paralela invoked the principle of trademark rights exhaustion in respect of the SCHWEPPES products originating in the United Kingdom in which Coca-Cola is the proprietor of parallel SCHWEPPES trademarks. The defendant argued, in particular, that Schweppes International (the plaintiff's licensor) had consented to and supported the joint and coordinated exploitation of the SCHWEPPES trademark in the EU by that entity (Schweppes International) and Coca-Cola.

Barcelona Commercial Court no. 8 decided to stay the proceedings and ask the CJ to rule on the interpretation of Article 7.1 of [Directive \(UE\) 2008/95](#) (and Article 15.1 of [Directive \(UE\) 2015/2436](#), which replaced it, in view of the circumstances of the case.

■ II 2. FINDINGS. The CJ firstly analysed the Schweppes Group's allegations that the Spanish court's reference for a preliminary ruling was inadmissible. In this regard, the CJ pointed out that the questions referred for a preliminary ruling were directly connected to the dispute in the main proceedings, and were relevant in order to enable the referring court to issue a decision regarding that dispute.

As regards the merits of the case, the CJ pointed out that Article 7.1 of Directive 2008/95 must be interpreted as precluding, in cases such as this one, opposition to the import of identical goods bearing the same mark where, as a result of assignment agreements entered into by the original proprietor of the trademark and the third party:

- The proprietor, either acting alone or maintaining its coordinated trademark strategy with that third party, has actively continued to promote the image of a single global trademark; or
- There are economic links between the proprietor and that third party, inasmuch as they coordinate their commercial policies or reach an

agreement in order to exercise joint control over the use of the trademark in the territory concerned.

The CJ reminds us that the function of a trademark is to guarantee that the marked goods originate from a single undertaking. In that regard, it highlights the fact that where the mark has been territorially divided into a number of parallel trademarks and the original proprietor of the trademark continues to promote the image of a single global trademark, the original function of the trademark is distorted, and the right to oppose the marketing of competing products belonging to the holder of the parallel trademark is therefore lost.

The Court adds that, even if it could be argued that the trademark fulfilled its function in such a context, the original proprietor's rights in the trademark would not be affected by the conduct of the third party/defendant where it may be demonstrated that the two parties are economically linked in such a way that they are able to directly or indirectly determine the goods to which the trademark is affixed and to control the quality of those goods.

The CJ naturally indicated that it would be for the national courts to assess the preceding points in view of the particular circumstances of the case at hand.

■ ■ ■ **3. REMARKS.** We support the judgment passed by the CJ in this case. We believe that citing the *ius prohibendi* inherent to trademark law in a case such as this one was contrived and contrary to law. **Enrique ARMIJO CHÁVARRI**

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

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



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

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

The judgment was appealed in the EU Trademarks Court, which partially accepted the appeal as far as the action for recovery of ownership was concerned, applying Spanish law and declaring the plaintiff to be the proprietor of the trademark registration in question. In line with the findings of a previous ruling, the court held that, due to the reference to national law contained in Article 16 of Regulation No. 207/2009, Article 2.2 of the Spanish Trademark Act may apply in the case of EU trademark registrations whose proprietor is domiciled in Spain. Alicante Court of Appeal considered that the application had been filed in fraud of the plaintiff's rights.

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

■ II 2. FINDINGS. The CJ began by pointing out that, under Article 16 of Regulation No. 207/2009, an EU trademark as an object of property shall be dealt with in its entirety, and for the whole area of the European Union, as a national trademark registered in the Member State in which the proprietor has his/her seat or domicile, or failing this, an establishment.

Article 18 of the aforementioned Regulation entitles the proprietor of a trademark to bring action for recovery of ownership against an agent

or representative who has applied for registration of that mark without authorisation. As a result, action for recovery of ownership brought on the basis of that provision will be governed exclusively by Regulation No. 207/2009. Other situations fall outside the scope of that Article and are not, therefore, specifically regulated by its provisions.

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

III 3. REMARKS. In upholding the doctrine that the EU Trademarks Court in Alicante had applied to the case, the CJ has established the possibility of bringing actions for recovery of ownership of an EU trademark in situations that are not specifically envisaged in the Regulation, provided that such a possibility is permitted under the law of the Member State where the proprietor has his/her seat, domicile or establishment.

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

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

3. Unilateral termination of an exclusive distribution agreement by a trademark holder. Judgment of the European Union Trademarks Court of 6 October 2017 (ECLI:ES:APA:2017:2674).

III 1. BACKGROUND. Julius Blum GmbH is the holder of European Union trademark registrations nos. 007014053 BLUM (word), 002332435

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BLUMOTION (word), 005391784 BLUM SERVODRIVE and 011695351 BLUM:



That company brought trademark infringement proceedings against a former distributor to whom it had sent a registered fax notifying it of the termination of the business relationship on the grounds that it was continuing to market the goods as an official distributor and removing the product control numbers and codes from the boxes. It also brought action based on the [Spanish Copyright Act](#), since the defendant was using a number of photographs from the plaintiff's brochures on its website and in commercial documentation.

The European Union Trademarks Court in Alicante partially upheld the complaint. However, it essentially considered that the commercial distribution agreement between the parties remained in force, given that the notice of cessation of the business relationship did not have the effect of terminating the agreement because the distributor had not accepted the decision.

■ II 2. FINDINGS. An appeal was lodged against the judgment, and the European Union Trademarks Court had to rule on whether the distribution agreement was in force and whether it could be terminated unilaterally without the need for the other party to accept the termination or for a court ruling to be obtained.

Section VIII of Alicante Court of Appeal first of all pointed out the features of commercial distribution agreements, differentiating them from other types of agreement such as agency agreements. It cited the Spanish Supreme Court's judgment of 11 December 2014 ([ECLI:ES:TS:2014:5566](#)), which contains copious case-law on the subject:

1. Distributors operate in their own name and on their own behalf;
2. The distributor's remuneration consists of the products' resale margin;
3. The purpose of the agreement is to promote the resale of the products by placing them on the market and generally incorporating the distributor into the grantor's distribution network;
4. They are commercial agreements which are open-ended and are generally pre-formulated standard contracts;
5. They are agreements which typically entail the assignment of rights in intangible property;
6. They are agreements based on trust; and
7. They are normally governed by mutual exclusivity.

The Trademarks Court considered that unilateral withdrawal –including *ad nutum* withdrawal, or withdrawal without justification– constitutes a legitimate ground for termination of an exclusive distribution agreement, without prejudice to the fact that the injured party may request compensation for damages.

It concluded that, from the point when the distribution agreement expires due to withdrawal by the trademark holder, the distributor is no longer authorised to use the sign; nor can that party assume the capacity of official distributor.

Projecting that reasoning onto the case in hand, it confirmed that the defendant's use of the trademark following the unilateral termination of the distribution agreement by the plaintiff infringed the latter's exclusive rights. Furthermore, it held that the principle of exhaustion could not be invoked, since the defendant was falsely presenting itself in the marketplace as a member of the official network, which constitutes legitimate grounds for the holder of a trademark to oppose the subsequent marketing of the products.

Additionally, once the distribution agreement had been terminated, the defendant lacked authorisation to reproduce, on its website and in its brochures, photographs in which the plaintiff holds exclusive rights under [Article 128](#) of the Spanish Copyright Act. Those rights were therefore deemed to have been infringed.

■ **3. REMARKS.** The acts which led to this judgment occur frequently in trade. The European Union Trademarks Court has opted to grant a high degree of protection to trademark holders, who do not need to wait until a judge rules on the termination of the exclusive distribution agreement, since merely sending valid notification of the termination to the distributor will put an end to the latter's authorisation to use the intangible property in which the principal holds exclusive rights (such as trademarks or ordinary photographs in this case). Although the distributor will be entitled to claim any damages that it may have sustained on account of this decision, under no circumstances can it continue to act as an official distributor or make unlawful use of trademarks or other titles. **Patricia GARCÍA**

4. Impact of the coexistence of two conflicting trademarks in one part of the EU on the assessment of the likelihood of confusion between those marks in other Member States. Judgment of the Court of Justice of 20 July 2017, *Kerrygold* (C-93/16).

■ **1. BACKGROUND.** The Irish company Ornuia is the proprietor of a number of KERRYGOLD EU trademarks identifying butter and other dairy products which it sells in several EU countries, including Spain. The marks claim, inter alia, the following devices:



Tindale & Stanton ("T&S") is a Spanish company which imports and distributes, in Spain, margarines under the KERRYMAID sign, as shown below:



The margarines imported by T&S are manufactured in Ireland by Kerry Group plc. The latter has registered the KERRYMAID trademark in Ireland and the United Kingdom.

The KERRYGOLD and KERRYMAID signs have coexisted peacefully in Ireland and the United Kingdom for more than 20 years.

In January 2014, Ornuá brought action against T&S before Alicante Commercial Court for EU trademark infringement under the provisions of Article 9.1.b) and c) of [Regulation \(EC\) No. 207/2009](#).

Alicante Commercial Court dismissed the action, holding that the only similarity between the KERRYMAID sign and the KERRYGOLD EU trademarks arose from the presence of the descriptive element KERRY, which referred to an Irish county known for its cattle breeding. Furthermore, the court argued that the KERRYGOLD EU trademarks and the national trademark KERRYMAID had been coexisting peacefully for many years in Ireland and the United Kingdom, and that said coexistence should lead to the conclusion –given the unitary character of the EU trademark– that there would be no likelihood of confusion between the marks in conflict in Spain and no risk that unfair advantage was being taken.

Ornuá lodged an appeal with Alicante Court of Appeal, requesting that the Spanish court make a reference to the CJ for a preliminary ruling on the interpretation of Article 9.1.b) and c) in respect of this case.

Alicante Court of Appeal agreed to stay the appeal proceedings and asked the CJ to issue a preliminary ruling on the following questions:

- Whether the fact that an EU trademark and a national trademark coexist peacefully in one part of the EU enables it to be concluded that there is no likelihood of confusion between the signs in question in the part of the EU where there has been no such peaceful coexistence between those marks;

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- Whether, in order to assess that issue, the CJ must make a global assessment of all of the relevant factors of the case at hand, in particular, geographical, demographic, economic or other circumstances of the States in which the coexistence has occurred, in order to potentially extrapolate the situation to a third State; and finally
- Whether the peaceful coexistence of the EU trademark and the national trademark in one part of the EU enables it to be concluded that there is due cause legitimising use of the sign identical to the national trademark in another part of the EU where there is no such peaceful coexistence.

■ **2. FINDINGS.** The CJ replied to the first question referred by Alicante Court of Appeal in the affirmative, essentially declaring as follows:

- The exclusive right that a trademark confers on its proprietor under Article 9.1 of Regulation (EC) No. 207/2009 extends, in principle, to the whole of the European Union;
- In order for the proprietor of the EU trademark to be able to avail him/herself of that right, there is no need for the use of the identical or similar sign creating a likelihood of confusion to take place throughout the entire territory of the European Union; and
- When the use of a sign gives rise, in one part of the European Union, to a likelihood of confusion with an EU trademark, whilst, in another part of the European Union, that same use does not give rise to such a likelihood of confusion, there is an infringement of the exclusive right conferred by that trademark.

The CJ thus corroborates Ornuá's position in the appeal before the court in Alicante, i.e., that the lower court had erred in its comparison of the signs at issue and in its assessment of an overall likelihood of confusion by extrapolating the effects deriving from coexistence of the marks at issue in Ireland and the United Kingdom to the entire territory of the European Union.

The CJ's reply to the second question referred by Alicante Court of Appeal is also in the affirmative. In particular, the CJ pointed out the following:

- Determination of the likelihood of confusion referred to in Article 9.1.b) of Regulation (EC) No. 207/2009 must be based on a global assessment of all of the relevant factors of the specific case at hand;
- As far as the comparison of the signs at issue is concerned, that global assessment must be based on the overall impression produced by the mark and the sign used in trade on the relevant public; and
- For the aforementioned purposes, it will be necessary to take account of the market conditions and the sociocultural or other circumstances that contribute to the overall impression produced by the trademark and the sign used in trade on the average consumer in the various territories of the European Union.

It is interesting to note that the CJ's stance on this issue supports –from this second perspective– Ornua's line of argument in the appeal, according to which sociocultural factors and market conditions determining that there is no likelihood of confusion between the KERRYGOLD EU trademark and the KERRYMAID sign in Ireland and the United Kingdom would differ significantly in non-English-speaking countries, specifically, in Spain.

Lastly, the CJ's reply to the third question referred by Alicante Court of Appeal is in the negative. The CJ, once again siding with Ornua, points out that the due cause legitimising the use of the KERRYMAID sign in Ireland and the United Kingdom cannot be extrapolated to the part of the EU in which there is no such peaceful coexistence between the marks at issue.

■ ■ ■ 3. REMARKS. As indicated above, the CJ's reply confirms Ornua's position in the appeal. Nevertheless, at the time of writing, Alicante Court of Appeal had yet to deliver a judgment in those appeal proceedings, and the conflict between the KERRYGOLD and KERRYMAID trademarks was still open.

During the proceedings before the CJ, T&S asked the judge to specify, in his reply, the potential impact of the descriptive nature of the KERRY

element for the purpose of assessing the likelihood of confusion or association between the signs at issue from the standpoint of Article 12.b) of Regulation No. 207/2009. Ornuua opposed that petition on the grounds that it did not form part of the questions referred to the CJ by Alicante Court of Appeal. The Advocate General nevertheless considered that this aspect of the debate may be relevant, and he offered a response to that question in his conclusions. The CJ did not, however, take the Advocate General's opinion on board in its judgment, and in its reply to the national court it only alluded to that issue in passing (and in different terms to what had been suggested by the Advocate General). In any event, it should be noted that the alleged descriptiveness of the KERRY element constitutes or constituted a fact at issue in the proceedings before the national court, which must therefore analyse this issue in the appeal judgment, irrespective of the CJ's reply. **Enrique ARMIJO-CHÁVARRI**

5. Revocation of an individual trademark used as a label of quality. Judgment of the Court of Justice of 8 June 2017, Gözze (C-689/15).

■ **1. BACKGROUND.** VBB is an association which carries out various activities relating to cotton, and which holds the following EU figurative trademark for textiles:



VBB concludes licence agreements in respect of its trademark (the "cotton flower mark") with companies affiliated with the association to attest to use of high quality cotton fibres.

Gözze, which is not among VBB's licensees, has been manufacturing fabrics made from cotton fibres and displaying the cotton flower mark on its products for a number of decades. In February 2014, VBB brought trademark infringement proceedings against that company for affixing the following sign to the hangtags attached to its towels:



Within the context of those proceedings, Gözze brought a counterclaim seeking a declaration of invalidity or, in the alternative, of revocation, of the cotton flower mark, claiming that the sign was devoid of distinctive character.

The case went to the Higher Regional Court of Düsseldorf, which decided to stay the proceedings and refer two questions, relating to use of the cotton flower trademark and its possible revocation, to the CJ.

■ II 2. FINDINGS. By its first question, the referring court asked the CJ whether the use of an individual trademark as a label of quality can be considered to constitute use as a trademark for the purposes of Articles 9.1 and 15.1 of [Regulation No. 207/2009](#) in relation to the goods for which that label is used.

The CJ replied to that question in the negative. In the Court's view, Article 15.1 of the Regulation must be interpreted as meaning that affixing an individual EU trademark on goods as a label of quality does not constitute use as a trademark that falls under the concept of genuine use within the meaning of that provision. However, the affixing of that mark will constitute genuine use if it additionally and simultaneously guarantees to consumers that those goods come from a single undertaking under the control of which the goods are manufactured, and which may be held responsible for their quality, i.e., where the trademark fulfils its essential function of indicating origin.

By its second question, the referring court asked the CJ whether, if question one were answered in the affirmative, should such a mark be revoked, in accordance with Article 52.1.a) in conjunction with Article

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7.1.g), or a *mutatis mutandis* application of Article 73.c) of Regulation No. 207/2009, if the holder of the trademark fails to ensure that expectations in trade relating to the quality associated with the sign are being met by carrying out periodic quality controls at its licensees.

The CJ replied to this question in the affirmative, indicating that Article 52.1.a) and Article 7.1.g) of the Regulation must be interpreted as meaning that an individual trademark cannot be declared invalid, on the basis of a joint application of those provisions, because the holder of the mark fails to ensure that expectations relating to the quality which the public associates with the mark are being met.

With regard to this second question, the CJ also points out that the scope of Articles 66 to 74 of the Regulation, relating to collective EU trademarks, is expressly confined to marks described as such when applied for and may not, therefore, be applied *mutatis mutandis* to individual EU trademarks.

■ **3. REMARKS.** In this judgment, the CJ reminds us of the need – within the framework of Article 15.1 of Regulation No. 207/2009– for a trademark to be used in keeping with its essential function, which is to guarantee to consumers the identity of origin of the goods or services for which it is registered.

Where the use of a trademark does not guarantee to consumers that the goods or services that it identifies come from a single undertaking under the control of which they are manufactured or supplied, and which is therefore responsible for their quality, such use is not made in accordance with the essential function of the mark as an indicator of origin and, consequently, the mark may be revoked for non-use, as provided for in the Regulation.

It is also important to note that the provisions of the Regulation relating to collective trademarks are confined to marks described as such when applied for. That is therefore the appropriate time to analyse whether the mark that we wish to register is an individual or a collective trademark in light of how it is to be used. **Ana SANZ**

6. Registration, as a trademark, of a work of art which has entered the public domain. Judgment of the EFTA Court of 6 April 2017, Oslo ([E-5/16](#)).

■ ■ ■ **1. BACKGROUND.** This case arises from the refusal by the Norwegian Intellectual Property Office (NIPO) to register certain trademark applications filed by Oslo Municipality for a number of works of art by the Norwegian sculptor Gustav Selvik which would soon be falling into the public domain. The Office refused those applications on the grounds that the works were devoid of distinctive character and were eminently descriptive, as well as on the basis of the prohibition against registering signs that consist exclusively of shapes which give substantial value to the goods. All of those grounds are laid down in the Norwegian Trademark Act following the implementation of Article 3.1 of Trademark [Directive 2008/95/EC](#).



Not content with this, Oslo Municipality appealed the refusals before the Norwegian Board of Appeal which, irrespective of the grounds for refusal set out by the NIPO in this case, held that other grounds could also apply, in particular, Article 3.1(f) of the Directive, according to which trademarks which are contrary to public policy or to accepted principles of morality may not be registered. As regards the applicability of this ground, the Board of Appeal was uncertain as to whether one person should be allowed to hold the exclusive right to use a work of art which forms part of the universal cultural heritage in the marketplace, under conditions which not even its author's estate enjoys.

The Board of Appeal finally aired its doubts to the Court of Justice of the European Free Trade Association States (EFTA), which it asked, *inter alia*, whether a trademark registration for a work of art, the exclusive rights in which have expired, could –under certain circumstances– conflict with the prohibition laid down in Article 3.1(f) of the Directive, referring to trademarks which are contrary to public policy or to accepted principles of morality and, in the affirmative, whether the fame or cultural value of the works of art in question may play a decisive role in that assessment.

■ II 2. FINDINGS. The EFTA Court begins with a reminder that there are certain grounds for refusal of a trademark registration which may be remedied, such as lack of distinctiveness, which can be overcome through use of the sign in the marketplace and its subsequent acquisition of distinctive character. This does not happen, however, in the case of the prohibition laid down in Article 3.1(f) of the Directive, referring to trademarks which are contrary to public policy or to accepted principles of morality, which cannot be remedied by the fact that the mark later acquires distinctive character.

The Court thus considers that the issue is essentially whether the possibility of removing a work of art pertaining to the cultural heritage from the public domain should be prohibited on the grounds that it is contrary to public policy or to accepted principles of morality. In that regard, the Court reminds us that the mere fact that the works previously enjoyed protection does not mean that they can subsequently be refused on the basis of Article 4.4(c)(iii) of the Directive, relating to the prohibition against registering trademarks which infringe third-party copyright.

As regards the possibility of refusing the registration of works as trademarks on the grounds that they are contrary to accepted principles of morality, the Court considers that this ground may apply in cases where the distinctive signs could be offensive to consumers, which could occur in cases where the sign is used in such a way that it damages the intellectual work.

As regards the second possibility of refusing the registration of an intellectual work as a trademark on the grounds that it is contrary to public policy, the Court considers that this prohibition would, in any

case, only apply to signs consisting exclusively of works that are in the public domain, the registration of which poses a genuine threat to a fundamental interest of society.

In that regard, the Court points out that works created to serve exclusively as signs, and works sold for the purpose of serving as trademarks, are not considered as threats. Signs which, albeit based on intellectual works, differ from the latter in such a way that consumers will not confuse them with the original work are likewise not considered as a threat.

The Court basically allows the possibility of applying Article 3.1(f) of the Directive in relation to the registration, as trademarks, of works of art that have entered the public domain. It nevertheless warns that said prohibition must be applied as an exception and always in light of the particular circumstances of the case concerned.

■ ■ 3. REMARKS. In my view, it makes no sense to restrict the registration of intellectual works that are in the public domain as trademarks, given that we are dealing with two concepts that have entirely different purposes. The purpose of copyright protection is none other than to encourage artists to create works which enrich the universal cultural heritage, whilst the aim of trademark protection is to make it easy for consumers to distinguish the goods and services of one company from those of others.

The fact that a person can obtain a trademark registration does not, as some point out, mean that the work of art is removed from the public domain, since such a registration does not impede all those who wish to reproduce or freely communicate the work from doing so, which is ultimately what they will be able to do once the work has entered the public domain.

It should be noted that the natural state of such works is the public domain, and that the exclusive right conferred on the author constitutes the exception to the rule. There is therefore no reason why a sign consisting of an intellectual work which, on account of its originality, has been subject to protection, should be treated any differently to any other distinctive sign. This is furthermore without prejudice to the fact

that a mark comprised exclusively of a famous intellectual work will always be weaker than any other original mark.

I therefore consider it fair and reasonable that the door has not been closed to the possibility of registering intellectual works as trademarks, since the author may oppose the registration of the mark during the term of protection of the works, and once the work has entered the public domain, there is another series of conditions which must also be fulfilled. **Joaquín ROVIRA**

7. A request for information from an infringer of an IP right can be made in proceedings other than the main proceedings concerning the infringement. Judgment of the Court of Justice of 18 January 2017, *New Wave* (C-427/15).

■ **1. BACKGROUND.** NEW WAVE, CZ, a.s. instituted proceedings against ALLTOYS, spol. s.r.o. for infringement of their MegaBabe mark, as ALLTOYS had used said mark to sell goods without NEW WAVE's consent.

In a final judgment, the national court held that ALLTOYS had infringed NEW WAVE's rights in the MegaBabe mark, ordering them to withdraw the infringing goods that were already in the market and to refrain from the infringing conduct in the future. However, the court did not allow NEW WAVE to amend its complaint to additionally request detailed information in relation to the infringing goods.

Following the conclusion of the initial proceedings, NEW WAVE instituted a new action aimed at having ALLTOYS ordered to provide all information on the origin and distribution networks of the goods bearing the MegaBabe mark stocked, sold or imported by ALLTOYS.

The Prague City Court dismissed NEW WAVE's application, finding that a right of information cannot be claimed in an application submitted independently, given that Law No. 221/2006 (Czech national legislation) stipulates that such a right may only be invoked in the proceedings concerning the infringement of the right.

NEW WAVE appealed that decision to the Court of Appeal in Prague, which overturned the judgment and ordered ALLTOYS to provide the requested information to NEW WAVE. The Court held that Article 8.1 of [Directive 2004/48](#) should be taken into account in interpreting Article 3 of Law No. 221/2006, finding that proceedings relating to providing information which had not been furnished voluntarily were also proceedings concerning infringement of a right.

ALLTOYS lodged an appeal with the Supreme Court, which considered that while Law No. 221/2006 transposed the provisions of Directive No. 2004/48, the matter must be interpreted in accordance with the wording of Directive No. 2004/48. The Supreme Court also drew attention to the differences in the translations to other languages of the wording of the Directive, further complicating the correct interpretation of Article 8(1) concerning the right to information.

In light of the above circumstances, the Supreme Court suspended the proceedings and referred the following question to the Court of Justice for a preliminary ruling:

“Must Article 8(1) of Directive 2004/48/CE be interpreted as meaning that it is in the context of proceedings concerning an infringement of an intellectual property right if, after the definitive termination of proceedings in which it was held that an intellectual property right was infringed, the applicant in separate proceedings seeks information on the origin and distribution networks of the goods or services by which that intellectual property right is infringed (for example, for the purpose of being able to quantify the damage precisely and subsequently seek compensation for it)?”

■ II 2. FINDINGS. Before considering the request for a preliminary ruling, the Court of Justice points out that according to settled case law of the Court of Justice, when interpreting a provision of EU law, not only must its wording be taken into account, but also the context and the objectives of the legislation of which it forms part (judgment of 17 March 2016, *Liffers*, [C-99/15](#)).

The Court of Justice considers that with regard to the expression *“in the context of proceedings concerning an infringement of an intellectual property right”*, it cannot be understood to refer only to proceedings in which a finding of an infringement of an IP right is

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sought. Rather, it may also encompass separate proceedings instituted after the definitive conclusion of proceedings in which it was held that an IP right was infringed.

The Court of Justice also underlines the fact that the obligation to provide information applies not only to the infringer of the right in question but also to third parties who may not have been party to the main proceedings.

Moreover, the Court of Justice considers that this interpretation is also consistent with the objective of Recital 10 of Directive No. 2004/48, which is to approximate the legislation of the Member States with regard to the means of enforcing IP rights so as to ensure a high, equivalent and homogeneous level of protection in the internal market (judgment of 16 July 2015, *Diageo Brands*, [C-681/13](#)).

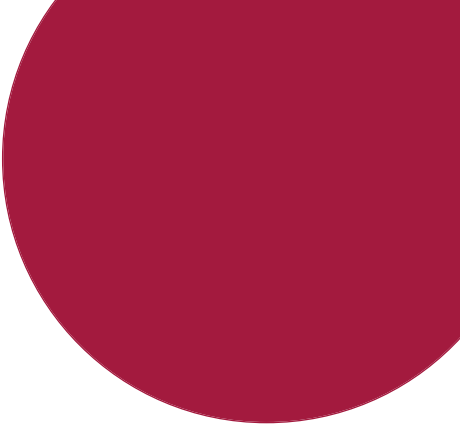
Finally, the Court of Justice links the right to information established in Directive No. 2004/48 with the fundamental right to an effective remedy, enabling the holder of an IP right to identify who is infringing said right and adopt the appropriate measures, given that without that full knowledge of the extent of the infringement, the holder would not be in a position to precisely determine or calculate the damages to which he would be entitled as a result of the infringement.

■ ■ ■ **3. REMARKS.** The Court of Justice correctly concludes that the right to information also applies to separate proceedings other than the main proceedings concerning the infringement of an IP right, as this guarantees that the holder of an infringed IP right is able to obtain the necessary information to seek effective compensation. **Manuel MÍNGUEZ**

Notes



Copyright,
the information
society, the
internet



8. Providing users with a cloud-based system for recording audiovisual broadcasts previously transmitted terrestrially by television organisations does not constitute private copying but rather communication to the public, which must be authorised by the rightholders. Judgment of the Court of Justice of 29 November 2017, VCAST (C-265/16).

■ II 1. BACKGROUND. VCAST is an English company which makes a cloud-based system for recording terrestrial programmes of Italian television channels available to its customers. The plaintiff in the main proceedings –RTI– is one of the television channels affected by the service provided by VCAST.

It can be gathered from the account of the facts that the VCAST system enables users to choose the programmes or time slots that they wish to record. VCAST picks up the television signal using its own antennas and records the programme in storage space that the user has previously acquired from a third party.

In VCAST's view, the service that it provides is lawful insofar as it constitutes copying for private use, which is permitted under Italian law.

The *Tribunale di Torino* considered that the resolution of the case depended on the interpretation of the facts in light of EU law, and to that end it made a reference for a preliminary ruling by the CJ on whether legislation preventing a company from offering private individuals cloud computing services for the remote video recording of copies of works protected by copyright, by means of that company's

active involvement in the recording, without the rightholder's consent, is compatible with EU law (in particular, with Article 5.2.b) of [Directive 2001/29/EC](#)). Conversely, it then asked whether legislation which allows that type of conduct against payment of compensation in favour of the rightholder, establishing a kind of compulsory licensing system, was compatible with EU law.

■ **2. FINDINGS.** The CJ begins by describing how the private copying exception has been shaped by recent case-law. In that regard, it points out that this exception to copyright must be interpreted and applied in a restrictive manner (judgment of 10 April 2014; *ACI Adam*; [C-435/12](#)). It also touches on the fact that the beneficiary of the exception may make copies using third-party devices and equipment (judgment of 21 October 2010; *Padawan*; [C-467/08](#)).

However, VCAST's activity is not limited to organising the reproduction of works at the request of individual users; it also provides access to the programmes of certain television channels so that they can be recorded remotely. In that regard, VCAST, besides reproducing the videos, would be making them available to the public on the Internet, which would constitute an act of communication to the public that is by no means affected by the exception laid down in Article 5.2.b), which is exclusively limited to acts of reproduction.

In this case, an act of communication occurs since although the works and subject matter have already been broadcast previously by the television channels, VCAST uses a different technical means to transmit them. In that regard, it is not even necessary to examine whether or not the public targeted by VCAST's communication constitutes a new public (judgment of 7 March 2013; *ITV Broadcasting*; [C-607/11](#)).

VCAST's transmissions therefore constitute communications to different publics, and the pertinent consent of the rightholders must be obtained for each of them.

Consequently, the Court considers that Article 5.2.b) of Directive 2011/29/EC precludes national legislation which permits a company to offer private individuals a cloud service for the remote recording of private copies of works protected by copyright without the rightholders' consent.

■ **3. REMARKS.** What is firstly surprising about this case is how the referring court poses the questions on which it seeks a preliminary ruling, i.e., by presenting two opposite scenarios –one in which Italian law allows the activity in question, and the other in which it prohibits it. This shows that there is not just uncertainty regarding the interpretation of the relationship between EU and national law but also regarding national law itself, considered separately. Beyond that, the CJ’s decision is interesting and very enlightening, since it does not merely argue why the conduct at issue does not fall under the private copying exception (which is essentially what it had been asked) but devotes a great deal of its reasoning to explaining the true nature of the service provided by VCAST, namely, an act of communication to the public. **Patricia MARISCAL**

9. Rates set by a copyright collecting society compared to the rates applicable in other Member States. Judgment of the Court of Justice of 14 September 2017, AKKA/LAA (C-177/16).

■ **1. BACKGROUND.** The collective management organisation responsible for handling copyright for musical works in Latvia had set rates for issuing –for consideration– licences for the public performance of musical works in respect of which it manages the copyright. After comparing the rates applied in Latvia for the use of musical works in shops and service centres with those applied in Lithuania and Estonia, the Latvian Competition Council fined the collecting society for abuse of a dominant position, on considering that the rates were excessively high.

The annulment of the Competition Council’s decision was sought in an appeal lodged before the Latvian contentious-administrative courts, and the case ended up in the Supreme Court. The Administrative Cases Division of the Latvian Supreme Court decided to stay the cassation appeal proceedings and refer a number of questions to the Court of Justice for a preliminary ruling. The questions concerned the notion of fair pricing in the field of copyright management and the need to compare the rates established in the various Member States.

■ **II 2. FINDINGS.** The Court of Justice begins by pointing out that trade between Member States is capable of being affected by the pricing practices of a copyright collecting society which holds a monopoly in its Member State and which, in addition to managing the rights of Latvian rightholders, also manages the rights of foreign rightholders in that State. The Court also indicates, as a preliminary point, that a collecting society which enjoys a monopoly within the territory of a Member State holds a dominant position in a substantial part of the internal market, which may be abused by setting excessive prices, rates or fees.

On that basis, the judgment observes that in order to determine whether a price is excessive, the method based on a comparison of prices applied in the Member State concerned with those applied in other Member States must be considered valid. On that point, the Court indicates that there can be no minimum number of markets to be compared, and that the appropriate analogue markets must be selected in accordance with objective, appropriate and verifiable criteria in light of the specific circumstances of each case.

In that regard, the Court admits that there are significant differences in price between Member States for identical services, due to different living standards and purchasing power in those States; and that it is for the competition authority –having a certain margin of manoeuvre and without being subject to a single adequate method– to define the uniform framework for making the comparison.

The judgment goes on to analyse the threshold above which the difference between the compared rates is to be regarded as appreciable and indicative of abuse of a dominant position, and what evidence the collecting society can adduce in order to prove that the rates are not excessive.

The Court points out that when the rates are appreciably higher than those applied in the other Member States, that difference must be considered as indicative of abuse of a dominant position. However, it also states that there is no minimum threshold (number of countries) above which a rate must be regarded as “*appreciably higher*”, and that the difference must be significant and it must persist for a certain length of time, without being temporary or episodic.

The judgment adds that the indication of abuse of a dominant position may be refuted if the collecting society justifies the difference by relying on objective dissimilarities between the situation of the various Member States; and that in order to justify such a difference, the collecting society's collection, administration and distribution expenses, where reasonable, may be taken into consideration, insofar as they affect the relationship between the level of the fee and the amount actually paid to the rightholders.

Lastly, the judgment addresses the amount of the fine imposed on the collecting society by the competition authorities, pointing out that such penalties must be effective, proportionate and dissuasive. The fact that the collecting society had previously been penalised for charging unfair prices may also be taken into account for those purposes.

■ II 3. REMARKS. The competition authorities have been focusing on the rates set by copyright collecting societies for years. User complaints regarding the excessive nature of the fees established by collecting societies are often based on the differences in rates in the various Member States. Assuming that collecting societies hold dominant positions in their respective countries, and that trade between the Member States may be affected by their pricing practices, the judgment under discussion recalls and proposes criteria for defining how the difference in rates charged in the Member States should be quantitatively and qualitatively measured. Although the Court rules on specific aspects, it ultimately delegates the task of defining the frame of reference or consistent basis for judging whether rates are excessive, in light of the circumstances, to the pertinent competition authorities.
Antonio CASTÁN

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

■ II 1. BACKGROUND. The main proceedings concern the most widely talked about file sharing platform in virtually the whole world to date, namely, the Dutch platform The Pirate Bay (TPB). That website

enables users to share files using a BitTorrent system, which is essentially characterised by the fact that files are divided into small segments to facilitate their online transmission. Users who wish to share a file using this system must download specific software (not offered by TPB), which enables torrent files to be created. Once the software has been downloaded, the user uploads the files to the TPB platform, where they are indexed so that other TPB users can find them and the works to which they refer can be downloaded onto users' computers in several segments with the assistance of the previously downloaded software.

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

The court upheld the collecting society's requests, which were then rejected on appeal. The case therefore went to the Hoge Raad der Nederlanden (Supreme Court of the Netherlands), which decided to stay the proceedings and ask the CJ whether or not TPB's activity constituted communication to the public within the meaning of Article 3.1 of [Directive 2001/29/EC](#).

■ **II 2. FINDINGS.** Just as it had done in the judgment rendered in *Filmspeler* ([judgment](#) of 26 April 2017, discussed below), the Court individually analyses the requirements which, in accordance with its own case-law, must be met in order to determine whether there has been an act of communication to the public.

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

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

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

11. The sale of a multimedia player with pre-installed add-ons which link to third-party websites where protected audiovisual works are made available to the public without the rightholders' consent constitutes communication to the public that is not covered by any exception. Judgment of the Court of Justice of 26 April 2017, *Filmspeler* ([C-527/15](#)).

■ **1. BACKGROUND.** Mr. Wullens sells a multimedia player, namely, the *Filmspeler*, on a number of Internet sites. The player in question acts as a medium between a source of visual and sound signals and a television screen. It contains pre-installed software into which Internet add-ons created by third parties, which link to websites containing protected works that are made available to the public without the rightholders' consent, are integrated. The product in question works in such a way that users may access those works simply by connecting the player to the television and selecting the content that they wish to view.

In this case, the plaintiff is Stichting Brein, a Dutch foundation for the protection of copyright holders. In the main proceedings, it argued that the marketing of the *Filmspeler* constituted communication to the public which had not been authorised by the proprietors of the works and other affected subject matter. Mr. Wullens contended that his conduct fell under one of the exceptions to copyright laid down in Dutch legislation, namely, the exception relating to acts of temporary reproduction referred to in Article 5.1 of [Directive 2001/29/EC](#).

In these circumstances, the Dutch court of first instance decided to make a reference for a preliminary ruling by the CJ on whether conduct consisting of selling the *Filmspeler* constitutes communication to the public within the meaning of Article 3.1 of Directive 2001/29/EC and, in

such a case, whether the temporary reproduction of the works carried out by the end user of the *Filmspelers* constitutes “lawful use” for the purposes of Article 5.1 of said Directive.

■ **2. FINDINGS.** Before classifying the conduct at issue, the CJ explains the requirements which must be satisfied in respect of communication to the public, to that end availing itself of the latest decisions issued on the subject.

The concept of communication to the public is comprised of two cumulative criteria, namely, an “act of communication” of a work and the communication of that work to a “public” (judgments of 31 May 2016; *Reha training*, [C-117/15](#) and 8 September 2016; *GS Media*, [C-160/15](#)). In order to determine whether an act of communication has taken place, the work or subject matter must be communicated using specific technical means, different from those previously used. In the event that the technical means of communication used is the same, an act of communication to the public may still have occurred if the target public (understood as being an indeterminate number of potential viewers) constitutes a “new public”, i.e., a public that was not already taken into account by the rightholders when they authorised the initial communication (judgments of 7 March 2013; *ITV Broadcasting*, [C-607/11](#) and 13 February 2014; *Svensson*, [C-466/12](#)).

The Court also identifies other criteria which must be taken into account when assessing the concept of communication to the public, such as the essential role played by the user (whose intervention provides customers with access to the works) and the profit-making nature of the act of communication (judgment of 4 October 2011; *Football Club Association Premier League*, [C-403/08](#) and the judgment rendered in *GS Media*, [C-160/15](#)).

On having established those premises, the CJ considers that the sale of a multimedia player such as the *Filmspelers* is, in itself, an act of communication to the public insofar as it enables the public to access protected content. In that regard, the defendant’s activity is not limited to merely providing the public with the physical facilities necessary in order to make the communication which, according to Recital 27 of the Directive, is not deemed an act of communication; instead, it establishes a direct link between the websites containing the counterfeit works and *Filmspelers* users, thus enabling those works to be accessed, which would otherwise be unlikely to occur.

As regards the public, although few people had acquired the device in question at the time when the legal proceedings were brought, the CJ highlights the importance of taking into account the cumulative effect of making the works available to users, considering not just how many persons have access to the works simultaneously, but also how many of them have access to them in succession (judgment of 15 March 2012; *Phonographic Performance*, [C-162/10](#)). In any event, those who acquire the *Filmspeler* must be considered as a new public.

Lastly, since there is clearly a view to making a profit in this case, it must be presumed that the add-ons have been installed in full knowledge of the protected nature of the linked works.

As regards whether the exception laid down in Article 5.1 of the Directive applies, the CJ considers that the reproduction carried out by users of the *Filmspeler* is not aimed at either enabling a transmission in a network between third parties or enabling a lawful use of a work, since it has not been authorised by the rightholders and it cannot be considered lawful under the applicable legislation.

■ II 3. REMARKS. This judgment joins the now extensive list of CJ rulings on the subject of communication to the public within the scope of Directive 2001/29/EC, many of which have been cited in this article. Once again, the CJ underscores the broad nature of the concept of communication to the public and the need to curb use of the Internet and technology to take advantage of the intellectual efforts of others.

Patricia MARISCAL

12. The communication of television and radio broadcasts by means of TV and radio sets in hotel rooms does not constitute communication carried out in a place accessible to the public against payment of an entrance fee. Judgment of the Court of Justice of 16 February 2017, *Hotel Edelweiss* ([C-641/15](#)).

■ II 1. BACKGROUND. This decision by the CJ was issued in the context of legal proceedings between Verwertungsgesellschaft Rundfunk, a copyright collecting society whose beneficiaries include a number of Austrian broadcasting organisations, and Hotel Edelweiss, a company which operates a hotel located in Grossarl (Austria).

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The collecting society brought an action against the hotel before the Viennese Commercial Court, requesting that it be ordered to pay the sums due for the public communication of broadcasts in places accessible to the public against payment of an entrance fee. To that end, it asked the court to order the hotel to provide information on the radio and television programmes broadcast in the rooms and on the number of rooms in the hotel.

The collecting society claimed that the price of a hotel room must be regarded as an entrance fee for the purposes of Austrian legislation and Article 8.3 of [Directive 2006/115/EC](#), insofar as the offer of a television directly affects the price of the room.

Meanwhile, the hotel contended that the wording "*payment of an entrance fee*", included in the aforementioned provision, refers to an entrance fee demanded specifically for that communication to the public and, therefore, the price of a hotel room, which includes many other services besides the offer of a television, cannot be considered as an "entrance fee".

In these circumstances, the Viennese Commercial Court decided to seek the CJ's guidance on the scope of the concept "*payment of an entrance fee*" in order to determine whether Article 8.3 of the Directive and corresponding domestic legislation applied to the defendant's activity.

■ ■ 2. FINDINGS. The Court begins by referring to the famous case *SGAE v Rafael Hoteles* (judgment of 7 December 2006; [C-306/05](#)), in which the CJ declared that the distribution of a television signal by a hotel to customers staying in its rooms constituted communication to the public within the meaning of Article 3.1 of [Directive 2001/29/EC](#), irrespective of the technique used to transmit the signal or the private nature of the rooms. It also refers to the subsequent decision issued in *Phonographic Performance Ireland* (case [C-162/10](#)), in which it was held that providing hotel guests with sound and/or image reproducing apparatus together with a number of CDs also constitutes communication to the public.

The CJ goes on to indicate that the concept of communication to the public is a uniform concept in EU law and has the same meaning regardless of who the rightholder is in each case.

Nevertheless, in the case at hand, the right of communication to the public held by broadcasters is set up in a rather peculiar and more

restrictive manner, insofar as under Article 8.3 of Directive 2006/115 the communication must be carried out in places accessible to the public against payment of an entrance fee.

In order to determine what is meant by “*payment of an entrance fee*”, the CJ considers that the provision of the Directive must be interpreted in light of the legislative texts from which it originates (the [Rome Convention](#) and the [Phonograms Convention](#) of the World Intellectual Property Organization). Despite the fact that it is not legally binding, the CJ relies on WIPO’s guide to interpreting both treaties, where it is established that the concept refers to a payment specifically requested in return for a communication to the public of a TV broadcast. Accordingly, paying for a meal or drinks in a restaurant, for instance, is not regarded as payment of an entrance fee within the meaning of that provision.

The CJ thus declares that the communication of TV and radio broadcasts by means of TV and radio sets installed in hotel rooms does not constitute communication to the public made in a place accessible to the public against payment of an entrance fee.

■ III 3. REMARKS. This matter is extremely interesting, not just because of the substantive issue under discussion –i.e., whether payment of the price of a hotel room is equivalent to payment of an entrance fee–, but particularly because of the scale of the economic repercussions that an opposite ruling would have triggered. Such a scenario would have opened the floodgates to claims against hotels by broadcasters throughout the European Union, and who knows whether other types of establishments of similar features would be affected as well. **Patricia MARISCAL**

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

■ III 1. BACKGROUND. The copyright collecting society authorised in Poland to manage rights relating to audiovisual works brought proceedings against OTK in connection with the broadcasting of television programmes via cable network in a Polish city. The plaintiff claimed compensation of twice the fee due for use of copyright.

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

■ II 2. FINDINGS. The CJ begins by pointing out that Directive 2004/48 seeks to ensure the effective application of intellectual property legislation, according to which the measures, procedures and remedies provided for by the Member States must be effective, proportionate and dissuasive. The judgment goes on to indicate, by way of an introduction, that Directive 2004/48 lays down a minimum standard concerning respect for intellectual property rights and does not prevent the Member States from establishing more protective measures.

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

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

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

■ II 3. REMARKS. For some time now, the debate on the punitive or redressing function of compensation for damages in intellectual property matters has been intensifying. Up until now, the arguments in favour of punitive damages have clashed with the explicit statement to the contrary set forth in Directive 2004/48. Nevertheless, this judgment

by the Court of Justice clearly paves the way for a decisive turning point in the European system. The scope of the judgment, given that it is based on a cross-cutting Directive on broadening the enforcement of intellectual property rights, affects not just copyright but also trademarks, patents and designs. Although the judgment does not rule out the possibility of punitive damages, it also offers a remedy or obstacle against disproportionate damages claims, namely, abuse of rights as a limitation on compensation. **Antonio CASTÁN**

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14. The EFTA Court confirms that an SPC may be granted with a negative duration. Judgment of the EFTA Court of 21 December 2017, Merck ([E-5/17](#)).

■ ■ 1. **BACKGROUND.** This judgment was issued in response to a request for an advisory opinion made by the Icelandic Supreme Court to the Court of Justice of the European Free Trade Association States (the “EFTA Court”) in relation to the interpretation of [Council Regulation No. 1768/92](#) concerning the creation of a supplementary protection certificate for medicinal products (“Regulation on SPCs for medicinal products”). In that regard, it should be noted that this Regulation is included in the European Economic Area (“EEA”) [Agreement](#) and thus applies not just in EU Member States but also in European Free Trade Association States which are EEA members (i.e., Iceland, Liechtenstein and Norway). As regards those countries, it is the EFTA Court, not the CJ, which has jurisdiction to ensure the uniform interpretation and application of the aforementioned Regulation.

The legal proceedings filed in Iceland, which gave rise to the aforementioned request for an advisory opinion, can be summarised as follows:

The pharmaceutical company Merck Sharp & Dohme Corp (“Merck”) applied for registration of a patent on 5 July 2001. On 21 March 2007, Merck obtained marketing authorisation for the medicinal product JANUVIA covered by that patent, and on 19 September 2007 it applied to the Icelandic Patent Office for a supplementary protection certificate for the aforementioned product.

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The Office refused that application because, on applying the rules for calculating the duration of SPCs set forth in the Regulation on SPCs for medicinal products, the duration turned out to be negative. Indeed, Article 13.1 of that Regulation states that an SPC shall take effect “*for a period equal to the period which elapsed between the date on which the application for a basic patent was lodged and the date of the first authorization to place the product on the market in the Community reduced by a period of five years*”, and in this case the result of that calculation was that Merck’s SPC would have a negative duration of 106 days.

Merck argued that the reason why it had applied for an SPC, despite the fact that application of the rule resulted in a negative duration, was because it intended to request the six-month paediatric extension provided for in the Regulation on SPCs for medicinal products in accordance with Council [Regulation No. 1901/2006](#) on medicinal products for paediatric use (“Regulation on medicinal products for paediatric use”).

The same problem had occurred in Germany, and the matter was ultimately resolved by the CJ in the judgment rendered in case [C-125/10, Merck Sharp & Dohme](#). In that judgment, the CJ clarified that Article 13.1 of the Regulation on SPCs for medicinal products does not preclude medicinal products from being the object of the grant of an SPC even when the duration is negative.

The problem in the Icelandic case was that, at the time when Merck filed the SPC application, the Regulation on medicinal products for paediatric use had yet to be incorporated into the EEA Agreement, and since the 6-month extension of the duration of SPCs for medicinal products of that kind was not in force, there was no “reason” to grant an SPC which, based on the rules for calculating duration laid down in the SPC Regulation in force, had a negative duration.

In those circumstances, the Icelandic Supreme Court asked the EFTA Court to clarify whether, despite the fact that the Regulation on medicinal products for paediatric use was not in force, it could be held that the Regulation on SPCs for medicinal products enabled an SPC to be granted with a negative duration.

■ **2. FINDINGS.** The EFTA Court confirmed that the Regulation on SPCs for medicinal products allows an SPC to have a negative duration, irrespective of the Regulation on medicinal products for paediatric use. The judgment was based on the following reasoning:

- The SPC Regulation on medicinal products contains no provisions which regulate the negative duration of an SPC, and neither the wording of the Article establishing the duration of SPCs (Article 13) nor any other provisions of the Regulation suggest that an SPC cannot have a negative duration.
- Moreover, Article 3 of the Regulation, which lays down the conditions for obtaining an SPC, does not require the duration of the SPC to be positive. There is no such requirement in Articles 7 to 9 of the Regulation concerning procedural conditions either.
- Meanwhile, Article 10 of the Regulation provides that where the conditions laid down therein are met, the competent authority shall grant the SPC, unless one of the conditions for refusal of the application identified in that provision is fulfilled (and those conditions do not include negative duration).

The EFTA Court points out that its conclusion is consistent with the objective of the Regulation on SPCs for medicinal products, whereby the duration of the SPC should be such as to provide the holder with effective protection. It adds that an SPC with a negative duration does not exceed either of the two limitations relating to duration laid down in the Regulation, namely: that the holder of the patent and SPC should enjoy a maximum of fifteen years of exclusive protection from the time of the first marketing authorisation; and that the SPC should have a duration not exceeding five years.

■ **3. REMARKS.** The EFTA Court therefore echoes the CJ's interpretation of the Regulation on SPCs for medicinal products in case C-125/10, Merck Sharp & Dohme, thus confirming that SPCs can also be granted with a negative duration in EFTA states which are members of the EEA, despite the fact that the Regulation on medicinal products for paediatric use was not in force at the time when the SPC application was filed. The EFTA Court's position comes as no surprise, and it is in keeping with the EEA Agreement's objective of creating a homogenous

area in which economic relations between the Contracting Parties (Iceland, Liechtenstein, Norway and the EU States) are established under the same conditions and in accordance with the same rules. This principle could be jeopardised if the EFTA Court were to diverge from a previous CJ ruling on the interpretation of a Regulation. **María CADARSO**

15. The CJ confirms that SPC holders can demand the rectification of the duration of their certificates in line with the findings of the Seattle Genetics judgment C-471/14, even where the SPCs had been granted prior to that judgment and the grant decision is final. Judgment of the Court of Justice of 20 December 2017, Incyte (C-492/16).

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

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

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

The SPC holders whose applications had been rejected lodged appeals with the courts in their respective countries. The appellants essentially relied on a provision of [Regulation No. 1610/96](#) on SPCs for plant protection products, namely, Article 17.2 (applicable to Article 18 of the Regulation on SPCs for medicinal products by virtue of Recital 17 of Regulation No. 1610/96). That provision entitles SPC holders to directly bring an appeal –which is not subject to any time limits whatsoever– aimed at rectifying the duration of an SPC where the “date of the first MA” contained in the application for a certificate is “incorrect”. On those grounds, the appellants held that the case in question fell under that provision, since if the rectification request was rejected due to the fact that the “date of the first MA” was considered to be the grant date, not the notification date, such grounds contravened the CJ's findings in the *Seattle Genetics* judgment, according to which, and pursuant to the aforementioned Article 17.2, the “date of the first MA” must be deemed “incorrect”.

This is what was disputed in the main proceedings which gave rise to the Hungarian court's reference for the preliminary ruling under discussion here. Those proceedings involved a pharmaceutical company –Incyte–, which was the holder of an SPC (which had been granted by final decision), and the Hungarian Patent Office, which had refused the former's request for rectification of the duration of its certificate under

the aforementioned Article 17.2 of the Regulation on SPCs for plant protection products (Article 18 of the Regulation on SPCs for medicinal products). Given that the case raised somewhat complex legal issues, for instance, the retroactive effect of CJ judgments in preliminary ruling proceedings, the Hungarian court made the aforementioned reference for a preliminary ruling in order to be certain as to how Article 17.2 should be interpreted in relation to the CJ's findings in *Seattle Genetics*.

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

■ II 2. FINDINGS. In its judgment, the CJ confirms that Article 17.2 of the Regulation on SPCs for plant protection products –Article 18 of the Regulation on SPCs for medicinal products– enables the holders of SPCs that have already been granted by final decision to request the rectification of the duration of their SPC where the "date of the first MA" contained in the application is incorrect due to the fact that it was established in a manner that is not in keeping with the CJ's findings in the *Seattle Genetics* judgment. The reasoning that led the CJ to arrive at that conclusion can be summarised as follows:

- The CJ began by pointing out that the interpretation of the concept "date of the first MA" offered by the *Seattle Genetics* judgment has *ex tunc* effects insofar as it was delivered within the context of preliminary ruling proceedings and it must be understood to clarify the meaning of that concept as it ought to have been understood from the date on which the provision containing it, i.e., the provision regulating the duration of SPCs, entered into force.
- In view of the above, the CJ confirmed that, in a situation such as that arising in the *Incyte* case, where the "date of the first MA" contained in the SPC application was the date on which MA was granted, not

the date on which notification of the decision granting MA was given to the addressee (as indicated in *Seattle Genetics*), that first MA date is incorrect and, consequently, under Article 18 of the Regulation on SPCs for medicinal products (interpreted in light of Article 17.2 of the Regulation on SPCs for plant protection products), the holder of the SPC is entitled to bring an appeal for rectification of the duration of the SPC directly with the authority that granted the certificate, at any time, provided that that certificate has not expired.

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

■ II 3. REMARKS. This new finding by the CJ is very good news for companies who hold SPCs granted prior to the *Seattle Genetics* judgment, the duration of which had been calculated in contravention of the interpretation established in that judgment. In light of the clarification provided by the CJ in the judgment under discussion, those holders will now be able to demand the rectification of the duration of their SPCs even where the decisions granting them predate the *Seattle Genetics* judgment and constitute final administrative acts. The only limitation that the CJ places on requests for rectification is that the SPC must not have expired.

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

16. Allowability of undisclosed disclaimers at the EPO. Decision of the EPO Enlarged Board of Appeal of 18 December 2017 ([G 0001/16](#)).

■ **1. BACKGROUND.** Decision G1/16 is concerned with the applicability to undisclosed disclaimers of the general standard which is used to determine whether a claim amendment meets the requirements of [Article 123\(2\)](#) EPC. The problem of allowability of undisclosed disclaimers was already dealt with in decisions [G1/03](#) and [G2/03](#). In the present case, the issue in dispute is whether the general gold standard of decision [G2/10](#), which dealt with disclosed disclaimers, should also apply to undisclosed disclaimers, and how. More specifically, in the present decision, the Enlarged Board was asked to clarify whether the gold standard applies to undisclosed disclaimers at all and, if so, whether it applies alone or in combination with the specific criteria developed in G 1/03, and, finally, whether, if combined with said criteria, it needs to be applied in a modified form.

A disclaimer in a patent claim consists of words, terms, formulae, compounds or other elements which identify subject-matter specifically not claimed. As used in G1/03, a disclaimer is a «negative» technical feature, typically excluding from a generally defined subject-matter specific embodiments or areas.

The term “*undisclosed disclaimer*” refers to the situation in which neither the disclaimer itself nor the subject-matter excluded by it have been disclosed in the application as filed.

As a general definition of the requirements of Article 123(2) EPC for assessing any amendment for compliance with that Article, the gold standard was established by the Enlarged Board in opinion [G 3/89](#) and decision [G 11/91](#). This test has become the standard approach which is applied in the assessment of aspects of added subject-matter ([Article 123\(2\)](#) EPC), of novelty ([Article 54](#) EPC), and of the validity of a claimed priority ([Article 87](#) EPC). This means that any amendment to the application should be made within the limits of what a person skilled in the art would derive directly and unambiguously, using common general knowledge and seen objectively and relative to the filing date, from the whole of the documents of the application as filed.

■ **2. FINDINGS.** The Enlarged Board of Appeal concluded that for the purpose of considering whether a claim amended by the introduction of an undisclosed disclaimer is allowable under Article 123(2) EPC, the disclaimer must fulfil one of the criteria set out in point 2.1 of the order of decision G 1/03.

The introduction of such a disclaimer may not provide a technical contribution to the subject-matter disclosed in the application as filed. In particular, it may not be or become relevant for the assessment of inventive step or for the question of sufficiency of disclosure. The disclaimer may not remove more than necessary either to restore novelty or to disclaim subject-matter excluded from patentability for non-technical reasons.

Before taking this decision, the Enlarged Board of Appeal formulated different scenarios that were discussed with the parties in written submissions and oral proceedings.

■ **3. REMARKS.** The Enlarged Board of Appeal has confirmed that the gold standard in decision G2/10 is not the relevant test for examining whether a claim amendment by the introduction of an undisclosed disclaimer complies with the requirements of Article 123(2) EPC, but rather the test in G1/03 should be used. However, for disclosed disclaimers, the proper test is the gold standard disclosure test of G2/10.

Decision G1/16 also points out that an important aspect is whether the applicant's or patent holder's position with regard to other requirements for patentability is improved. In this regard, the decision also explains that the evaluation of inventive step has to be carried out disregarding the undisclosed disclaimer, as proposed in [T 710/92](#). Thus, any unallowable modification of the original technical teaching in the assessment of inventive step is avoided.

It is the hope of the Enlarged Board of Appeal that these answers will serve as guidance for a uniform approach to assessing the allowability of a claim amendment by the introduction of an undisclosed disclaimer in other cases before the Boards of Appeal or before the Examining and Opposition Divisions of the EPO. **Patricia SALAMA**

17. Interpretation of the possibility of rectifying irregularities linked to an SPC application. Judgment of the Court of Justice of 7 December 2017, Merck Sharp & Dohme (C-567/16).

■ ■ 1. **BACKGROUND.** The judgment stems from a reference for a preliminary ruling made by the High Court of Justice of England and Wales in proceedings between the US company MSD (belonging to Merck & Co. Inc.) and the United Kingdom Intellectual Property Office (UKIPO). The events which gave rise to the dispute can be summarised as follows:

- In September 2014, MSD filed an SPC application with the UKIPO for the two active ingredients found in a medicinal product – Atozet – intended to reduce cholesterol levels. The SPC application was filed along with a copy of the end of the decentralised procedure notice provided for in Article 28.4 of [Directive 2001/83/EC](#) on the Community code relating to medicinal products for human use, which had been issued by the German Medicinal Products Agency. The SPC application contained a request for permission from the UKIPO to supplement said application once the UK marketing authorisation (MA) for the product subject to the SPC was granted.
- The UKIPO’s examiner raised objection to the aforementioned SPC application on the grounds that it did not meet the requirement laid down in Article 3.b) of the SPC Regulation, given that MSD had not demonstrated that it held a valid MA in the United Kingdom.
- In November 2014, MSD sent a letter to the UKIPO, attaching a copy of the MA issued by the UK Medicines and Healthcare Products Regulatory Agency in October 2014. The UKIPO nevertheless denied that request to rectify irregularities on the grounds that it concerned an irregularity that could not be cured.
- MSD lodged an appeal against the UKIPO’s decision before the English courts, which decided to stay the proceedings and refer two questions to the CJ for a preliminary ruling on the interpretation of Articles 3.b) and 10.3 of the SPC Regulation, specifically:
 - Whether an end of procedure notice issued by the reference Member State under Article 28.4 of Directive 2001/83 before expiry

of the basic patent is equivalent to an MA to the extent that an SPC may be obtained on the basis of such a notice; and

- If the answer to the previous question is no, whether failure to file the MA together with the SPC application constitutes an irregularity that can be cured under Article 10.3 of the SPC Regulation.

■ II 2. **FINDINGS.** The CJ replied to the first question in the negative, indicating that a valid MA must be in the form of a document which meets the requirements laid down in Directive 2001/83 under the decentralised procedure. In that regard, the CJ pointed out that the end of procedure notice under Article 28.4 of that Directive would represent an intermediate stage in the decentralised procedure and would not have the same legal effects as a valid MA.

Secondly, the CJ examined the question referring to the interpretation of Article 10.3 of the SPC Regulation. In this regard, the Court held that the absence of a marketing authorisation did not constitute an irregularity that the applicant could remedy under that provision. It highlighted that this irregularity was linked *to the product*, as a medicinal product, that is subject to the SPC, *not an irregularity in connection with the SPC application* which, according to the provision, must be the case in order for rectification to be possible. The wording of that Article is clear on this point.

■ II 3. **REMARKS.** The CJ's interpretation of Articles 3.b) and 10.3 of the SPC Regulation is flawless and leaves no room for uncertainty or objections. **Enrique ARMIJO-CHÁVARRI**

18. Application of Article 70.7 TRIPS to a European product patent validated in Spain as a process patent. Judgment of the Spanish Supreme Court of 20 October 2017, ([ECLI:ES:TS:2017:3723](#))..

■ II 1. **BACKGROUND.** Lundbeck A/S and others brought proceedings for infringement of a Supplementary Protection Certificate for a certain European patent against a number of pharmaceutical companies due to the launch of generic drugs relating to "*Escitalopram*".

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The European patent on which the action was based had been filed on 1 June 1989, and notice of its grant was published on 15 March 1995. This patent had been validated in Spain through the filing of a set of claims that only included the method for preparing the active ingredient, not the actual formulation of that ingredient. Later, on 24 August 2006, Lundbeck filed an amended translation of the European patent –including the product claims that had been omitted from the original translation– with the Spanish Patent and Trademark Office (SPTO). That new translation was rejected by the SPTO, and Chamber III of the Contentious-Administrative Division of the Spanish Supreme Court held that Lundbeck was entitled to file the amended translation and ordered its publication.

The debate at first instance and on appeal concerned the scope of the reservations entered by Spain in respect of the [Convention on the Grant of European Patents](#) and the possibility of protecting product patents. The evolution of Spanish case-law in that regard –which clearly favoured the retroactive application of [TRIPS](#)– was affected by the Court of Justice’s judgment of 18 July 2013, which denied that possibility ([C-414/11](#)). However, the plaintiffs held that this CJ case-law applied solely to patents that had been filed and granted prior to the entry into force of the TRIPS Agreement (Article 70.2), not to those which had been filed prior to, but granted after, the entry into force of TRIPS (Article 70.7). The Supreme Court dismissed the appeals and confirmed the interpretation that was contrary to the plaintiffs’ contentions.

■ II 2. FINDINGS. The Supreme Court begins by refusing to make a reference to the CJ for a preliminary ruling. One week before the judgment was due to be deliberated upon, the plaintiffs asked the Supreme Court to make a reference for a preliminary ruling in order to determine whether the CJ case-law contained in the judgment of 18 July 2013 applied to patents that were covered by Article 70.7 TRIPS and not by Article 70.2.

The Supreme Court nevertheless pointed out that a reference for a preliminary ruling would only be relevant in the event that there were doubts regarding the application of CJ case-law only to the cases covered by Article 70.2 TRIPS, not to those covered by Article 70.7. When the Court finds itself up against a “clarified act” in respect of which the

interpretation of EU law is so evident that it leaves no room for doubt, a preliminary ruling is not required. In the Supreme Court's view, this appeared to be the case here.

The judgment effectively indicates that in 2015 the Supreme Court was forced to change its case-law in relation to the scenarios identified in Article 70.2 TRIPS as a result of CJ case-law established in the judgment of 18 July 2013. The Court of Justice stated that the entry into force of the TRIPS Agreement did not enable a patent that had been granted and validated with a set of process claims to be extended to the invention of the pharmaceutical product. That case-law is not changed by the fact that the grant of the European patent post-dates the entry into force of TRIPS.

In the Court's view, Article 70.7 TRIPS entitled the applicant of the European patent to change the set of process claims provided for the validation of the patent in Spain and to replace them with product claims. However, if the patent applicant did not make use of that amendment option, and the patent was subsequently validated in Spain by means of a set of process claims, the CJ case-law established in the judgment of 18 July 2013 is applicable.

In other words, the judgment observes that in order to evade the reservation and thus have the product claims validated in Spain, the application must be amended at the appropriate time (before the grant), not after the patent has been granted and validated by means of the process claims

■ ■ ■ **3. REMARKS.** The battle between the innovative and generic drugs industries in Spain in respect of the application of TRIPS to process patents that have been reconverted into product patents now seems to be in its final throes. The CJ's judgment of 18 July 2013 turned the tables and brought about a change in case-law that has obviously taken its toll on patent holders. Paradoxically, the side effects of the CJ's judgment have inevitably been felt just where the position of patent holders appeared to have the most support (Article 70.7 TRIPS). Inertia and consistency with this change in case-law may have tipped the balance against the innovative industry's reasoning. **Antonio CASTÁN**

19. Limitation of a European patent in the context of legal proceedings and influence of foreign judgments. Judgment of Barcelona Court of Appeal of 22 May 2017, ([ECLI:ES:APB:2017:3989](#)).

■ ■ 1. **BACKGROUND.** TEVA and RATIOPHARM, companies which manufacture and market generic drugs, filed invalidity proceedings on grounds of lack of novelty and inventive step against a European patent for the drug valganciclovir, held by Roche. In its defence statement, ROCHE indicated that various amendments would be made to the patent. Those amendments were made official by means of a subsequent submission filed under [Article 138.3](#) of the European Patent Convention. The limitation proposed by ROCHE, which encountered no opposition by the plaintiffs, was accepted by the court at the preliminary hearing. Despite the amendment of the patent, the plaintiffs held that the amended patent continued to be null and void due to lack of inventive step. The first instance judgment fully upheld the complaint and declared the contested claims in the limited version of the patent invalid. The appeal lodged against the first instance judgment was dismissed by the Court of Appeal.

■ ■ 2. **FINDINGS.** Although the bulk of the judgment relates to technical and legal issues inherent to the assessment of inventive step, it also contains some procedural findings of general interest.

First of all, the court analysed whether an expert report which had been submitted by ROCHE in the course of the appeal proceedings, and which had been prepared by the expert appointed by the court in proceedings in Italy, was admissible. The Court ultimately deemed it admissible in its judgment, despite uncertainty arising from the fact that the respondent was unable to file an opposing opinion. It nevertheless deprived the report of all value. The Court held that since the report had been prepared within the context of legal proceedings abroad, it had the same nature as any other document but did not possess the same value as an expert report.

Secondly, the Court warned that the possibility of amending a patent's claims was set up as a defence mechanism for the defendant in invalidity proceedings. By limiting the scope of protection of the claims, the patent holder may overcome the grounds for invalidity relied on.

For that reason, however, amendment of the claims entails an implicit acknowledgement that the original patent did not satisfy the patentability requirements. In the case at hand, the judgment pointed out that, by amending the claims, the defendant overcame the patent's lack of novelty, a requirement that was also at issue in the legal proceedings. However, it indicated that once the object of the proceedings had been changed following ROCHE's decision to amend its claims, it was necessary to examine whether or not the limited patent satisfied the inventive step requirement. The judgment confirmed the lower court's reasoning on lack of inventive step. It seems that the Court's decision may have been influenced by the fact that the expert reports submitted by ROCHE analysed novelty and inventive step from the perspective of the patent's original claims rather than the claims which had been amended by reason of the limitation.

Lastly, the Court cited a judgment from the Federal Patent Court, revoking the German portion of the European patent in question, in support of the invalidity declaration. In the Court of Appeal's view, although foreign judgments are not binding, and the German Court took account of documents other than those analysed in the Spanish proceedings, the evidential value of this foreign precedent is undisputed, "*given that said court analysed the validity of the same patent in light of the same grounds, and the same prior art was invoked*". This German judgment also made express reference to the limited version of the patent.

■ ■ ■ **3. REMARKS.** The limitation of a patent in the context of legal proceedings is a recent procedural defence mechanism, the use of which is becoming more widespread in practice. The new Patent Act ([Law 24/2015](#), of 24 July) had yet to come into force in Spain when the first instance proceedings were underway, and it was that Act which filled the legal void in this country by regulating the limitation procedure. It remains to be seen whether limitation is a remedy which enables invalidity proceedings to be overcome, or whether it is actually a pitfall, since it implies an admission by the defendant that its patent, as originally worded, is invalid. The change in object entailed by the limitation calls for the evidential aspect to be taken care of. In that regard, the limited patent will require its own supporting expert evidence in order to overcome the assessment of invalidity if the proceedings continue. **Antonio CASTÁN**

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Notes

Designs



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

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

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

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

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

■ ■ **2. FINDINGS.** By the second question referred in the Audi case and the first in the Porsche case, the referring courts essentially asked whether Article 110.1 of Regulation No. 6/2002 must be interpreted as

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meaning that the 'repair' clause makes the exclusion of protection as a Community design for a design which constitutes a component part of a complex product which is used for the purpose of the repair of that complex product so as to restore its original appearance subject to the condition that the protected design is dependent upon the appearance of the complex product.

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

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

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

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

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

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

The CJ also stresses that the repair must be carried out in order to restore the 'original' appearance of the complex product, thus concluding that the 'repair' clause will only apply to component parts of a complex product that are visually identical to original parts.

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

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

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

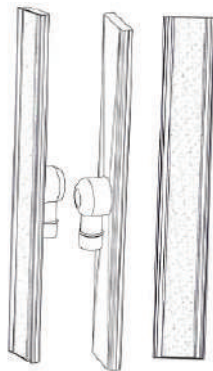
- Inform the user, through a clear and visible indication on the product, on its packaging, in the catalogues or in the sales documents: (i) that the component part concerned incorporates a design of which they are not the holder; and (ii) that the part is intended exclusively to be used for the purpose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

■ **3. REMARKS.** The CJ reminds us that the purpose of the ‘repair’ clause is to liberalise the replacement parts market, hence the interpretation of Article 110.1 of Regulation No. 6/2002 offered by the judgment under analysis here.

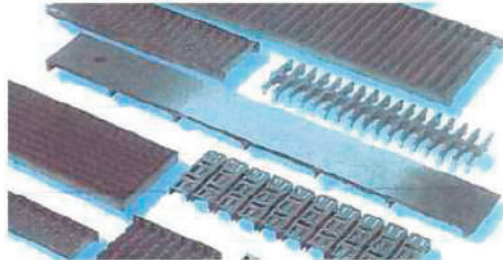
Provided that manufacturers and sellers comply with the duty of diligence referred to by the CJ, the manufacturing and sale of replacement parts which imitate protected designs are covered by the ‘repair’ clause provided in Article 110.1 of Regulation No. 6/2002. **Ana SANZ**

21. Burden of proof and taking of evidence in invalidity proceedings against Community designs. Judgment of the Court of Justice of 21 September 2017, Easy Sanitary Solutions (C-361/15 P and C-405/15 P)

■ **1. BACKGROUND.** On 28 November 2003, Easy Sanitary Solutions BV (hereinafter, “ESS”) filed Community design application no. 000107834-0025 at EUIPO covering a shower drain, represented as follows:



On 3 September 2009, I-Drain (predecessor of Group Nivelles NV) filed an application for a declaration of invalidity against the above design, citing lack of novelty and individual character, in particular, as grounds for invalidity, and submitting as evidence extracts from two catalogues from the company Blücher, which included the following illustration:



EUIPO's Invalidation Division declared ESS's design invalid in its decision of 23 September 2010, finding that the design in fact represented a plate, a collector and a drain siphon and that its only visible feature was the top of the plate. According to the Invalidation Division, said plate was identical to the one in the centre of the illustration from the Blücher catalogues, and therefore the design lacked novelty.

That decision was appealed by ESS on 15 October 2010. The ruling on that appeal by the EUIPO's Board of Appeal annulled the Invalidation Division's decision, holding that the contested design was new insofar as it was not identical to the design featuring in the centre of the illustration from the Blücher catalogues, given that it contained differences that were not immaterial.

On 7 January 2013, Group Nivelles lodged an action at the GC for annulment of the earlier decision. In a judgment handed down on 13 May 2015 ([T-15/13](#)), the action was accepted and the decision from EUIPO's Board of Appeal was annulled.

ESS appealed the GC's judgment at the CJ on 11 July 2015 (C-361/15 P), as did EUIPO on 24 July 2015 (C-405/15 P).

■ II 2. FINDINGS. EUIPO argued that the GC infringed the principles governing the burden of proof and the taking of evidence in proceedings for a declaration of invalidity of a Community design, by requiring EUIPO to reconstruct the earlier design based on extracts from catalogues submitted with the application for a declaration of invalidity.

EUIPO also maintained that the GC infringed the rules governing the assessment of the novelty of Community designs, by requiring EUIPO to

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combine the different elements of the designs disclosed separately in the different catalogue extracts submitted with the application for a declaration of invalidity, to obtain the complete appearance of the earlier design.

The CJ found that the GC committed an error in law when requiring EUIPO, for the purpose of assessing the novelty of the contested design, to reconstruct the earlier design on the basis of the extracts from the Bücher catalogues submitted with the application for a declaration of invalidity.

The CJ also held that Group Nivelles had not submitted with the application for a declaration of invalidity a complete reproduction of the cited earlier design, which would have been necessary in order to assess the novelty of the contested design.

Notwithstanding the above, the CJ did not annul the contested judgment from the GC, as it held that the judgment was well founded on other legal grounds.

In its appeal, ESS argued that the GC infringed [Regulation No. 6/2002](#) by finding that an earlier design incorporated into a product different from that covered by a later design was, in principle, relevant for the purpose of assessing the novelty of that later design.

The CJ upheld the GC's finding that the nature of the product in which the earlier design is incorporated or to which it is applied is irrelevant for the purpose of assessing the novelty of the contested design, that is, that the novelty of a design is not dependent on the products in which it can be incorporated or to which it can be applied.

■ ■ ■ 3. REMARKS. Notwithstanding the fact that the CJ's judgment dismisses both appeals, it is very interesting because it corrects certain errors in the GC's contested judgment, providing clarification on concepts relating to Community designs.

Specifically, the judgment makes clear on which party the burden of proof falls in Community design invalidity proceedings, by concluding that EUIPO should not have to cover for the applicant for a declaration of invalidity failing to submit evidence or have to investigate which of

the earlier designs appearing in the submitted documentation might be relevant.

Therefore, it follows from the judgment that it is necessary for the applicant for a declaration of invalidity to clearly and specifically identify and provide a complete reproduction of the earlier designs on which the claim is based. **Pedro SATURIO**

22. Relationship between Regulation (EC) No. 44/2001 and Regulation (EC) No. 6/2002 on Community Designs. Judgment of the Court of Justice of 13 July 2017, BMW (C-433/16).

■ **1. BACKGROUND.** The Italian company Acacia, Srl (“Acacia”) manufactures and markets replicas of alloy rims for automobile wheels under the trademark WSP Italy. In January 2013, it brought an action before the District Court of Naples seeking a declaration of non-infringement of the Community designs registered in the name of Bayerische Motoren Werke AG (“BMW”) for some of the models of alloy rims for BMW automobiles. Acacia also sought a declaration of abuse of a dominant market position and unfair competition, as well as an injunction to prevent BMW from being able to hinder its marketing of the alloy rim replicas in question.

The case went to the Italian Court of Cassation, which decided to stay the proceedings and refer a number of questions relating to the joint interpretation of Council [Regulation No. 44/2001](#) (Brussels I Regulation) and Council [Regulation No. 6/2002](#) on Community Designs to the CJ for a preliminary ruling.

■ **2. FINDINGS.** In its first question, the referring court asked the CJ whether Article 24 of Council Regulation No. 44/2001 –concerning the prorogation of jurisdiction– must be interpreted as meaning that an objection based on the lack of jurisdiction of the court seised, raised in the defendant’s initial pleadings –but in the alternative to other objections of procedure raised in those same pleadings– may be considered to be acceptance of the jurisdiction of the court seised. In this case, not only had BMW contested the District Court of Naples’

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jurisdiction in its first defence, but also the regularity of the notification of the application and of the mandate of Acacia's counsel.

The CJ responded to this question in the affirmative, referring to the second sentence of Article 24 of [Regulation \(EC\) No. 44/2001](#), which provides that there is no tacit prorogation of the jurisdiction of the court seised where the defendant raises objection to its jurisdiction and thus expresses its unequivocal intention not to accept the jurisdiction of that court.

By its second and third questions, the referring court asked the CJ whether Article 82 of Regulation No. 6/2002 –concerning the international jurisdiction of the Community design courts– should be interpreted as meaning that the actions for declaration of non-infringement referred to in Article 81.b) of that Regulation may only be brought before the Community design courts of the Member State where the defendant is domiciled (thus excluding the provisions of Regulation No. 44/2001).

The CJ answered this question in the affirmative, indicating that Article 79.3 of Regulation No. 6/2002 expressly excludes the application of Articles 2, 4, 5 (points 1, 3, 4 and 5), 16 (paragraph 4) and 24 of the Brussels Convention, except where there has been a prorogation of jurisdiction within the meaning of Article 23 or Article 24 of Regulation No. 44/2001. In that regard, the Court points out that said exclusion would not affect Articles 17 and 18 of the Brussels Regulation (replaced by Articles 23 and 24 of Regulation No. 44/2001). Nevertheless, that is irrelevant here since there has been no prorogation of jurisdiction.

By its fourth question, the referring court asked the CJ whether the rule on jurisdiction laid down in Article 5.3 of Regulation No. 44/2001 could apply to actions for declaration of non-infringement under Article 81.b) of Regulation No. 6/2002.

The CJ's answer was that it could not. The Court pointed out that Article 5.3 of the Brussels Convention does not apply to proceedings stemming from the invalidity and infringement actions referred to in Article 81 of Regulation No. 6/2002 under the provisions of Article 79.3.a) of the latter Regulation. This answer is consistent with the Court's replies to the second and third questions referred to above.

Lastly, by its fifth and sixth questions, the Italian Court of Cassation asked the CJ whether actions for a declaration of abuse of a dominant position and of unfair competition that are connected to actions for declaration of non-infringement of a Community design could fall within the scope of the rule of jurisdiction set out in Article 5.3 of Regulation No. 44/2001 in matters relating to *tort or delict*.

Here too, the CJ replied in the negative on the grounds that the determination of the court with jurisdiction must be based, for the entirety of the proceedings, on the jurisdiction regime established by Regulation No. 6/2002, and granting such applications would inevitably presuppose the prior acceptance of the action for a declaration of non-infringement.

■ **3. REMARKS.** In this judgment, the CJ reminds us that the international jurisdiction of the Community design courts to hear actions concerning the infringement and invalidity of such rights derives from the rules established in Regulation No. 6/2002, which have the character of *lex specialis* in relation to the rules of jurisdiction laid down in Regulation No. 44/2001 and must, therefore, enjoy preferential applicability.

The CJ had also followed this same principle in matters regarding European Union trademarks in its previous judgments of 5 June 2014, *Coty Germany*, [C-360/12](#), and 18 May 2017, *Hummel Holding*, [C-617/15](#). The application of that principle to matters of this kind should serve to prevent attempts to circumvent the specific jurisdiction rules laid down in the Regulation on the European Union Trade Mark and in the Regulation on Community Designs by invoking the general provisions of Regulation No. 44/2001 (Brussels I). **Carlos MORÁN**

23. New criteria for interpreting the presumed validity of unregistered designs. Judgment of Alicante Court of Appeal of 5 May 2017 ([ECLI:ES:APA:2017:1572](#)).

■ **1. BACKGROUND.** In 2015, Fraga Import Export, S.L. filed a complaint against Grafoplast del Noroeste, S.A., in which it made claims based on an unregistered design for a pencil case –under [Regulation \(EC\) No. 6/2002](#) on Community designs– and claims based on the [Spanish Unfair Competition Act](#).

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The complaint was nevertheless dismissed at first instance by the Community Design Court in Alicante which, in respect of the unregistered design claims, ruled that the plaintiff had not furnished sufficient evidence that it was the designer and thus held no rights whatsoever in the design. As regards the unfair competition action, it held that none of the unfair competition scenarios claimed had arisen.

The plaintiff lodged an appeal against that decision. In respect of the unregistered design-based action, it claimed that it had sufficiently demonstrated that the unregistered design had been created by designers who formed part of the company's workforce, and so it did hold rights in that design.

■ II 2. FINDINGS. The judgment handed down by the Community Design Court begins by siding with the plaintiff insofar as the lower court had erred in its assessment of the evidence, given that, in its view, it had effectively been demonstrated that the unregistered design in question had been created by the plaintiff's employees. This meant that the plaintiff was entitled to bring action based on the Community Design Regulation (CDR), and that it was thus appropriate to analyse whether or not the unregistered Community design had been infringed.

On this point, the Community Design Court first of all addresses the main issue of the protection that the CDR confers on unregistered designs, in particular, how the Court had been interpreting Article 85.2 of said Regulation concerning the need for unregistered design holders to demonstrate that the design effectively meets the requirements for protection –among which are novelty and individual character of the design– in order for the so-called presumption of validity of unregistered designs to come into play.

The Court nevertheless considers that said interpretation must be revised in light of the relevant CJ judgment of 19 June 2014 ([C-345/13](#)),

which warned that such an interpretation was not consistent with the objective of simplicity and expeditiousness which underpins the idea of protection of unregistered Community designs, and that it even contradicted Article 85.2, under which the rightholder is required to indicate *"what constitutes the individual character of his Community design"*.

Thus, under the new criteria adopted by the CJ, the rightholder is under no obligation to prove that all the requirements for protection laid down in Section 1 of Title II of that Regulation –among which are novelty and individual character– are satisfied; instead, that party must simply demonstrate when the unregistered design was first made public in the European Union, which cannot have taken place more than three years previously.

As regards the second requirement laid down in Article 85, the rightholder is under no obligation to demonstrate that the design possesses individual character within the meaning of Article 6 of the Regulation; rather, that party need only indicate what constitutes the individual character of the design, i.e., he must indicate *"what, in his view, are the element or elements of the design concerned which give it its individual character"* since, by doing so, he is specifying the object of the protection which he is claiming, defining the scope of the comparison with the contested design and enabling the defendant, if he so wishes, to prepare a suitably specific counterclaim for a declaration of invalidity.

The Court thus considered that the plaintiff effectively satisfied the conditions laid down in Article 85.2 CDR, and that the presumption of validity therefore had to come into play. Following the pertinent comparative analysis between the unregistered Community design and the defendant's product, the Court concluded that, given the extraordinary similarities between the designs at issue, the plaintiff's design had been copied and, in short, the plaintiff's rights in that design had been infringed.

■ ■ ■ 3. REMARKS. Following in the footsteps of the CJ, the Community Design Court has –by means of this judgment– finally agreed to revise how it had previously interpreted the presumption of validity of unregistered Community designs, according to which the

rightholder had to demonstrate that all the requirements for protection laid down in Section I CDR –including novelty and individual character– had been satisfied, which implied an excessive and unwarranted burden of proof.

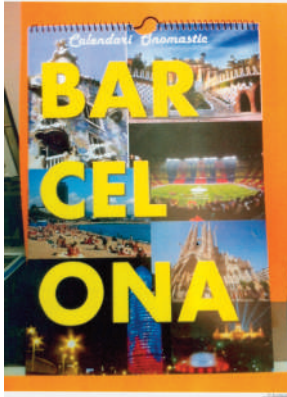
However, this interpretative change significantly facilitates the steps to be taken by unregistered Community design holders in order to protect their designs, given that they will only need to prove the date on which they disclosed their designs in the European Union and identify what constitutes the individual character of their designs, for the sole purpose of defining the scope of the dispute. As the Court itself correctly indicated in the judgment, such a revision was as logical as it was necessary. **Joaquín ROVIRA**

24. Likelihood of confusion between industrial design and earlier marks. Judgment of the High Court of Justice of Catalonia of 17 February 2017, FC Barcelona ([ECLI:ES:TJCAT:2017:4837](#)).

■ ■ 1. **BACKGROUND.** Following an opposition filed on behalf of FC Barcelona against Spanish Industrial Designs No. 0515626-01, 02 and 04, on 28 October 2013 the SPTO issued a decision dismissing the opposition. FC Barcelona lodged an administrative appeal against that decision, which was also dismissed in a decision issued on 7 March 2014.

The Catalan club appealed the administrative appeal decision to the Contentious-Administrative Chamber of the High Court of Justice of Catalonia. This time, the court's decision, dated 17 February 2017, did rule in FC Barcelona's favour, revoking the previous decision and refusing the contested designs.

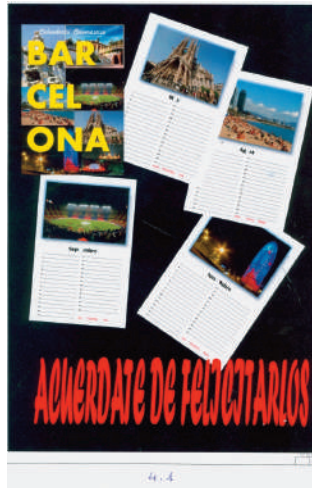
The contested industrial designs consisted of the cover and pages of a calendar displaying a number of photographs of emblematic locations in the city of Barcelona, superimposed with the name 'BAR-CE-LONA' in large lettering. The specific goods indicated by the applicant were "*stationery and office supplies, leaflets, brochures, printed matter, calendars*" in Locarno Class 32-00.



D0515626-01



D0515626-02



D0515626-04

A photograph of the inside of FC Barcelona's stadium (the Camp Nou) stood out from among the images, showing a stand displaying the alternating colours of FC Barcelona (blue and claret) on which the word 'BARÇA' could be discerned in large yellow letters.

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The trademark registrations relied on by the Catalan club were the mark referring to the image of the Camp Nou stadium and the word marks "FC BARCELONA" and "BARÇA" granted for, among other goods, stationery and calendars.

■ II 2. **FINDINGS.** The judgment of the High Court of Justice of Catalonia dismissed the first ground for appeal, finding that the contested designs satisfied the requirements of novelty and individual character, given that the composition in question contained a specific arrangement of images that, taken as a whole, could be deemed novel, and holding that the selection of the images and the overall composition contributed individual character.

However, the judgment did uphold the second ground for appeal, based on [Article 13.f](#)) of the Spanish Act 20/2003 on the legal protection of industrial designs, which establishes that a design may be refused or cancelled where it "*incorporates a trademark or other sign previously protected in Spain, whose owner is entitled, by virtue of such protection, to prohibit use of the sign on the registered design*".

Although the judgment acknowledges that the photograph of the stadium incorporated into the subject design "*is not what has been registered as a trademark, nor does it resemble same*", the court stated that "*there is no need for it to be identical to the earlier design or trademark; it will suffice for them to be similar to the extent that a likelihood of confusion will arise among consumers or users*". It also

indicated that the assessment of the likelihood of confusion may be more stringent the greater the reputation of the earlier mark or sign, and that it is also necessary to consider that the registration may cause unfair advantage to be taken of, or may be detrimental to, the distinctive, well-known or reputed character of the earlier signs.

The court considered several points in support of its decision:

- The reputation of FC Barcelona and its trademarks and symbols of identity;
- The fact that the photograph of the Camp Nou acquires significance in the overall design, since it is located in the centre and is relatively free of the term BAR-CE-LONA;
- The fact that the photograph was undisputedly taken from FC Barcelona's website, and that it clearly displays the word 'BARÇA' (registered trademark) in a dominant position.

The court did not rule on whether the reproduction of the photograph of the stadium constituted an unauthorised use of a work protected under the copyright law of Spain.

■ II 3. REMARKS. The most noteworthy aspect of this judgment is the court's broad interpretation with regard to Article 13.f) of Act No. 20/2003, establishing that the element incorporated into the design does not need to be exactly the same as an earlier trademark or sign previously protected in Spain in order for the design to be cancelled. Moreover, it highlights the importance of the reputation of the earlier mark or sign as an additional factor to be taken into account when assessing the likelihood of confusion on the part of consumers or users.

It is also worth noting that this judgment may set a precedent for other cases concerning industrial designs intended to protect goods (normally souvenirs, stationery or ornamentation) which feature emblematic elements or images that may clash with earlier marks or signs. **Pedro SATURIO**

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Notes



Unfair
competition

25. Classification of Uber as a transport service. Judgment of the Court of Justice of 20 December 2017, Uber (C-434/15).

■ ■ 1. **BACKGROUND.** Elite Taxi applied to Barcelona Commercial Court no. 3 seeking a declaration that the activities of Uber Systems Spain constituted unfair conduct and an order for that company to cease its on-demand booking services by means of mobile devices and the Internet. In order to determine whether Uber's practices could be classified as unfair, the court in question needed to know whether that company required prior administrative authorisation in order to operate. To that end, it was necessary to determine whether its services should be regarded as transport services, information society services or a combination of both.

In that regard, the court in Barcelona stated that Uber connects –via applications and software tools– non-professional drivers with persons who wish to make urban journeys, this activity being for profit.

■ ■ 2. **FINDINGS.** The CJ began by establishing that a service of such characteristics, which merely connects two people, differs from a transport service and may, in principle, be classified as an information society service.

The CJ nevertheless points out that this is not the case with Uber, given that this company "*simultaneously offers urban transport services, which it renders accessible, in particular, through software tools*". The Court considered that the application was indispensable in order for

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drivers to be able to provide their services and for users to be able to access those services. Additionally, it held that Uber directly influenced the services offered by imposing a maximum fare, exercising a certain control over the quality of the vehicles and examining the drivers' conduct, which could result in their exclusion.

In light of all the above, this intermediation service forms part of a transport service and cannot be classified as an information society service, which rules out the application of [Directives 2000/31](#) and [2006/123](#) and the principle of freedom to provide services applicable to those operators.

Consequently, Article 56 [TFEU](#) on the freedom to provide services will not apply either; instead, Article 58.1, and thus the common transport policy, will have to be observed by the Member States when it comes to regulating services such as Uber.

■ ■ 3. REMARKS. This judgment obviously has particular significance due to the recent upsurge in companies which provide intermediation services on the Internet within the context of the so-called “collaborative, or *sharing*, economy”. The growth of such companies is due to the fact that they purport to be mere intermediaries in order to circumvent the rules that apply in the sector in which they actually operate.

Until now, those companies had argued that they were information society service providers, availing themselves of the legal regime applicable to companies that provide their services on the Internet and considerably differentiating themselves from other market competitors.

The CJ's decision thus reinforces the current trend of regulating intermediaries –which have started to become real operators in certain sectors and should therefore be subject to the same conditions that apply to the other operators in those sectors– as has occurred in the case of Deliveroo in respect of employment law.

As regards Uber, the judgment merely confirms that the company is subject to the regime under which it is currently operating in Spain – i.e., subject to transport legislation–, since it had been operating in this country via PHV licences since the injunction ordered by Barcelona Commercial Court no. 3.

The decision does, however, set a precedent for the application of administrative regulations to intermediaries operating online, since it confirms the end of the legal privilege that they had formerly enjoyed.

Lastly, it should be clarified that the judgment precludes the application of [Directive 2000/31/EC](#) on information society services to Uber's activity overall. This does not exclude the functioning of its application from the provisions of that Directive, with which Uber must comply as the owner of the website and an App. **Martín BELLO**

26. The prohibition against reselling luxury goods via Amazon, imposed on distributors of such goods, does not contravene competition rules. Judgment of the Court of Justice of 6 December 2017, [Coty \(C-230/16\)](#).

■ **1. BACKGROUND.** The German company Coty Germany GmbH («Coty») sells luxury cosmetics in Germany via a selective distribution system, which it justifies by the need to preserve the luxury image associated with the product brands.

The requirements which Coty imposes on the members of its selective distribution network include a prohibition against selling products on the Internet via third-party undertakings which are recognisable among consumers.

Parfümerie Akzente GmbH, which was a member of Coty's selective distribution network, refused to accept that prohibition. Coty brought legal proceedings against that company in the German courts, seeking an order prohibiting it from selling products displaying the brand via the Amazon.de platform.

At first instance, the German court considered that the contractual clause which contained the prohibition in question was null and void pursuant to competition rules prohibiting agreements that restricted competition. Coty appealed that judgment, and the Oberlandesgericht Frankfurt am Main (Higher Regional Court, Frankfurt) decided to stay the proceedings and refer a number of questions to the Court of Justice of the European Union for a preliminary ruling.

■ **2. FINDINGS.** The first question referred by the German court is aimed at determining whether selective distribution systems for luxury goods designed, primarily, to preserve the luxury image of those goods are lawful under Article 101.1 of the [Treaty on the Functioning of the European Union](#) (TFEU), which prohibits agreements which restrict competition.

The CJ replied to this question in the affirmative, confirming previous case-law in the sense that luxury goods may, due to their characteristics and nature, require a selective distribution system in order to preserve their quality and ensure their proper use. Nevertheless, the members of the network must be selected on the basis of objective criteria of a qualitative nature, laid down uniformly for all potential resellers and applied in a non-discriminatory manner. Furthermore, the criteria laid down must not go beyond what is necessary for the ends pursued.

The second question refers specifically to the lawfulness of the fact that authorised distributors in a selective distribution system for luxury goods are prohibited from selling them, in an obvious manner, via third-party Internet platforms.

The CJ also replies to this question in the affirmative, once again referring to the aforementioned requirements. It thus considers that a prohibition of this kind is lawful provided that it seeks to preserve the luxury image of the goods, it is laid down uniformly and applied in a non-discriminatory manner and, lastly, it is proportionate in light of the objective pursued.

According to the judgment, it will be for the national court to assess whether those requirements have been satisfied. However, the CJ analyses them in the present case and concludes that the prohibition that Coty imposes on its distributors is lawful.

Lastly, questions three and four referred by the German court concern whether the block exemption laid down in [Regulation \(EU\) No. 330/2010](#), regarding the block exemption of vertical agreements, applies to the prohibition under analysis.

In that regard, the CJ points out that it would only be necessary to analyse whether that Regulation applies in the event that the national

court considered that the clause at issue fell under the prohibition laid down in Article 101.1 TFEU. If this were the case, the clause in question could, in the CJ's view, benefit from the exemption set forth in Regulation No. 330/2010, provided that the market share thresholds of the manufacturer and the distributor, established therein, have not been exceeded.

The CJ also considers that the prohibition under analysis does not constitute a restriction of the customers to which the distributor may sell the products, or a restriction of passive sales to end users, within the meaning of Article 4(b) and (c) of Regulation No. 330/2010.

■ ■ ■ **3. REMARKS.** In this judgment, the CJ confirms the line of case-law established in its previous judgment of 23 April 2009 in *Copad, C-59/08*, in relation to the fact that manufacturers of luxury products may establish selective distribution networks for the sale of those products. In that judgment, the CJ stated that the quality of luxury goods is not just the result of their material characteristics, but also of the allure and prestigious image which bestow on them an aura of luxury. Therefore, any impairment to that aura of luxury which may be caused by the sale of those goods in inappropriate conditions may affect the actual quality of the goods.

The reference to the judgment of 23 April 2009 is particularly interesting, since that case concerned the infringement of a trademark for luxury products by a licensee who had breached the terms of the licensing agreement as regards the manner in which the goods were marketed. The CJ has based subsequent judgments on the aforementioned reasoning, thus allowing the exception to trademark rights exhaustion in cases where luxury products are resold in conditions that may damage their luxury and prestigious image. **Carlos MORÁN**

27. A foreign company's standing to bring unfair competition proceedings in Spain. Judgment of the Spanish Supreme Court of 20 July 2017 ([ECLI:ES:TS:2017:3025](#)).

■ ■ ■ **1. BACKGROUND.** The US company Pipe Restoration Technologies, LLC ("Pipe Technologies") had granted a Spanish company an exclusive licence to distribute a new pipe cleaning system

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in Spain. Following termination of the distribution agreement, some of the licensee's former partners and employees began to offer a pipe cleaning system of the same features through other newly created companies.

Pipe Technologies filed unfair competition proceedings against them on the grounds that they were violating trade secrets and taking advantage of a third-party breach of contract in relation to exploitation of the confidential know-how with which they had been provided whilst the distribution agreement was in force.

■ II 2. FINDINGS. In their defence against the unfair competition action, the defendants claimed that Pipe Technologies did not have standing to sue, given that it was a foreign company that did not operate directly in the Spanish marketplace. Having been dismissed at first instance and in appeal, that claim was raised again in a cassation appeal.

The Spanish Supreme Court dismissed the appeal, rejecting a literal interpretation of the market participation requirement in favour of its assessment in light of the specific unfair conduct concerned, in order to avoid verging *"on the absurd by denying locus standi to the holder of the economic interests directly affected by the unfair conduct"*.

In this particular case, the Supreme Court considered that the US company Pipe Technologies had indirectly operated in the Spanish marketplace precisely through its distribution agreement with a Spanish company and, upon termination of the agreement, through a subsidiary that had been incorporated in Spain in order to distribute its system. The judgment thus concludes that providing a Spanish distributor with pipe repair know-how by means of a licence –for exploitation in the Spanish marketplace– was a way in which to enter and participate in that marketplace. In the court's view, violation of the trade secret constituted by said know-how directly damaged the plaintiff's economic interests.

■ II 3. REMARKS. In this judgment, the Spanish Supreme Court adds an important nuance to the traditional interpretation of the market participation requirement formerly laid down in Article 19 and currently in [Article 33](#) of the Spanish Unfair Competition Act, which must be

satisfied by the plaintiff in order for that party to be entitled to bring the actions provided for in that Act.

Up until now, the Supreme Court had considered that the plaintiff had to participate directly in the Spanish marketplace and had even deemed activity in other European Union countries insufficient. This was the stance that it had taken in its judgment of 20 January 2010 ([ECLI:ES:TS:2010:158](#)), in which it denied entitlement to bring unfair competition actions to a Danish company whose trademark and tradename had been registered in Spain by a third party.

In the judgment under discussion, the Supreme Court has relaxed that strict interpretation of the law, allowing the features of the specific act of unfair competition concerned to have the necessary decisive influence. The position adopted in this judgment is significant in cases concerning post-contractual disputes between manufacturers and distributors, which are certainly not uncommon in practice. Denying foreign companies that have opted to enter the Spanish market through national distributors entitlement to bring unfair competition proceedings would mean ruling out the application of that legislation to conduct which may fall well within its objective scope and which would otherwise be exempt from legal sanctions. **Carlos MORÁN**

28. The term “milk” and names reserved exclusively for milk products cannot be used to market or promote a purely plant-based or vegan product. Judgment of the Court of Justice of 14 June 2017, TofuTown (C-422/16).

■ ■ ■ **1. BACKGROUND.** The question referred to the CJ for a preliminary ruling concerns the interpretation of EU laws on the definitions and designations that can be used to sell and promote “milk” and “milk products”. Those laws are laid down in [Regulation \(EC\) No. 1308/2013](#), establishing a common organisation of the markets in agricultural products (hereinafter “the Agricultural Products Regulation”), which, for the purposes of this case, can be summarised as follows:

- “Milk” shall mean exclusively the normal mammary secretion obtained from one or more milkings without any kind of addition or extraction.

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- The term “milk” may be used in conjunction with other terms which denote a modification in its composition, provided that the modification does not imply the total substitution of the milk for another product with a different composition.
- “Milk products” shall mean products derived exclusively from milk, in which the milk constituents have not been replaced.
- Only products which meet the requirements established for milk products may be designated in trade by the names reserved exclusively for such products in the Regulation (for example, the names “whey”, “cream”, “butter”, “cheese”, etc.).

The proceedings which gave rise to the CJ judgment discussed here involved VSW –a German association for combatting unfair competition– and TofuTown, a vegetarian and vegan foodstuffs company which markets, among others, pure plant-based products under the designations “Soyatoo tofu butter”, “plant cheese”, “Veggie-Cheese”, “Cream” and other similar designations. VSW sued TofuTown on the grounds that its promotion of pure plant-based products under those designations constituted unfair competition.

The German court hearing the matter decided to make a reference for a preliminary ruling to the CJ in order to clarify whether, under the Agricultural Products Regulation, the name “milk” and names reserved exclusively for milk products cannot be used to market and promote a pure plant-based product, even where those names are used in association with explanatory or descriptive references to the plant-based origin of the product concerned.

■ ■ 2. FINDINGS. The CJ confirmed that the aforementioned rules set forth in the Agricultural Products Regulation in relation to the definitions, names and designations which may be used to promote and market “milk” and “milk products” must be interpreted as follows:

- First of all, the term “milk” cannot, in principle, be used to market or promote a purely plant-based product, since “milk” is an animal product.
- Secondly, clarifying or descriptive terms used in order to indicate the plant-based origin of the product concerned (such as “soya” or

“tofu”) cannot be used in conjunction with the term “milk” to market or promote a purely plant-based product either, since the alterations to the composition of milk that the additional words may designate, under the aforementioned provisions, are those which are limited to the addition or subtraction of its natural constituents, which does not include a total replacement of milk by a purely plant-based product.

- Lastly, names reserved exclusively for “milk products” (such as “whey”, “cream”, “butter”, “cheese” and “yogurt”) cannot, in principle, be used to market a purely plant-based product either, since such names require the product in question to contain constituents of milk, and a purely plant-based product does not, by definition, contain any constituents of milk.

■ **3. REMARKS.** The CJ points out that its interpretation is consistent with the objectives pursued by the Agricultural Products Regulation, i.e., to improve the marketing conditions of the products concerned and their quality, to protect consumers and to maintain the conditions for allowing competition. Indeed, as the CJ correctly indicates, if there were no such limits on use of the term “milk” and names reserved exclusively for milk products, a likelihood of confusion in the marketplace would arise, since products with the particular characteristics relating to the natural composition of animal milk would not be able to be identified with certainty. **María CADARSO**

29. Unfair competition in the use of a European Union trademark as an adword. Judgment of the Spanish Supreme Court of 15 February 2017 ([ECLI:ES:TS:2017:541](#)).

■ **1. BACKGROUND.** Orona, a leader in lift design and marketing, brought legal proceedings against City Lift, S.A. in relation to the promotion of the latter’s own lifts online by contracting a package of keywords, including “ORONA”, from the Google AdWords paid referencing service. When “ORONA” was keyed into the search engine, the following ad or sponsored link appeared: “save up to 70% on lift maintenance”. When users clicked on the website indicated beneath the link, they were taken to the competitor’s website. The word “ORONA” did not appear in either the ad or on the defendant’s website.

The legal action was based on infringement of the European Union trademark “ORONA” and on unfair competition. The EU Trademarks Court in Alicante, despite considering that City Lift’s conduct did not constitute trademark infringement, found the defendant guilty of unfair competition. A cassation appeal was lodged, and the Spanish Supreme Court revoked the appeal ruling and dismissed the unfair competition action

■ II 2. **FINDINGS.** The Spanish Supreme Court begins by pointing out that trademark law and unfair competition legislation play different roles. Whilst the former protects subjective rights in intangible property –exclusive rights which confer *ius prohibendi* on the rightholder–, the latter protects the proper functioning of the market to ensure that companies compete on the basis of merit or the efficiency of their actual services, not on the basis of unfair conduct.

The judgment goes on to recall the fact that the coexistence of those laws is characterised by what has come to be known as “*relative complementarity*”. This doctrine basically states that the [Unfair Competition Act](#) cannot be relied on in order to combat conduct which falls wholly within the scope of trademark legislation, and which concerns the same acts and the same aspects and dimensions of those acts; that the application of unfair competition legislation in respect of the exploitation of a distinctive sign is only appropriate if such conduct possesses a specific anti-competitive facet or dimension, differing from aspects which also relate to trademark criteria and infringement; and that the complementary application of unfair competition legislation does not systematically contradict the solutions adopted in trademark matters, giving rise to new exclusive rights or penalising conduct that is expressly allowed. In the case at hand, the Supreme Court observes that the Court of Appeal had held that City Lift’s conduct was prohibited under unfair competition legislation, since it took unfair advantage of the reputation of the well-known “ORONA” sign, and that prior to that finding, the Court of Appeal had decided whether trademark infringement had occurred precisely because the use of the ORONA mark as an adword could take unfair advantage of its well-known character. The judgment refers to case-law from the Court of Justice on the subject of trademark infringement through the use of adwords, where it was concluded that when the advertising which appears on the Internet on the basis of a keyword corresponding to a

reputed trademark proposes an alternative to the goods or services of the holder of the reputed trademark, without offering a mere imitation of those products, without causing dilution and without damaging other functions, such use normally constitutes fair and healthy competition and is carried out with due cause.

In the Court's view, this is exactly what had happened in the present case, in which the word ORONA was used as a keyword to propose an alternative to the services offered by the holder of the well-known trademark. If that conduct is lawful from the standpoint of the [Spanish Trademark Act](#), then the same acts cannot constitute unfair competition when the relevant reasons for assessing the lawful nature of the conduct are the same in each case.

■ **3. REMARKS.** This judgment constitutes another turn of the screw in the Spanish Supreme Court's efforts to put an end to the habit of bringing legal proceedings containing both trademark infringement and unfair competition claims. There are many judgments in which the Spanish Supreme Court has emphasised the idea that a joinder of actions is only possible if each claim is based on different acts or on different aspects of the same act. Before now, however, the Supreme Court had never ruled on a case involving the use of a European Union trademark as a sponsored link through Google's AdWords referencing system. Nevertheless, in addition to case-law on relative complementarity, the Court of Justice's own case-law on the use of trademarks as keywords had an excessive impact on the judgment rendered in this case. **Ana SANZ**

30. Price-comparison advertising. Judgment of the Court of Justice of 8 February 2017, Carrefour ([C-562/15](#)).

■ **1. BACKGROUND.** In 2012 CARREFOUR launched a television advertising campaign comparing the prices of 500 products sold in its establishments with those of the same products offered for sale by its competitors, one of which was ITM. Through those advertisements CARREFOUR guaranteed that its prices were the lowest. In contrast, the products sold in ITM shops, specifically, were systematically shown as being more expensive. However, the ITM outlets featured in the campaign were supermarkets, whereas those of Carrefour were

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hypermarkets. Information relating to the size of the shops appeared only on the home page of the Carrefour website. There it was stated, in small print, that the lowest price guarantee was applicable at the store formats CARREFOUR and CARREFOUR Planet, but not at CARREFOUR Market, CARREFOUR Contact or CARREFOUR City.

ITM sued CARREFOUR on the ground that such advertising was misleading and therefore unlawful, given that it employed a comparative methodology which failed to comply with objectivity requirements due to the different sizes of the outlets concerned. In a judgment given on 31 December 2014 the Paris Commercial Court held that the advertising was indeed misleading in that the method adopted for the selection of the sales outlets distorted the representativeness of the price comparisons, entailing a comparison which was neither neutral nor objective, and failed to allow consumers clearly to perceive that the outlets in question had different sizes or formats.

CARREFOUR contested that judgment before the Paris Court of Appeal, which in turn sought a preliminary ruling from the CJ on questions which may be summarized as follows. A) Should article 4(a) and (c) of the Directive concerning misleading and comparative advertising ([Directive 2006/114/CE](#)) be interpreted in the sense that the comparison of prices shall be lawful only if the goods concerned are sold in shops of the same size and format? B) If the sizes or formats of those stores are different, should that circumstance be considered material information which should necessarily be brought to the knowledge of consumers? C) If so, how should that be done?.

■ II 2. FINDINGS. The answers given by the CJ to those questions were essentially as follows. A) Advertising which compares the prices charged in shops of different sizes and formats may be unlawful unless consumers are informed, clearly and through the advertisement itself, that the sizes and formats of the shops concerned are indeed different. B) It is for the national (referring) court to determine whether the advertising fails to meet the objective comparison requirement or is misleading, taking into account, on the one hand, the perception of an average consumer of the goods advertised and, on the other, all the information contained in the advertising, particularly that relating to the features of the shops whose prices are being compared.

■ **3. REMARKS.** It is not the first time that the CJ has addressed the issue of price-comparison advertising carried out by large retail chains (see judgments of 19 September 2006, *Lidl Belgium*, [C-356/04](#), and 18 November 2010, *Lidl*, [C-159/09](#)). The difference, in the present case, is that the shops whose prices were being compared had different sizes or formats (hypermarkets vs. supermarkets). The CJ begins by reiterating observations already made in previous judgments to the effect that comparative advertising, “*per se*” is lawful, provided that it complies with the requirements laid down in Directive 2006/114. In particular, it must be based on objective facts and not be misleading.

In this light the court confirms that advertising in which the prices of comparable consumer goods are compared objectively is lawful. However, the court adds that if the shops whose prices are being compared are of different sizes, and that circumstance is not revealed in the advertisement, consumers may be misled. In that event the comparative advertising becomes misleading because it omits material information. Furthermore, pursuant to [Directive 2005/29](#), the advertising will likewise be misleading even though it provides that information if it does so in a manner which is unclear, unintelligible, ambiguous or untimely. This leads the court to draw the important conclusion that the information in question must not only be provided clearly but also, in accordance with the [Opinion](#) of the Advocate General, be contained in the advertisement itself.

In conclusion, while remaining true to the view that comparative advertising is beneficial, in that it stimulates competition and works to the advantage of consumers, the CJ stresses that it must be objective and not liable to mislead, whether by action or omission (articles 6 and 7 of Directive 2005/29). It is therefore not sufficient to state, on the one hand, an objective fact. It is also necessary that material information not be omitted and that the public be informed of the parameters underlying the comparison in a manner which is clear, intelligible and contained within the advertisement itself. Otherwise, the advertising will be unlawful, as it will mislead consumers and alter their economic behaviour, causing them to take a transactional decision that they would not have taken had they had the requisite information. **Jesús GÓMEZ MONTERO**

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Notes

Personal data

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

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

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

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

“1) Must the phrase “is necessary for the purposes of the legitimate interests pursued by the [...] third party or parties to whom the data

are disclosed”, in Article 7(f) [...] be interpreted as meaning that the national police must disclose to Rīgas satiksme the personal data sought [by the latter] which are necessary in order for civil proceedings to be initiated? 2) Is the fact that [...] the taxi passenger whose data is sought by R gas satiksme was a minor at the time of the accident relevant to the answer to that question?”.

■ **II 2. FINDINGS.** The CJ considers that the processing of personal data based on a legitimate interest of the data controller or a third party must satisfy the three requirements laid down in Directive 95/46, namely:

a) The interest must be legitimate. In this case, the CJ has no doubt that there is a legitimate interest in obtaining the personal information of a person who has caused harm in order to sue that person for damages. This was ruled previously in the *Promusicae* judgment of 29 January 2008 ([C-275/06](#)).

b) The processing must be necessary in order to satisfy that legitimate interest. The CJ maintains that the person who caused the damage cannot be correctly identified on the basis of the first name and surname alone, and that it is also necessary to obtain that person’s address and/or identification number. Consequently, communication of that information was necessary in order to be able to bring action.

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

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

However, after studying the requirements concerning legitimate interest, the CJ concludes that legitimate interest confers entitlement

to process personal data, but under no circumstances does it impose the obligation to disclose personal data to a third party so that said party can bring civil action for harm caused by the person concerned by the protection of that data.

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

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

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

Lastly, the CJ points out that although this legal basis confers entitlement to process data, it does not impose the obligation to do so. Therefore, there is no obligation to disclose personal data to a third party –even if that party pursues a legitimate interest granting entitlement in respect of the data processing– but if the data were communicated, it would not be contrary to law. **Ruth BENITO**

Notes



Acronyms

CDR: Community Design Regulation

CJ: Court of Justice

GC: General Court

EEA: European Economic Area

EFTA: European Free Trade Association

EPC: European Patent Convention

EUIPO: European Union Intellectual Property Office

GDPR: General Data Protection Regulation

MA: Marketing authorisation

NIPO: Norwegian Intellectual Property Office

SPC: Supplementary protection certificate for medicinal products

SPTO: Spanish Patent and Trademark Office

TFEU: Treaty on the Functioning of the European Union

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

UKIPO: United Kingdom Intellectual Property Office

WIPO: World Intellectual Property Organization

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The Review would not be possible without the enthusiastic participation of a large number of our Firm's professionals.

Our thanks go out to the team of writers and to all those who read the Review and wish to send us their comments.

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