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ANNUAL REVIEW
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EUROPEAN CASE-LAW

INTELLECTUAL AND INDUSTRIAL PROPERTY

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Foreword

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

After seven consecutive years of this Review, it is clear that European case-law in the area of IP continues to evolve. On this occasion, the selected judgments cover a total of 24 cases ruled on by the Court of Justice of the European Union, the European Court of Human Rights, the Spanish Supreme Court, the European Union Trade Mark Court in Alicante, and Spain's Provincial Appellate Courts.

The format of the articles, approaching the practical reality of the case-law under analysis in a simple manner, free from dogmatic ambition, is the hallmark of the Annual Review.

This Review would not be possible without the enthusiastic participation of a large number of our Firm's professionals, to whom we would like to express our gratitude.

We also wish to thank all those who read the Review and wish to send us their comments.

ALBERTO ELZABURU
President

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Managing Partner

ELZABURU EDITORIAL COMMITTEE

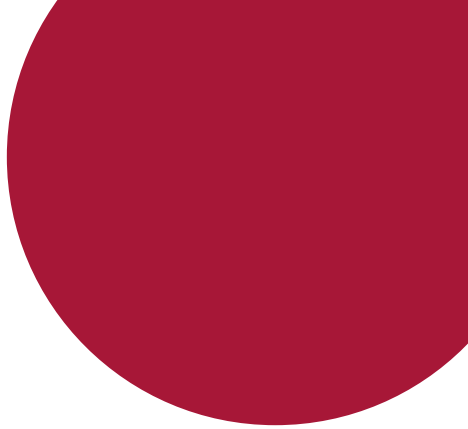
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Trademarks



1. Descriptive character of a sign filed for registration as a trademark which includes a geographical name and a descriptive term, even though it forms part of the applicant's company name. Judgment of the Court of Justice of 6 December 2018, Adegas (C-629/17).

■ ■ ■ **1. Background.** The Court of Justice was responding to a request for a preliminary ruling made by the Portuguese Supreme Court concerning the wording in Article 3(1)(c) of [Directive 2008/95](#) "indications which may serve, in trade, to designate other characteristics of the goods or services", in the context of assessing the admissibility for registration of signs or indications intended to designate wine products.

The matter under analysis by the Portuguese Supreme Court concerned the application for cancellation lodged against the word mark "adegaborba.pt", which was composed of a geographical name protected as a designation of origin for wines ("Borba") and the term "adega" [cellar]. Moreover, the word "adega" formed part of the company name of the legal person that was seeking to register the mark, Adegas Cooperativa de Borba.

The aim of the request for a preliminary ruling was to determine whether the provisions of Article 3(1)(c) of Directive 2008/95 imply that registration is to be refused in the case of a trademark for wine products consisting of a word mark that includes a geographical name and another term, "adega", which, on the one hand, is a term commonly used to designate the installations or premises in which such products are made and, on the other, is also one of the word

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elements that make up the company name of the legal person seeking to register the trademark.

■ **II 2. Findings.** The Court issued a judgment, clearly setting out the following points:

- a. In using, in Article 3(1)(c) of Directive 2008/95, the terms *“the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services”*, EU lawmakers are indicating, on the one hand, that those terms are all to be regarded as characteristics of the goods or services, and specifying, on the other hand, that the list is not exhaustive and that any other characteristics of the goods or services may be taken into account.
- b. The term *“adega”* at issue in the main proceedings has two meanings in Portuguese. The first refers to an underground space used for storage, especially of wine. The second refers to the premises or installations where wine products are made. This term must therefore be regarded as descriptive of the goods it designates.
- c. It follows that when a sign that serves to designate a product combines two word elements, that is, a descriptive term and a geographical name (such as *“Borba”* in the case at hand) alluding to the geographical origin of the product, which is also descriptive of the same, the sign made up of those two word elements must be regarded as descriptive and, thus, devoid of distinctive character.
- d. When assessing its descriptive character, it is irrelevant whether a term that serves to designate a place where a product is obtained or the installations where said product is made forms part of the company name of a legal person, given that said assessment is conducted in relation to the product for which the registration of the trademark is sought and in mind of the perception of said product in the sectors of interest.

■ **II 3. Remarks.** The Court clearly rules that to determine the descriptive character of a sign filed as a trademark, it is irrelevant whether any of the terms making up the sign form part of the applicant’s company

name. What is really important is whether the sign is sufficiently distinctive as a whole to qualify for registration as a trademark.

The Court reminds us that the list of descriptive characteristics contained in Article 3(1)(c) of the Directive is not exhaustive and can be considered to include any other characteristic of the goods or services, as was concluded in the judgments in the cases *Agencja Wydawnicza Technopol/OHIM* ([C-51/10 P](#)) and *BSH/OHIM* ([C-126/13 P](#)).

Such descriptive characteristics may also include expressions which, while they may form part of the company name of the legal person that filed to register the mark, are made up of terms that are common in the sector of trade in question. Thus, the fact that they form part of the applicant's company name is irrelevant when it comes to assessing whether the trademark applied for comes under the absolute grounds for refusal.

Finally, this interpretation can precisely be considered to be applicable under current [Directive 2015/2436](#), in which Article 4(1)(c) reproduces word for word (except for a small grammatical change which is entirely irrelevant from the legal standpoint) the Article 3(1)(c) of Directive 2008/95 it replaces. José Ignacio SAN MARTÍN

2. Trademark proprietor entitled to oppose parallel imports and the marketing in the EEA of goods from which the trademark has been removed and on which a new sign has been affixed. Judgment of the Court of Justice of 25 July 2018, Mitsubishi ([C-129/17](#)).

■ III 1. Background. The complainant, the company Mitsubishi, holds various trademark registrations for MITSUBISHI in the EU covering, among other goods, forklift trucks. The defendants, the companies Duma and GSI, acquire MITSUBISHI forklift trucks outside the European Economic Area ("EEA") and bring them into EEA territory, where they are placed under a customs warehousing procedure. Once under that procedure, the defendants remove the MITSUBISHI marks borne by the goods, affix their own signs, and subsequently import and market the goods in the EEA. Mitsubishi submitted that the actions of Duma and GSI constitute an infringement of the rights conferred by its EU trademarks.

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The court hearing the main proceedings considered that in view of the existing case-law from the Court of Justice in the areas of parallel imports and trademark law, the activities of the defendants could, in principle, be prohibited by the trademark proprietor. However, having noted that there was no specific ruling from the Court of Justice on the precise conduct at issue in this case, it decided to stay the proceedings and refer the matter to the Court of Justice for a preliminary ruling.

■ ■ 2. **Findings.** The Court of Justice recalls, first of all, that the exhaustion of the rights conferred by a trademark with respect to subsequent marketing in the EEA of goods already placed on the market by the trademark proprietor (Art. 13.1 of [Regulation No. 207/2009](#)) is limited to cases where said goods have been put on the market by the proprietor within EEA territory, which, in other words, means that the trademark proprietor is entitled to control the initial marketing in the EEA of goods bearing his mark.

Secondly, the Court of Justice recalls that the functions of a trademark are essentially to serve as an indicator of the business origin of the goods covered, and to be used by the owner to acquire and preserve a reputation in the marketplace, and to serve as an element in sales promotion and as an instrument of commercial strategy.

On the basis of the above considerations, the Court of Justice declares that the conduct of the defendants in the case under examination, consisting of removing the trademark and affixing new signs on the goods for the purpose of importing them and placing them on the market for the first time in the EEA, constitutes trademark infringement, given that:

- Firstly, this deprives the proprietor of the trademark of his right to control the initial marketing in the EEA of the goods bearing that mark.
- Secondly, it adversely affects the function of indication of business origin and the functions of investment and advertising of the mark.
- Thirdly, inasmuch as it infringes the trademark proprietor's right to control the initial marketing of the goods bearing his mark in the EEA and adversely affects the functions of the mark, the conduct is also contrary to the objective of ensuring undistorted competition.

Consequently, the Court of Justice concludes that the trademark proprietor is entitled to oppose such actions. Moreover, it confirms that it makes no difference to that conclusion that the removal of the mark and the affixing of new signs on the goods in question took place when the goods were still placed under the customs warehousing procedure, since those actions were carried out for the purpose of importing and marketing the goods in the EEA.

■ ■ ■ **3. Remarks.** The conclusion reached by the Court of Justice was to be expected in view of the many existing examples of Court of Justice case-law in the area of parallel imports and trademark law (please see, among others, the judgment of 16 July 1998, *Silhouette*, [C-355/96](#), the judgment of 20 November 2001, *Davidoff*, [C-414/99 to C-416/99](#), the judgment of 18 October 2005, *Class International*, [C-405/03](#) and the judgment of 12 July 2011, *L'Oréal*, [C-324/09](#)). The particular aspect that this new judgment from the Court of Justice appears to clarify, with respect to its earlier decisions, is that the marketing and importation into the EEA of goods acquired outside the EEA without the consent of the trademark proprietor can also be prohibited when the marks have been removed from the goods brought into the EEA territory and when the actions of removing the marks and affixing new signs have been carried out when the goods were placed under the customs warehousing procedure. **María CADARSO**

3. Geographical extent of evidence of acquisition of distinctive character throughout the EU. Judgment of the Court of Justice of 25 July 2018, *Kit Kat* ([C-84/17 P](#), [C-85/17 P](#) and [C-95/17 P](#)).

■ ■ ■ **1. Background.** The EUIPO granted Nestlé registration in class 30 for the following three-dimensional sign, known as KIT KAT:



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Cadbury (now Mondelez) filed an invalidity action based on the sign's lack of distinctive character. The action was accepted at first instance and the decision was subsequently overturned by the Board of Appeal, holding that while the mark was devoid of distinctive character, it had been proven that it had acquired distinctive character through use in the EU. In particular, the Board of Appeal accepted that the mark had acquired distinctive character in Denmark, Germany, Spain, France, Italy, the Netherlands, Austria, Finland, Sweden and the United Kingdom, countries making up 90% of the European population at that time. However, the Board of Appeal did not issue any findings with regard to acquired distinctiveness in the rest of the countries that also formed part of the EU.

The General Court reviewed the case and concluded that the Board of Appeal had correctly found that the mark had acquired distinctive character in the ten aforementioned Member States but that it had erred in not issuing any finding on acquired distinctiveness in the rest of the countries of the EU. Consequently, the General Court annulled the Board of Appeal's decision.

All of the parties involved filed an appeal against the General Court's judgment. Mondelez thus petitioned the Court to set aside the parts of the judgment which held that the mark had acquired distinctive character through use in ten countries of the EU. Nestlé and the EUIPO requested that the judgment be set aside in full.

■ II 2. Findings. The Court of Justice rejects Mondelez's appeal as inadmissible, finding, on the one hand, that an appeal may be brought by any party which has been unsuccessful in its petitions (which is not the case here, given that the decision was annulled at the request of Mondelez) and also that the rejection of petitions is set out in the operative part and not in the grounds of the judgment.

The Court of Justice also clarifies that the force of *res judicata* extends only to the grounds of a judgment which support its operative part and are, therefore, inseparable from it. Thus, the dismissal of Mondelez's arguments (understood to be those that refute that the mark has acquired distinctive character in a part of the EU) has not gained the force of *res judicata* and those same arguments may be put forward again in the context of a possible appeal against the decision that may be

adopted by the Board of Appeal, following the annulment of its initial decision by the General Court.

Moreover, the Court of Justice dismisses the appeals filed by Nestlé and by the EUIPO, confirming that the Board of Appeal should not have acknowledged acquired distinctiveness in the EU based on distinctive character acquired in ten Member States without having issued any finding on the distinctive character in the rest of the Member States, in particular, in Belgium, Ireland, Greece and Portugal.

Nestlé and the EUIPO had invoked in their favour the judgment of 24 May 2012 in the *Chocoladefabriken Lindt* case ([C-98/11 P](#)), in which the Court of Justice declared that it would be unreasonable to require proof of acquired distinctiveness in respect of each Member State of the EU. However, contrary to the arguments put forward by Nestlé and by the EUIPO, the Court denies that the finding of this 2012 judgment means that it is sufficient to prove acquired distinctiveness in a significant part of the EU. Having clarified that point, the Court of Justice interprets this judgment as a simple acknowledgement that there is evidence which, in certain circumstances, can show distinctive character in several Member States at the same time, without it being necessary to submit proof individually for each one. One example would be the case of a trademark proprietor that has grouped together several Member States in the same distribution network and treats them as a single market. In such an instance, the proof relating to this market is likely to be relevant for several Member States at the same time.

Finally, the Court of Justice concludes that when a trademark lacks distinctive character in respect of the entire territory of the European Union, acquired distinctiveness must be shown throughout the EU, *“and not only in a substantial part or the majority of the territory of the EU. Thus, although such proof may be produced globally with respect to all of the Member States concerned, or separately for different Member States or groups of Member States, it is not, on the other hand, sufficient for the party with the burden of providing such proof to merely submit evidence of acquired distinctiveness that does not cover part of the EU, even if it is only a single Member State”*.

■ ■ ■ 3. Remarks. From the procedural standpoint, the Court of Justice’s judgment asserts an established principle that parties whose petitions

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have been unsuccessful may file an appeal, and that the rejection of petitions is set out in the operative part and not in the reasoning of the decision. The consequence of this principle is the inadmissibility of appeals that are filed exclusively with the aim of amending the grounds of a decision.

On other occasions, the inadmissibility of appeals filed against the grounds of decisions has been justified by European courts by denying that the appellants have a genuine preexisting interest in contesting the decision and refuting that such interest can be justified by unknown future hypothetical scenarios.

The issue of the inadmissibility of appeals against the grounds of decisions, which appears to be clear in the courts, is less clear in proceedings before the EUIPO, given that there are cases of appeals that have been declared admissible despite them having been filed solely against the grounds of the decisions issued by the Opposition Division or the Cancellation Division. Such appeals against the reasoning of decisions are articulated through a cross-appeal, as provided for under Article 68.2 EUTMR (formerly, in Article 8.3 of the [Rules of Procedure of the Boards of Appeal](#)) and their admissibility is questionable, given that since a party whose petitions have been accepted is prohibited from filing an appeal, there is no reason why, by means of a cross-appeal, the Board of Appeal should be asked to review an element of the reasoning of the decision, which ultimately ruled in said party's favour. It does not seem reasonable that by means of a cross-appeal in an appeal filed by the other party, it is possible to challenge the reasoning of a decision when this type of challenge is not possible through a direct appeal.

Moreover, one has to wonder what means of challenge would be available to an appellant who has filed an appeal against the grounds of a decision if his petition to amend those grounds is rejected but the decision adopted is still favourable from the standpoint of the operative part of the decision. It is unlikely that such a challenge would be admitted in the courts.

As for the substance of the matter, the Court of Justice's judgment deals with the issue of the territorial scope of proof of acquired distinctiveness throughout the EU. This matter had given rise to doubts, particularly following the judgment of 24 May 2012, given that it left

the door open to the possibility that evidence of acquired distinctiveness would not be required for each of the Member States of the EU. In fact, this judgment served to support the application of the mechanism known as “extrapolation”, defined by the EUIPO in its current guidelines (1 October 2017 version) as a mechanism according to which, in view of certain evidence, acquired distinctiveness may be recognised in Member States not covered by said evidence. In the light of the judgment on which we are commenting here, the processes of “extrapolation” should be more narrowly defined, given that the Court of Justice has made clear that distinctive character acquired through use must be shown for the entire territory of the EU and not just in a significant part of the EU and that, even if evidence may be filed globally in respect of several Member States, it is not acceptable for the evidence of acquired distinctiveness not to cover one part of the EU, even if it is a single Member State.

The Court of Justice has set the bar very high, meaning that the processes of evidencing acquired distinctiveness for three-dimensional trademarks, as well as colour marks, and any others likely to be considered devoid of distinctive character in the whole of the EU, will be very complex and very costly.

It is perhaps worth considering whether the broad geographical scope required of the evidence might be offset by a qualitatively lower requirement for the evidence. In this regard, it will be interesting to study the decision that brings an end to the conflict between Nestlé and Mondelez, as it will have to rule on acquired distinctiveness in the entire EU, including, therefore, the countries on which the Board of Appeal did not issue any finding and in relation to which the evidence submitted was not as decisive as it was for the rest of the countries. **Ana DONATE**

4. Prohibition on the use of third-party marks to sell and promote own goods as replicas or imitations. Judgment of the European Union Trademark Court of 11 July 2018, *Equivalenza* (ECLI:ES:APA:2018:1568).

■ ■ ■ **1. Background.** In 2013, the L’Oreal Group detected that the *Equivalenza* retail franchise was selling its own perfumes, promoting them as imitations or replicas of successful and well-known perfumes,

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including some of L’Oreal’s own perfumes. Specifically, each perfume of the Equivalenza brand was differentiated by a number which corresponded to the perfume of a leading brand, as set out in tables showing the equivalents.

After appropriate investigation and verification inquiries, the L’Oreal Group began taking steps, before undertaking any legal proceedings, in an effort to achieve an amicable solution, which led to an agreement being signed between L’Oreal and Equivalenza on 30 January 2014. Equivalenza acknowledged in said agreement that its business model was unlawful and unfair, undertaking to cease the use of third-party marks during the sale process and include this obligation in its licensing and franchising agreements.

Sometime after the agreement was signed, the L’Oreal Group discovered that at least five shops in Madrid and some in Portugal continued to use its group’s marks to sell and promote their own perfumes. Likewise, it was confirmed that Equivalenza, both on the franchise website and on several communication platforms, used phrases such as *“Equivalenza only essenza”*, perfumes of *“tendencias olfativas”*, *“la alta perfumería al alcance de todos”*, *“la marca blanca del perfume”* or *“te retamos a que busques las diferencias con tu fragancia favorita”* (“perfume trends”, “affordable high perfumery”, “white label perfumes” or “we challenge you to spot the difference with your favourite fragrance”).

After Equivalenza refused to comply with the provisions laid down in the agreement, the L’Oreal Group instituted proceedings before the European Union Trademark Court, the main actions being for contractual non-compliance and unfair competition, together with a subsidiary action for infringement of a reputed mark.

On 21 November 2017, European Union Trademark Court no. 3 in Alicante issued a judgment partially accepting the complaint lodged by the L’Oreal Group, declaring non-compliance with the agreement of 30 January 2014 and ordering the defendants to pay compensation of €367,000. However, the court did refuse the actions that simply sought declaratory judgments and the action for unfair competition with respect to the business model implemented by Equivalenza.

Equivalenza appealed that judgment to the Alicante Court of Appeal, arguing that the Community Trademark Court lacked material and territorial competence for the matter, that the indefinite duration of the agreement rendered it invalid and unlawful, and that mistakes were made when assessing the proof of compliance.

In turn, the L’Oreal Group filed a response contesting the judgment with regard to the interpretation of the agreement with respect to the acts of unfair competition committed by the defendant.

■ ■ ■ **2. Findings.** The Provincial Appellate Court starts off by confirming that the Community Trade Mark Court was competent to hear the case as trademark infringement was reflected in the *inter parte* agreement and, therefore, that the rest of the claims were related.

With regard to the invalidity of the agreement due to the damage to third parties (licensees or franchisees) the court explains that, as the purpose of the agreement was to protect the exclusive rights, neither was it clumsy nor malicious to pass this obligation on to the licensees or franchisees that were informed in the license or franchise agreement itself.

Likewise, the court believes that the agreement is neither collusive nor does it damage Equivalenza, given that it is governed by the free will of the parties and that its purpose is to prevent one of these from continuing infringing the trademark and performing unfair competition against the other. Therefore, the court is of the opinion that the agreement does not eliminate or restrict competition, but rather it contributes towards improving the sale of goods as it allows for consumers to identify, without confusion, the goods and services linked to the signs having exclusive rights.

The court did not consider the petition to declare illegal the permanent nature of the contract either, under the pretext of an alleged time limit on the right conferred by a mark, as the mark is not subject to a time period for as long as it is renewed and, in any case, that it may enjoy later exclusivity for the protection of competition.

In reference to the claims of Equivalenza, it is pointed out that there was no error in the assessment of the evidence by the lower court,

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from the moment compliance did not take place within the time period established in the contract, it being proven that the franchisees used the marks either orally, through listings or via inducement of users or consumers themselves.

Finally, there was also the dismissal of the challenge by the L’Oreal Group relating to the request for clarification of the judgment for this to declare express application of the agreement to unfair conduct, since the scope of interpretation of the contract did not appear in the initial claims of the group, a scope which, where applicable, would not be linked to the breach of contract, but to the act of unfair competition that was dismissed without being challenged.

■ ■ ■ **3. Remarks.** Although the judgment deals with the validity of and compliance with a private contract between two parties, it does contain very interesting findings in relation to indirect trademark infringement, that is, by means of the use of the other party’s mark not regarding the product itself, but in the sale procedures or in the support materials – such as the mailing lists in this case – and with regard to committing acts of unfair competition in advertising and communications.

In particular, I would highlight the clear distinction made by the High Court between trademark infringement and acts of unfair competition when stating that *“Trademark infringement will exist when used in the purchasing process. But inasmuch as the defendants make use of the knowledge, prestige and advertising of third-party marks to sell their goods, even if said marks are not expressly mentioned, we will be facing unfair competition”*.

In essence, this is a very relevant judgment – in line with that upheld by the CJ in its judgment of 18 June 2009, [C-487/07](#) – which lays the bases to act against the parasitic behaviour of some low cost retail shops or chain stores whose business model is based on imitating products made by large firms or some form of evocation of said products in their advertising or sale processes. **Cristina VELASCO**

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

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

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



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

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

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

In this respect, it states that it should be noted that while the shape of the product or of a part of the product plays a role in creating an outline for the colour, it cannot be said that a sign consists of that shape when the registration of the mark did not seek to protect that shape but sought solely to protect the application of a colour to a specific part of the product.

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

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

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

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

The Court of Justice, which is normally rather strict when it comes to applying certain bars to registration to trademarks which are out of the

ordinary, appears to be opening up to the reality that signs can now take unexpected forms and break away from the predictable panorama of traditional marks.

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

6. Interpretation of repackaging in relation to parallel imports: not all new labelling of packaging constitutes repackaging. Judgment of the Court of Justice of 17 May 2018, Junek (C-642/16).

■ ■ ■ **1. Background.** The German company Lohmann & Rauscher International GmbH & Co. KG (hereinafter the “Manufacturer”) is the owner of European Union Trademark no. 8852279 DEBRISOFT, registered in class 5 for “sanitary preparations for medical purposes”, “plasters” and “material for dressings”, and it markets material for dressings as covered by said trademark.

The Austrian company Junek Europ-Vertrieb GmbH (hereinafter the “Importer”) markets in Germany, by way of parallel importation, the products exported to Austria by the Manufacturer, that is, it purchases the products the Manufacturer sells in Austria, imports them to Germany and then sells them there.

Before selling the products, the Importer affixed a label on the box of the products (hereinafter the “contested label”), including information regarding the company responsible for the importation, its address and telephone number, a barcode and a central pharmaceutical number. The contested label was applied to an unprinted part of the box and did not conceal the Manufacturer’s DEBRISOFT mark.

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The Importer had not given prior notice to the Manufacturer of the reimportation and had not supplied it with the modified packaging of the product.

The Manufacturer lodged an action before the *Landgericht Düsseldorf* (Regional Court, Düsseldorf), seeking to prohibit the Importer from using the DEBRISOFT mark in the course of trade, without its agreement, and to order that company to recall, withdraw from the market and destroy the products concerned, which was upheld.

The Importer lodged an appeal before the *Oberlandesgericht Düsseldorf* (Higher Regional Court, Düsseldorf). This appeal was partially accepted, insofar as the court ruled that the prohibition on use of the mark at issue related to Germany only. This decision was also appealed by the Importer, who lodged an appeal on a point of law before the *Bundesgerichtshof* (Federal Court of Justice, Germany).

The German Federal Court stated that, according to the case-law of the Court of Justice, in particular, the judgments of 23 April 2002, *Boehringer Ingelheim and Others* ([C-143/00](#)), and of 26 April 2007, *Boehringer Ingelheim and Others* ([C-348/04](#)), the repackaging of a pharmaceutical product by a third party without the permission of the proprietor gives rise to real risks for the guarantee of origin and affixing a new label to the packaging also constitutes repackaging. Based on this consideration, the Federal Court interpreted that the contested label added to the product by the Importer constitutes repackaging.

With regard to the legitimate reasons preventing the owner of a mark from opposing the commercialisation of repackaged products, the Fed-

eral Court referred to the five conditions established by case-law of the Court of Justice - judgments of 11 July 1996, Bristol-Myers Squibb and Others (joined cases [C-427/93](#), [C-429/93](#) and [C-436/93](#), paragraph 79), and of 26 April 2007, Boehringer Ingelheim and Others ([C-348/04](#), paragraph 32) in the context of the parallel importation of pharmaceutical products.

The Federal Court considered that medical devices, just like pharmaceutical products, are particularly sensitive products due to their direct connection with health and the high degree of responsibility of the manufacturer. Thus, the guarantee of origin provided by the mark affixed to the product is of particular importance in both cases.

The German Federal Court found that the application of those principles is not restricted to cases of the parallel importation of pharmaceutical products, arguing that the Court of Justice held that said criteria could also apply to parallel trade of alcoholic beverages (Loendersloot, [C-349/95](#)).

Thus, the German Federal Court decided to refer several issues to the Court of Justice to elucidate whether or not, in a case such as the matter in dispute, the owner of the mark could oppose further commercialisation.

■ ■ ■ 2. Findings. The Court of Justice indicated that the five conditions established in case-law, which could prevent the proprietor of the mark from legitimately opposing further commercialisation of the product, are only applicable when the importer has repackaged the product.

Although there is case-law indicating that the concept of repackaging includes the labelling of pharmaceutical products packaging, it is important to keep in mind that the facts giving rise to the judgments establishing the case-law differ from the facts of the matter in question.

The aforementioned judgments did not simply involve the affixing of an additional external label, but also, in every case, the opening of the original packaging in order to insert an information leaflet in a language different from that of the country of origin of the product which bore the mark in question.

Given that the packaging has not been modified and that the original presentation of the packaging has only been affected by the attachment of a small label, which does not conceal the mark and includes information of the company responsible for placing it on the market, said company's contact details, a barcode and a central pharmaceutical number, it cannot be considered to constitute repackaging.

Therefore, the attachment of an additional label, such as the contested label, does not constitute a legitimate reason justifying the opposition of the proprietor of the mark to further commercialisation.

■ ■ ■ **3. Remarks.** The German Federal Court errs in its consideration of the concept of product repackaging, based on a strict interpretation of existing case-law. The Court of Justice provides greater clarification concerning the scope of what constitutes repackaging of products, defining an interpretation which is closer to the literal meaning of the word "repackaging".

It should not be interpreted that any new product labelling is to be considered repackaging. It must be determined whether or not there has been repackaging, based on the specific circumstances.

In the case of the main proceedings, it is confirmed that the attachment of a label on the packaging of the product which does not cover the mark of the product and simply includes the details necessary for the commercialisation of the product, does not constitute product repackaging. Likewise, in accordance with the criterion established by this judgment, it is understood that there would be repackaging of products in cases where: (a) the packaging is modified; (b) it has been opened (for example, to add information leaflets or instructions); (c) the original presentation of the product has been affected beyond that which is strictly necessary; or (d) the mark is concealed.

The judgment does not enter into any consideration as to whether the cases in which the proprietor of the mark would not have legitimate reasons to oppose further commercialisation of pharmaceutical products, as established by case-law, would also be applicable to medical devices. Certainly, the German Federal Court's affirmative interpretation in this regard, based on the direct connection that both

types of product have with health and on the high responsibility of the manufacturers of these products, seems appropriate, particularly if we consider that the Court of Justice already confirmed that the criteria relating to the repackaging of pharmaceutical products could also be applicable to the parallel trade of alcoholic beverages.
Agustín ALGUACIL

7. Conditions under which a national mark which has been surrendered or allowed to lapse by its proprietor, who claimed seniority based on that mark, may be declared invalid or revoked a posteriori, with the resulting loss of seniority. Judgment of the Court of Justice of 19 April 2018, Peek & Cloppenburg (C-148/17).

■ ■ ■ 1. Background. P & C Düsseldorf is the owner of the German word and figurative marks PuC, registered for clothing, with priority dating back to 1953. P & C Hamburg is the owner of an EU word mark PUC, registered in 2001 for goods in classes 18 and 25. In Germany, this mark enjoys the seniority of two German marks PUC, filed and registered for clothing in 1978 and 1982.

P & C Düsseldorf claimed use-based rights in Germany pre-dating the EU mark but later than the German marks of P & C Hamburg.

In earlier proceedings, which took place in 2005, P & C Düsseldorf brought an action for revocation, on grounds of non-use, of the German marks PUC owned by P & C Hamburg. In response to that action, P & C Hamburg voluntarily applied to the German Patent and Trademark Office for the registration of those marks to be cancelled. At the time P & C Düsseldorf did not seek the revocation a posteriori of the German marks and the consequent loss of the seniority claimed by P & C Hamburg in its EU mark.

P & C Hamburg subsequently started using the PUC mark in Germany, and P & C Düsseldorf brought an infringement action. In its defence, P & C Hamburg relied on the seniority of its German marks. P & C Düsseldorf argued that the German marks had been surrendered because, prior to the voluntary cancellation of the marks, they had not really been subject to genuine use and were therefore vulnerable on grounds

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of non-use. P & C Hamburg argued in turn that the marks could not be revoked *a posteriori*, given that use of the marks had meanwhile commenced in Germany.

In 2010 P & C Düsseldorf brought an action before the Landgericht Hamburg (Regional Court, Hamburg) seeking an order that P & C Hamburg may no longer claim the seniority of the German marks PUC, mainly arguing that when the marks were cancelled, due to their voluntary surrender by P & C Hamburg, they were already vulnerable to possible revocation on grounds of non-use. P & C Düsseldorf claimed, on a subsidiary basis, that the marks could have also been cancelled at that time due to earlier rights which it held.

The action was accepted, and the subsequent appeal lodged by P & C Hamburg was dismissed by the Higher Regional Court, Hamburg. In its decision, the appeal court found that P & C Düsseldorf's claim was well founded, given that the cancelled German PUC marks, whose seniority was claimed for the EU mark, could have been cancelled due to revocation both on the date on which they were cancelled due to voluntary surrender and on the date of the last hearing which took place before that court.

P & C Hamburg then lodged an appeal against that decision before the Bundesgerichtshof (Federal Court of Justice, Germany). The Federal Court of Justice found that the Higher Regional Court had correctly ruled that the conditions for cancelling a mark due to revocation had to be met not only at the time that mark was surrendered, but also on the date of the last hearing before the court handling the application for a declaration of revocation of said mark.

However, the Federal Court of Justice questioned whether this interpretation was compatible with Article 14 of [Directive 2008/95](#), which stipulates that where the seniority of an earlier mark which has been surrendered or allowed to lapse is claimed for an EU mark, the invalidity or revocation of the earlier mark may be established *a posteriori*, with the resulting loss of seniority. It further raised the question whether, after surrendering its German marks, P & C Hamburg could have used the marks in such a way as to maintain the rights attached to them. Since the Higher Regional Court found that the use of the marks after their surrender could not be taken into account, as the

use had no “*curative effect*”, the Federal Court of Justice was unsure whether that analysis was accurate and was uncertain regarding the effect of claiming the seniority of an earlier national mark for an EU mark.

In those circumstances, the Federal Court of Justice decided to refer the question to the CJ whether the invalidity or revocation of an earlier national mark, whose seniority is claimed for an EU mark, may only be declared *a posteriori* if the conditions for declaring invalidity or revocation were present not only on the date on which the earlier mark was surrendered or allowed to lapse, but also at the time of the judicial decision establishing its invalidity or revocation.

■ ■ ■ **2. Findings.** The CJ declares in the judgment that the use of a national mark made after it has been surrendered may not have a “*curative*” effect in such a way as to maintain the rights attached to it.

The use of the mark is only taken into account on the date of the filing of the application for revocation, possibly brought forward by three months. Consequently, in the view of the CJ, it would be incorrect to take into account, in the context of proceedings seeking to establish *a posteriori* the revocation of a mark, use made after the date on which the proprietor himself declared his surrender of the mark or allowed it to lapse.

The only effect of the seniority of an earlier national mark claimed for an EU mark is that the proprietor of the earlier national mark, who surrendered it or allowed it to lapse, is to be considered to continue to have, in the Member State in or for which it was registered, the same rights as he would have had if the mark had continued to be registered. This provision thus creates a fiction intended to enable the proprietor of the EU mark to continue to enjoy, in that Member State, the protection enjoyed by the earlier national mark which was cancelled, but not to enable that mark to continue to exist in the same form. In the view of the CJ, it follows that any use of the sign in question after its cancellation must be regarded, in such a case, as use of the EU mark and not of the cancelled earlier national mark.

To strengthen its arguments, the CJ declares that its interpretation of Article 14 of [Directive 2008/95](#) is confirmed by Article 6 of [Directive](#)

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[2015/2436](#), which entered into force after the events in the conflict in the main proceedings. The aforementioned Article 6 establishes as the sole condition for establishing *a posteriori* the invalidity or revocation of the earlier national mark, that the invalidity or revocation could have been declared at the time the mark was surrendered or allowed to lapse.

The CJ concludes that the foregoing precludes an interpretation of national legislation according to which the invalidity or revocation of an earlier national mark, whose seniority is claimed for an EU mark, may only be declared *a posteriori* if the conditions for declaring invalidity or revocation were present not only on the date on which the earlier mark was surrendered or allowed to lapse, but also at the time of the judicial decision establishing its invalidity or revocation. It is therefore sufficient for those conditions to be present on the date on which the earlier national mark was surrendered or allowed to lapse.

■ ■ ■ **3. Remarks.** This judgment could compromise the position of EU trademark owners who, having claimed the seniority of national marks, have surrendered or allowed marks to lapse which, at the moment they were surrendered, were vulnerable to revocation on grounds of non-use. Surrendering the national mark or allowing it to lapse, even when the seniority of the mark has been claimed, means that any use after it has been surrendered or allowed to lapse may not have a curative effect with respect to the grounds for revocation. From that moment, the use would thus be regarded as use of the EU mark, not use of the abandoned national mark. Therefore, there is no way back with regard to the vulnerability of that mark on grounds of non-use, and it cannot be remedied by commencing or resuming use. In this regard, seniority does not afford the same rights as those deriving from the abandoned national mark. While commencing use of a national mark that is still in force could have a curative effect with respect to the grounds for revocation, the mark would not benefit from that effect if it were surrendered or abandoned while vulnerable to revocation.

The lesson that may be drawn seems clear: before abandoning a national mark (or the national designation of an international mark) whose seniority has been claimed in an EU mark, it is essential to ensure that the mark will not be exposed to any declaration of revoca-

tion *a posteriori*. To that end, the proprietor should carefully analyse whether he would be in a position to prove that the mark in question has been subject to genuine use in the five-year period prior to its voluntary cancellation or lapse. If the national mark were abandoned while in a vulnerable situation, it would be placed in a very risky position and would be exposed to the possibility of a third party, perhaps in the context of trademark infringement proceedings, seeking its revocation *a posteriori*, which could lead to the loss of the seniority claimed in the EU mark. In other words, the proprietor could be throwing away the seniority of a mark in a given territory, with the adverse economic or commercial consequences that this could entail, simply as the result of a decision taken at the wrong time or without the appropriate legal analysis of the potential repercussions.

However, just as this judgment obliges trademark owners to exercise caution when abandoning marks whose seniority has been claimed, it also provides defendants in infringement proceedings with a possible line of defence, if the action is based on the seniority of a mark which may have been vulnerable on grounds of non-use at the time the owner (the complainant) abandoned it. A solid defensive strategy will always call for an examination of this potential weakness of the national mark whose seniority is claimed with a view to seeking its revocation *a posteriori*, if there are doubts as to whether it was in use when it was abandoned, which could even prove to be a key factor in successfully overcoming the action. **Fernando ILARDIA**

8. Consequences of the lack of cooperation by the defendant to quantify damages. Judgment of the European Union Trade Mark Court of 12 March 2018, Carrefour (ECLI:ES:APA:2018:709).

■ ■ ■ **1. Background.** Carrefour, S.A., owner of the trademarks CARREFOUR and CARREFOUR EXPRESS, became aware of a supermarket called CARREFOOD opening in Madrid. They also noted that an application had been filed for the trade name CARREFOOD AMANA, which was refused following the corresponding opposition filed by Carrefour, S.A.

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The company brought infringement proceedings against two defendants who were responsible for managing the supermarket. In the complaint, the complainant sought an order for payment of compensation for damages, quantified in the following manner:

- a) Costs: €560.50 for expenses incurred in preparing the complaint and 3% of the turnover in respect of the damage resulting from the dilution and detriment to the reputation of the trademarks of the complainant.
- b) Damages: the profits obtained by the defendants.
- c) Subsidiarily, as a minimum, 1% of the turnover.

European Union Trade Mark Court No. 1 in Alicante substantially upheld the complaint and ordered the defendants to pay the costs. The only petition not accepted was the order for payment of 3% of the turnover, since the complainant was forced to withdraw this petition given that the information could not be obtained, due to the absence of cooperation from the defendants.

■ ■ ■ **2. Findings.** The defendants appealed the judgment and the European Union Trade Mark Court upheld the rulings. Firstly, it shared the judge's finding that there had been an infringement, as a result of unfair advantage having been taken of a trademark whose reputation had been demonstrated, making reference to the assessment criteria established by the Court of Justice of the European Union.

With regard to the compensation, and as the defendants had provided no documentation to be able to directly and precisely quantify its turnover or profits, the judgment confirmed that the indirect system used

by the court-appointed expert, based on estimation of earnings using tax criteria, was fully justified.

Likewise, the order to pay costs was upheld, despite the fact that the complainant had initially requested compensation of 3% (or, subsidiarily, 1%) of the turnover and a set amount in respect of profits obtained by the infringers was awarded. The court further recalled that the change of criteria for setting the compensation was the result of the obstructive attitude shown by the defendants, who prevented the expert from obtaining the data on the turnover of their business. In view of these circumstances, the change of criteria by the complainant was considered justified, and its claims were substantially, not partially, upheld. Finally, the court also argued that it was not possible to make a comparative economic assessment of both compensation criteria to determine whether the amounts would be similar, due exclusively to the absence of documentation provided by the defendants.

In addition, the judgment confirmed the inclusion of the price of the private investigator's report as part of the compensation, in respect of damages suffered as a result of the infringement, based on [Article 43.1](#) of the Trademark Act. Indeed, the legal provisions foresee compensation for investigation expenses to obtain reasonable proof of the unlawful conduct. Thus, it is considered evident that the private investigator's report is an investigation into the reality of the infringement, its perpetrators, participation and scope, and it does not constitute a procedural expense but, rather, a substantive expense and, therefore, it is recoverable as part of the compensation ruling.

■ ■ ■ **3. Remarks.** Although the defendant is under the obligation to produce, at the request of the complainant, any documents that may serve to set the compensation amount, pursuant to [Article 43.4](#) of the Trademark Act and [Article 328](#) of the Civil Procedure Act, it is not unusual for the defendant to refuse to cooperate. In this judgment, the court upheld the position adopted on previous occasions, preventing the infringer from benefitting from its obstructive attitude or from other additional infringements (for example, failing in the duty to keep accounts, as established in [Article 25](#) of the Code of Commerce), by preventing the data necessary to quantify the compensation from being known, considering that all the accounting, financial and trade documentation is held by the infringer. As a result, the compensation ruling

includes the amounts which, although approximate, can be reasonably calculated using the scarce data available. Patricia GARCÍA

9. Action for recovery of ownership of a European Union trademark registration based on Art. 2.2 of the Spanish Trademark Act. Judgment of the Spanish Supreme Court of 14 February 2018, Shower Green (ECLI:ES:TS:2018:417).

■ ■ ■ **1. Background.** European Union trademark registration No. 009679093 SHOWER GREEN (figurative) was filed on 24 January 2011 and granted on 29 August 2011.



An action was brought against its owner before the European Union Trade Mark Courts in Alicante, to recover ownership of the mark, based on Art. 18 of [Regulation No. 207/2009](#) and [Art. 2.2](#) of the Spanish Trademark Act (Act No. 17/2001). That court deemed Art. 18 of Regulation No. 207/2009 to be the legal provision applicable to an action to recover ownership of an EU trademark. Given that the proprietor of the trademark was neither an agent nor a representative of the plaintiff, the action was dismissed.

On appeal, the European Union Trade Mark Court ruled that ownership of the subject trademark lay with the plaintiff. The decision applied Art. 2.2 of the Spanish Trademark Act based on the reference that Art. 16 of the Regulation makes to national legislation.

With a cassation appeal having been filed against that decision, the Spanish Supreme Court referred a question to the Court of Justice for a preliminary ruling, in accordance with Art. 267 of the Treaty on the Functioning of the European Union, leading to the ruling of 23 November 2017 in case [C-381/16](#).

■ ■ ■ **2. Findings.** The Supreme Court accepts the interpretation of the Court of Justice which essentially recognises that ownership of a Euro-

pean Union trademark may be claimed on the grounds laid down in [Art. 2](#) of the Spanish Trademark Act, when the owner has his domicile in Spain.

[Art. 18 of the Regulation](#) entitles the legitimate owner to demand that the agent or representative assign to him a trademark registered without his authorisation. Claims based on this principle are governed exclusively by Regulation no. 207/2009. However, other circumstances, which fall outside the scope of application of Art. 18, are not regulated in EU legislation.

Art. 16 provides that a European Union trademark as an object of property shall be dealt with in its entirety and for the whole of the EU as a national trademark registered in the Member State in which the proprietor has his seat, his domicile or, failing that, an establishment. Based on this provision's reference to national legislation, the Court of Justice had interpreted that for situations not provided for under Article 18, it is possible to apply the national legislation of the specific Member State to actions for recovery of ownership of a European Union trademark, pursuant to the rules of Art. 16.

Since the Court of Justice had found that the provisions set out in Art. 2.2 of the Trademark Act (registration of a trademark applied for in breach of third-party rights or in breach of a legal or contractual obligation) were not inconsistent with Art. 16 and 18 of Regulation no. 207/2009, the Supreme Court held that there was no breach of Art. 16 (the sole ground of the cassation appeal) in the judgment of the European Union Trade Mark Court under appeal.

Likewise, in the judgment there is a brief summary of the case law concerning the circumstances justifying the filing of an action for recovery of ownership based on Art. 2 of the Trademark Act. Specifically, this provision covers situations in which there is a prior relationship between the parties (registration of a trademark by an agent of representative and, more generally, breach of trust) or where registration is sought in order to misappropriate the reputation earned by another.

■ ■ ■ 3. Remarks. As the Court of Justice had already established, it is possible to bring an action for recovery of ownership of a European Union trademark in circumstances not provided for under [Art. 18 of](#)

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[the Regulation](#) when provided for in the national legislation of the Member State in which the plaintiff has his seat, his domicile or an establishment. Where the applicable national legislation is Spanish legislation, the affected parties have seen their position strengthened, since they can claim ownership of a registration not only from an agent or representative who acted without their authorisation, but also against other operators who have obtained registration as the result of fraudulent conduct or in breach of a legal or contractual obligation.

The current [Regulation \(EU\) 2017/1001](#) on the European Union Trade Mark also includes in its Article 19 the provision dealing with a European Union trademark as a national trademark registered in the Member State in which the proprietor has his domicile. Therefore, despite the changes to the law, there is no reason to think that the broadening of protection in respect of ownership claims has changed.
Patricia GARCÍA

10. Likelihood of confusion between two conflicting trademarks in part of the EU. Judgment of the European Union Trademark Court of 6 February 2018, Kerrygold (ECLI:ES:APA:2018:492).

■ ■ ■ **1. Background.** The Irish company Ornuá Co-operative Ltd (“Ornuá”) is the owner of several EU trademarks for KERRYGOLD covering butter and other dairy products (class 29) which it sells in various EU countries, including Spain. The trademarks consist of, among others, the following signs:



Tindale & Stanton (“T&S”) is a Spanish company that imports and distributes margarine in Spain under the KERRYMAID sign, as follows:



In January 2014, Ornuá brought an EU trademark infringement action against T&S before the Alicante Mercantile Court under the provisions of Article 9.1 (b) and (c) of [Regulation \(EC\) No. 207/2009](#). The Alicante Mercantile Court, in its judgment no. 46/2015 of 18 March 2015, dismissed the action in its entirety. Ornuá subsequently lodged an appeal with the Alicante Court of Appeal requesting that this court refer the matter to the CJ for a preliminary ruling on the interpretation of said provisions and, specifically, on whether the peaceful coexistence of the marks in part of the EU could be extrapolated to the rest of the EU for the purpose of determining whether there is likelihood of confusion between the conflicting signs and/or a risk of unfair advantage being taken. The matter was settled by the judgment of the Court of Justice of 20 July 2017, *Kerrygold* ([C-93/16](#)).

Following the resumption of the proceedings which were stayed pending the preliminary ruling, the Alicante Court of Appeal dismissed Ornuá's appeal and upheld the judgment given in first instance.

■ ■ ■ **2. Findings.** The Alicante Court of Appeal began by setting out the CJ's main findings, as summarised below:

- The likelihood of confusion between the conflicting marks in a certain part of the EU (United Kingdom and Ireland) cannot be extrapolated to Spain and said likelihood must be analysed specifically in relation to that territory.
- The sociocultural circumstances and the market conditions cannot be assessed in the same manner throughout the territory of the EU, since the average consumer in the United Kingdom and Ireland perceives the "KERRY" element as an indication of geographical origin, but this is not the case in Spain.
- The conflicting signs do not coexist peacefully in Spain and, therefore, their peaceful coexistence in another territory does not constitute *due cause* legitimising their use in Spain.

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The Provincial Appellate Court went on to assess the possible existence of a likelihood of confusion between the conflicting signs, indicating that it agreed with the arguments put forward by the first instance court, notwithstanding the above-mentioned exceptions and precautions established by the CJ. Thus, after conducting a global assessment of the possible existence of a likelihood of confusion from the standpoint of the average consumer, who is reasonably well informed and reasonably observant and circumspect, the Provincial Appellate Court concluded that there was no likelihood of confusion between the marks despite the existence of common elements in them.

Secondly, with regard to the complainant's argument that unfair advantage could be taken of the repute of the KERRYGOLD mark, the Provincial Appellate Court indicated that: (i) the weak similarity between the conflicting signs limits any possible evocation of the reputed mark in the minds of consumers; and (ii) the commercial efforts of the defendant should not be dismissed, given that imports and trademark protection in other Member States of the European Union should be regarded as a notable effort by the defendant to position itself and achieve progress in the market.

■ ■ ■ **3. Remarks.** The judgment of the Provincial Appellate Court is not yet final as Ornuia has lodged an appeal for breach of process and a cassation appeal. In relation to the breach of process, Ornuia has argued that the judgment of the Provincial Appellate Court is not duly grounded since it only sets out the case law revealed cited by the first instance court when assessing the likelihood of confusion, which does not allow for the ratio decidendi applied to the issues under consideration to be known. On the other hand, with regard to the cassation appeal, Ornuia first argues that the Provincial Appellate Court has infringed the case law of the Spanish Supreme Court holding that the likelihood of confusion should be assessed globally, attaching particular importance to reputed marks and, on the other hand, that pursuant to Article 9.1.c) of [Regulation \(EC\) No. 207/2009](#), the decisive factor is not the degree of similarity between the conflicting marks, but whether the relevant public can establish a link between them. Consequently, the conflict between Ornuia and T&S has not yet come to an end. **Enrique ARMIJO CHÁVARRI**

11. The end of “immunity through registration”. Judgment of the European Union Trademark Court of 11 January 2018, Hello Kitty ([ECLI:ES:APA:2018:250](#)).

■ ■ ■ **1. Background.** SANRIO COMPANY LTD is a Japanese company that owns numerous Spanish and European Union trade mark registrations and international trade mark registrations with effects in Spain for the world-famous fictional character HELLO KITTY:



On October 2015, the company brought proceedings against the companies RIO LUNA, S.L., RIO STAR BISUTERÍAS, S.L., ISABEL BISUTERÍA S.L. and RIO SOL BISUTERÍA, S.L. for infringement of the rights in its HELLO KITTY trade marks, as they had been selling a series of products identified by the following sign, among others:



Spanish trademark No. 2934333

The companies argued in their defence that they were making use of

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the HOLA GATO mark under the coverage of Spanish trade mark registration No. 2934333.

Thus, the issue once again arose as to whether the owner of an earlier trade mark may assert the *jus prohibendi* conferred by his registration against the owner of another trade mark, registered subsequently, or whether, trade mark infringement proceedings are conditional upon first or concomitantly invalidating the later registered trade mark.

The judgment delivered at first instance ruled that the defendants had been infringing various well-known trade marks owned by Sanrio, by selling a series of products under the sign “HOLA GATO” and with figures very similar to the kitten of the “HELLO KITTY” trademarks, there being a likelihood of confusion in the marketplace.

The companies RIO LUNA, S.L., ISABEL BISUTERÍA S.L. and RIO SOL BISUTERÍA, S.L. lodged an appeal, disputing the existence of an infringement on grounds that there was a trade mark registration (owned by a third party not intervening in the proceedings) which would cover the use of the mark, and thus that since there was no bad faith, there should not be an order to pay any compensation.

■ ■ ■ **2. Findings.** The European Union Trade Mark Court dismisses the appeal and upholds the first instance judgment, finding that *“infringement of the trade mark can arise as the result of the actions of the owner of a subsequently registered trade mark, which is confusingly similar to the former, without it even being necessary to have previously or simultaneously brought an invalidity action against the same”*.

In this regard, it refers to the EU Court of Justice’s interpretation of the [Regulation 207/2009](#) on the European Union trade mark in its judgment of 21 February 2013 ([case C-561/11](#)) where it stated that, in the light of the priority principle, the earlier mark takes precedence over the later mark, since the mark registered first is presumed to have met the conditions required to obtain Community protection before the mark registered second, concluding that the infringing third party referred to in Article 9 of this Regulation can perfectly well be the owner of a later trade mark.

Finally, in line with the change of approach initiated by the Supreme

Court's judgment no. 520/2014 of 14 October 2014 (DENSO case, [ECLI:ES:TS:2014:5089](#)), the Court applies this interpretation of Community legislation to the national level in Spain: *"The Spanish Supreme Court, reiterating said doctrine in the Judgment of 14 October 2014, has deemed it applicable to the case of national marks, meaning that it is not even possible for the owner of a subsequently registered Spanish trade mark to invoke the jus utendi stemming from a registration to dispute the infringement of the earlier mark"*.

■ ■ ■ **3. Remarks.** This decision confirms the shift away from the criteria traditionally applied by the Spanish courts, which maintained that a claim could not be brought against the owner of a later registered mark for infringement of an earlier mark unless the registration providing coverage for the use of the later mark had been declared invalid.

In this regard, it is appropriate to mention the [revision](#) of the Spanish Trade Mark Act which entered into force on 14 January 2019, which reflects this change of approach, making it fully consistent with the principle of unitary protection sought in [Directive \(EU\) 2015/2436](#) to approximate the laws of the Member States relating to trade marks.

Thus, [Article 34](#) of the Trade Mark Act expressly establishes that *"(1) the registration of a trade mark shall confer on the proprietor exclusive rights therein, (2) without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark..."*.

Moreover, [Article 37](#), concerning the limitations of the rights conferred by a trade mark, establishes that *"these rights may not be invoked to exempt the proprietor of the mark from responding to actions brought against him for infringement of other industrial or intellectual property rights that have an earlier priority date"*.

On the one hand, there can be no doubt that the owner of a Spanish or EU trade mark may prohibit the use of another later mark and said (later) registration does not grant its owner immunity from a claim, thus guaranteeing the principle of priority.

However, this change of criteria in case law (and in legislation) gives rise to a situation of legal uncertainty for the owner of a registered

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trade mark, who, while being entitled to use the mark in accordance with a legitimately obtained right, runs the risk of encountering a claim for infringement of an earlier identical or similar mark. What is more, he could even be obliged to pay compensation, even if his mark has not previously or simultaneously been declared invalid, and he may only rely on a potential time bar against the civil action as a result of tolerance of use of the mark for a period of five years. **Soledad BERNAL**

Notes



**Copyright,
the information
Society, the
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12. The taste of a food product not deemed as a “work” eligible for copyright protection. Judgment of the Court of Justice of 13 November 2018, Levola (C-310/17).

■ ■ ■ 1. **Background.** The present question arose in the context of proceedings concerning the alleged existence of copyright infringement in relation to the taste of a food product, specifically “*Heksenkaas*”, a “*spreadable dip containing cream cheese and fresh herbs*” created by a Dutch businessman who had transferred the intellectual property rights in his “work” to the company Levola Hengelo BV (hereinafter “Levola”). Although it falls outside the scope of the proceedings in question, it is interesting to note that a patent was granted for the method of manufacturing this cheese in 2012.

It was the company Levola which, in July 2012, brought infringement proceedings before the Gelderland District Court (Netherlands) against the company Smilde Foods BV (hereinafter Smilde) for manufacturing and marketing another cheese, “*Witte Wievenkaas*”, which, in the opinion of the complainant, reproduced the taste of *Heksenkaas*. In its complaint, it likewise requested that the taste in question be declared an intellectual creation eligible for protection as a work within the meaning of Article 1 of the *Auteurswet* (Dutch Copyright Law).

Curiously, the Gelderland District Court dismissed the action without even entering into any consideration of whether it was appropriate to consider the taste of the cheese a “work” eligible for copyright protection. The basis for the judge’s rejection of Levola’s claims was simply that the complainant had not indicated the elements or the combination of elements which gave *Heksenkaas* its “*unique, original character and personal stamp*”.

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The underlying key issue in the case, however, was to elucidate whether the taste of a food product may be eligible for copyright protection. The parties adopted entirely opposite views in this respect:

- Levola:

- Copyright in a taste refers to the *“overall impression on the sense of taste caused by the consumption of a food product, including the sensation in the mouth perceived through the sense of touch”*.

- The taste of a food product may be classified as a work of literature, science or art that is eligible for copyright protection.

- Smilde:

- The copyright system is intended purely for visual and auditory creations, taste cannot be protected.

- The instability of a food product and the subjective nature of the taste experience preclude the taste of a food product from qualifying for copyright protection.

Levola based its position, by analogy, on a judgment of the Supreme Court of the Netherlands in 2006 (Lancôme) in which copyright protection was extended to the scent of a perfume.

The referring court referred to a judgment of the Court of Cassation in France in 2013 that categorically rejected the possibility of granting copyright protection to a scent.

In view of these conflicting examples of case-law at the heart of the EU in relation to a matter considered to be analogous, the Regional Court of Appeal of Arnhem-Leeuwarden (Netherlands) decided to stay the proceedings and to seek interpretative guidance as provided for under Article 267 of the [Treaty on the Functioning of the European Union](#) (TFEU), the aim being for the CJ to establish uniform doctrine on whether the taste of a food product qualifies for copyright protection.

■ ■ ■ **2. Findings.** In its judgment of 13 November 2018, the CJ re-

sponded to the two questions making up the request for a preliminary ruling by the referring Dutch court.

We will focus on the first of these questions, given that the response to this led the CJ to consider it unnecessary to respond to the second question. In essence, the question posed was whether [Directive 2001/29](#) of the European Parliament and of the Council, of 22 May 2001, on the harmonisation of certain aspects of copyright and related rights in the information society, should be interpreted as precluding the taste of food products from copyright protection and precluding national legislation from being interpreted in such a manner that it grants copyright protection to such a taste.

Procedural aspects:

However, before addressing the substance of the matter and although it does not constitute the subject at issue, the CJ offers interesting comments on formal and procedural matters for legal practitioners (and also litigants) unfamiliar with the handling of these proceedings, in relation to the defendant's claims that the request for a preliminary ruling is inadmissible, arguing that Levola had not specified the elements of Heksenkaas characterising this as the author's own intellectual creation.

At this point, the Court recalled case-law upholding that:

- On the one hand, it is solely for the national court before which the dispute has been brought to determine the need for and the relevance of a preliminary ruling in order for to deliver its judgment. In any case, such questions referred by a national court enjoy a presumption of relevance.
- On the other hand, the CJ is obliged to give a ruling provided that the questions submitted concern the interpretation of EU law.

Material aspects:

The complainant, Levola, relied on an interpretation of Articles 1 and 10 of the Dutch Copyright Law favouring copyright protection for taste.

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Within the context of the European Union, the CJ points out that [Directive 2001/29](#) contains no express reference to the laws of the Member States for the purpose of determining the meaning and scope of the concept of a “work”. It simply establishes (i) a set of exclusive rights for authors in respect of their “works” (Articles 2 to 4), and (ii) a series of exceptions and limitations to those rights in Article 5.

In the absence of guidance criteria in the directive itself and in the interest of an autonomous and uniform interpretation throughout the European Union, the CJ defines the two cumulative conditions that must be satisfied for subject matter to be classified as a “work”. In the matter at issue, these requirements are the following:

- The subject matter concerned must be original in the sense that it is the author’s own intellectual creation.
- The classification as a “work” within the meaning of this Directive refers to the elements constituting an expression of said intellectual creation.

In this regard, in a review of international legislation, the CJ refers to Article 2(1) of the [Berne Convention](#), applicable pursuant to Article 1(4) of the [World Intellectual Property Organization \(WIPO\) Copyright Treaty](#), which considers literary and artistic works to include every production in the literary, scientific and artistic domain, whatever the mode or form of its expression may be. It also refers to Article 2 of the same WIPO Treaty and to Article 9(2) of the [Agreement on Trade-Related Aspects of Intellectual Property Rights](#) (TRIPS), establishing that copyright protection may be granted to expressions, but not to ideas, procedures, methods of operation or mathematical concepts as such.

For reasons of legal certainty, the CJ considers it essential, both for the authorities responsible for ensuring the protection of exclusive rights inherent in copyright and for individuals, in particular economic operators, to be able to identify the existence of a work. This is the main reason leading the CJ to insist that said “work” must be *“identifiable with sufficient precision and objectivity, even though that expression is not necessarily in permanent form”*, dismissing any element of subjectivity.

Currently, the CJ only acknowledges the following factors particular to

the person, as a means of identifying the taste of a food product: age, food preferences and consumption habits, as well as the environment or context in which the product is consumed. Due to the nature of this identification method, an objective identification is not feasible under the terms set in this judgment.

Consequently, the CJ reached the conclusion that a taste cannot be classified as a “work” within the meaning of Directive 2001/29, as it is essentially based on taste sensations and experiences which, by definition, are subjective and variable.

Likewise, for reasons of uniformity and harmonization of the “work” concept within the European Union, the Court rejects the interpretation of national legislation in such a way that it grants copyright protection to the taste of a food product.

■ ■ ■ **3. Remarks.** The CJ’s impeccable interpretation of the Directive is likewise categorical: the factors to identify a taste will be considered eminently subjective for as long as they are related to the person tasting the food product, thus hindering the precision and objectivity required by the CJ.

Notwithstanding the above, this judgment highlights the Court’s contextualization of its own ruling, limiting it to the current state of scientific development. As a nod to technological progress and in line with the [opinion](#) of Advocate General Wathelet, this scenario suggests that, in the future, it may be possible to distinguish some tastes from others and to identify these precisely and objectively, through technical means or processes, which would force lawmakers to adjust legislation accordingly. Sara Isabel TORTOSA

13. Compensation in the event of file-sharing in breach of copyright. Internet connection accessible by members of the owner’s family. Judgment of the Court of Justice of 18 October 2018, Bastei Lübbe (C-149/17).

■ ■ ■ **1. Background.** The owner of the intellectual property rights in an audio book, the German publisher Bastei Lübbe, claimed compensation for sharing the audio book on an Internet peer-to-peer content

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exchange platform from which it could have been downloaded by an unlimited number of users. Specifically, the publisher brought an action before the Regional Court of Munich, against Mr. Michael Strotzer as the owner of the IP address through which the file was shared.

Mr. Strotzer based his defence on denying having infringed the copyright of the German company, asserting that his parents lived in the same household and that they could also have had access to the network connection. It should be emphasized that Mr. Strotzer did not directly accuse his parents of having committed the infringement, adding that neither his father or his mother used the online file-sharing computer programme, that they did not know about the existence of the audio book and that they were unaware of this being stored on their computer.

The complaint was dismissed in first instance since Mr. Strotzer could not be held liable for the copyright infringement as, having alleged that his parents could have committed the infringement, according to the case law of the *Bundesgerichtshof* (German Federal Court of Justice) defending the fundamental right to the protection of family life, the owner of the Internet address could escape liability.

After Bastei Lübbe appealed against the decision, the *Landgericht München* requested the CJ to interpret the provisions of EU law with regard to protection of intellectual property rights.

■ ■ ■ **2. Findings.** Within this context, the CJ attempted to answer the question as to whether the case law of the *Bundesgerichtshof* was compatible with [Directive 2001/29/EC](#) of the European Parliament and of the Council of 22 May 2001, on the harmonisation of certain aspects of copyright and related rights in the information society, and with [Directive 2004/48/EC](#), of the European Parliament and of the Council of 29 April 2004, on the enforcement of intellectual property rights, requiring Member States to adopt effective and dissuasive sanctions and measures to ensure enforcement of intellectual property rights.

In this regard, the CJ had to take into consideration the protection of several fundamental rights and the need to reconcile these, with a view to striking a fair balance between them. The right to an effective remedy and the right to intellectual property, on the one hand, and

the right to respect for private and family life, on the other. But the truth is that this balance is impossible when greater, almost absolute, protection is granted to the family members of the owner of an IP address through which an infringement of intellectual property rights is committed. Hence, it follows that German legislation is not effective enough to provide for appropriate sanctions against the infringer.

Therefore, the CJ concluded that German legislation and the case law of the German Federal Court of Justice are not consistent with European legislation by virtue of Articles 8.1 and 8.2 of [Directive 2001/29/EC](#) and Articles 3.1 and 3.2 of [Directive 2004/48/EC](#).

The CJ found that the respect for intellectual property rights and protection thereof, established in the Directives, is not compatible with pointing to a family member as the possible infringer without providing sufficient evidence of said family member's guilt.

■ ■ ■ **3. Remarks.** This interesting judgment can be added to the considerable list of CJ case law, in which intellectual property rights and fundamental rights are considered as key elements in configuring the measures necessary to protect intellectual property rights on the Internet. While the CJ had already acknowledged the need for an appropriate balance between protection of intellectual property rights and other fundamental rights, in this case it stresses the importance of combating practices on the Internet that infringe intellectual property rights, such as downloading or sharing protected files without the authorisation of the right holder. **Inés de CASAS**

14. Publication online, without the consent of the rightholder, of a photograph previously published on another website without any restrictions and with the consent of the rightholder. Judgment of the Court of Justice of 7 August 2018, Renckhoff (C-161/17).

■ ■ ■ **1. Background.** Mr. Dirk Renckhoff is a German photographer who authorised a travel website to publish one of his photos. The problem arose when, on 25 March 2009, a school in Waltrop (Germany) posted on its website the school project of one of its pupils, containing the photograph taken by Mr. Renckhoff, which the pupil had down-

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loaded from the travel website, including the source from which it had been obtained. It should be stressed that the photograph used by the pupil in her project was available without any restrictive measures with regard to downloading.

Mr. Renckhoff decided to lodge a complaint before the German courts against the City Council of Waltrop, the authority responsible for the school, and against the Land (State) of North Rhine-Westphalia, the body responsible for the educational supervision of the school and the employment of its teaching staff. The complainant sought to have them prohibited from reproducing his photograph and to receive compensation for damages in the amount of four hundred euros as the pupil had downloaded the photograph without its author's consent, thus infringing his right to reproduce the work and his right to make it available to the public.

The action was upheld in part in first instance and both parties decided to appeal against that judgment before the Higher Regional Court, Hamburg. This ruling was appealed before the German Federal Court of Justice, which had doubts as to whether the requirement, laid down in case-law (Svensson - [C-466/12](#) - and GS Media - [C-160/15](#) - cases), according to which the communication to the public concerned must have been made to a 'new' public, had been satisfied. It therefore decided to refer the question to the CJ for a preliminary ruling.

■ ■ ■ **2. Findings.** The CJ has declared on several occasions that Article 3(1) of [Directive 2001/29](#) determines that the concept of 'communication to the public' includes two cumulative criteria: an '*act of communication*' of a work and the communication of that work to a 'public'".

Therefore, the CJ ruled that it should be considered that the new public requirement is satisfied in this matter given that, despite the fact that the potential public was apparently the same, that is, all Internet users, there is a fundamental difference in this case in that there was no hyperlink to the work on another website. It was a new online posting of the work after it had been downloaded and stored.

In this sense, the CJ highlighted that, for it to be treated as a '*communication to the public*', the communication must be performed using a different technical means from those previously used for the same

work or, failing that, to a 'new public', that is to say, to a public that was not already taken into account by the copyright holder, in this case Mr. Renckhoff when he authorised the initial communication to the public of his photograph.

■ ■ ■ **3. Remarks.** A new consequence comes to light in this case. If it were not taken into account that there is a new act of communication to the public, the author would have no control over the first communication of his photograph posted on the Internet. Thus, the online posting of a work on a website would entail a new communication, totally independent from the initial communication authorised by the author. This judgment is extremely enlightening and we can see how the CJ continues to build on the case-law established in the Svensson ([C-466/12](#)), GS Media ([C-160/15](#)), Filmspeler ([C-527-15](#)) and Pirate Bay ([C-160/15](#)) cases, among others, and is also helping to shape and define the concept of 'communication to the public' in a very broad manner, together with the interpretation of Article 3(1) of Directive 2001/29, in the latter case introducing a new element regarding "*the author's control over the initial communication of the work*". **Mabel KLIMT and Inés de CASAS**

15. Setting of discriminatory tariffs by rights management entities not considered a breach of competition rules. Judgment of the Court of Justice of 19 April 2018, GDA ([C-525/16](#)).

■ ■ ■ **1. Background.** The CJ's judgment concerns proceedings involving the telecommunications operator MEO and the Portuguese competition authority. The conflict stems from the complaint lodged by MEO with the competition authority for alleged price discrimination by the rights management entity GDA. MEO claimed that there had been an abuse of a dominant position by GDA pursuant to Article 102 [TFEU](#), since it had charged MEO higher tariffs than its competitors for equivalent services.

Having studied the situation described above, the Portuguese authority decided not to take any further action on the complaint and not to impose any sanction, as it considered that the tariff differentiation was based on the costs, income and profitability structures of the television

signal transmission service provided by MEO and that it had no restrictive effect on the company's competitive position and, thus, was not capable of distorting competition. Moreover, the competition authority indicated that the existence of discriminatory conduct on the part of an undertaking in a dominant position does not automatically imply that there has been a breach of competition rules.

This decision was appealed by MEO before the *Tribunal da Concorrência, Regulação e Supervisão* (Portugal's Competition, Regulation and Supervision Court), arguing that the competition authority had analysed whether the distortion of competition caused was significant, and not whether the conduct was capable of distorting competition. In light of this petition, the Court decided to refer eight questions to the CJ for a preliminary ruling, although it did specify to the CJ that GDA does have a dominant position in the market but that the operators providing paid television signal transmission services also have a considerable margin for negotiation vis-à-vis the rights management entity.

■ ■ ■ **2. Findings.** The referring Court raises a total of eight questions, although all of them centre on whether, to establish the existence of a competitive disadvantage, as required under Article 102 [TFEU](#), for the price discrimination to be considered to constitute an abuse of a dominant position, the seriousness of its effects should be taken into account.

The article stipulates that the dissimilar conditions applied must cause a competitive disadvantage and potentially affect trade between Member States. The Court considers that the article is intended to ensure that companies are not favoured or disfavoured in competition, irrespective of whether the conduct in question affects the competitive position of the dominant undertaking. Therefore, for there to be an abuse, not only must there be discrimination, it must also be proven that it tends to lead to a distortion of competition in a market.

The Court clarifies that the mere existence of dissimilar conditions does not mean that competition has been distorted or is capable of being distorted; such a conclusion must be preceded by an examination of all the relevant circumstances, including, as listed by the CJ: (i) the undertaking's dominant position, (ii) the negotiating power with regard to tariffs, (iii) the conditions and arrangements for application of the

tariffs, (iv) their amount and (v) the existence of a strategy aimed at excluding a competitor from the market.

Focusing on the facts submitted, the Court finds that (i) MEO has a certain negotiating power vis-à-vis GDA, (ii), that the amount of the tariffs was low in comparison with the costs borne by MEO in providing its services, and therefore did not significantly affects its profits; and (iii) that it does not seem feasible that GDA has any interest in excluding MEO from the market.

Finally, and in line with the [opinion](#) expressed by the Advocate General, the CJ finds that while it is not appropriate to set a minimum threshold for the purpose of determining whether there has been an abuse of a dominant position, it may be asserted that an operator's competitive position in the market cannot be affected by discrimination when its impact is not significant.

Notwithstanding the above, it leaves the decision as to the existence of a competitive disadvantage in this matter in the hands of the referring court.

Therefore, the Court concludes that a competitive disadvantage may be perceived in the event that the discrimination gives rise to a distortion of competition, which may only be determined by analyzing all of the relevant circumstances in the case and reaching the conclusion that the discrimination has an effect on the costs, profits or "*other relevant interest*" of the affected parties.

III 3. Remarks. Following on from its recent findings in this area (Intel case, [C-413/14 P](#)), the CJ focuses the criteria for determining a potential breach of competition rules on the effects of the same, making the application of Article 102 dependent, to some degree, on the seriousness of the consequences in the market of conduct which is, in principle, anti-competitive, leaving to one side the concept of by object infringement.


Bearing in mind that the CJ's decisions over the past few years have followed this same line, the decision does not represent a turning point in the Court's doctrine. Nevertheless, it does confirm the recent doctrine of analysis based on effects.

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Moreover, it strengthens the position of rights management entities in Europe and their methods for setting, negotiating and charging tariffs, as they have seen several decisions from the CJ in recent years that have been adverse to their interests. **Martín BELLO**

Notes

Patents



16. Supplementary protection certificates in the case of medical devices incorporating as an integral part a substance which, separately, may be considered to be a medicinal product. Judgment of the Court of Justice of 25 October 2018, Boston Scientific (C-527/17).

■ ■ ■ **1. Background.** The judgment is in response to a referral for a preliminary ruling made by the Bundespatentgericht (German Federal Patents Court) on the scope of Article 2 of [Regulation no. 469/2009](#) in relation to the protection by means of an SPC (supplementary protection certificate) of products which are a combination of medical devices and medicinal products.

Boston Scientific Ltd (“Boston Scientific”) is the holder of a European patent relating to the use of medicinal substances designed to reduce restenosis following angioplasty (EP 0681 475). That patent covers in particular the use of Paclitaxel (the principal active ingredient known for treating certain cancers) for the preparation of a medicament to maintain an expanded vessel luminal area. In January 2003, Boston Scientific obtained a EC certificate of conformity for the medical device TAXUS, a Paclitaxel-coated stent. Later, in March 2011, Boston Scientific filed with the German Patent Office an SPC application in relation to Paclitaxel based on the patent EP 0681 475 and on the EC conformity certificate issued in 2007 for the TAXUS medical device. The Office rejected that application because, among other reasons, the product in question did not have marketing authorisation (‘MA’), pursuant to the provisions of Article 2 of Regulation No. 469/2009.

The matter at issue focusses on determining whether the certification procedure followed by the Medicines Evaluation Board in the Nether-

lands for the authorisation of paclitaxel could be treated in the same way as the MA procedure laid down in [Directive 2001/83](#).

■ ■ ■ **2. Findings.** The Court of Justice concludes that the prior authorisation procedure under [Directive 93/42](#) for a substance incorporated as an integral part of a medical device may not, under any circumstance, be considered an analogous procedure to the MA procedure for a medicinal product. The judgment is based on the following:

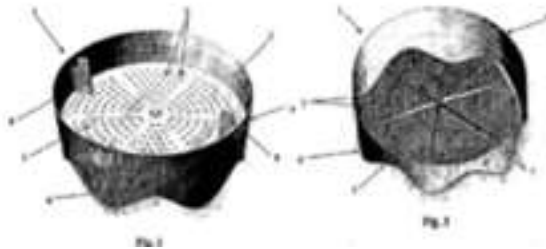
- Paclitaxel, as an integral part of a medical device and performing an action ancillary to that of the device, cannot be considered individually as a medicinal product that may be subject to a MA procedure pursuant to Article 2 of Directive 2001/83, as both concepts are mutually exclusive and have very different definitions in their respective legislation. In this respect, the court applies a functional criterion and concludes that, even if it could be classified as a medicinal product due to its separate action, it cannot be considered a medicinal product given that the action it performs is ancillary to that of the medical device.
- The prior authorisation procedure of the medical device containing Paclitaxel is not comparable to the administrative procedure provided for under [Directive 2001/83](#) on the Community code relating to medicinal products for human use. In this regard, the Court specifies that the assessment of the quality, safety and usefulness of the substance must be conducted in accordance with the provisions of Section 7.4 of Annex I to [Directive 93/42](#), taking into account the intended purpose of the medical device and the incorporation of the substance into the device.
- Finally, the Court of Justice clarifies that, notwithstanding the exception in Article 4 of [Regulation No. 469/2009](#) allowing SPCs to protect medical devices that are used as medicinal products, this cannot be transposed to a substance or adjuvant product that performs an action ancillary to that of the medical device in question. Therefore, substances such as Paclitaxel would fall outside the scope of said legislation.

■ ■ ■ **3. Remarks.** Although the judgment under review may be disappointing for manufacturers of medical devices in which the therapeutic

effect of the active ingredient plays a secondary role in the product, it is a more or less predictable decision that at least safeguards the principle of legal certainty. **Enrique ARMIJO CHÁVARRI**

17. Invalidity of European patent due to the lack of inventive step. Judgment of Barcelona Court of Appeal of 25 July 2018, Lékué (ECLI:ES:APB:2018:7758).

■ ■ ■ **1. Background.** The company Lékué instituted proceedings against Criteria for infringement of patent rights in relation to the sale of a collapsible colander and a collapsible steamer. Lékué was acting as the licensee of two European patents respectively claiming a flexible strainer and a container for steam cooking as depicted in, among others, the following figures:



In its response to the complaint, Criteria raised an exception contesting the validity of the two patents invoked on grounds of lack of novelty and inventive step. The judgment given in first instance, declaring the invalidity of the patent, was upheld on appeal.

■ ■ ■ **2. Findings.** The judgment begins by recalling the settled case law of the Supreme Court, according to which the valid and appropriate method for assessing whether a patent possesses inventive step is the so-called “analysis, problem, solution” or three-step method: first, the closest prior art must be determined; then the objective technical problem to be solved must be established; and, finally, it must be considered whether the invention claimed would be obvious to an expert in the light of the closest prior art and the technical problem.

The assessment of inventive step (the assessment as to whether the

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solution disclosed by the invention was obvious, in the light of the prior art and the problems detected) should be performed from the position or reference point of the “average person skilled in the art”. Said “average person skilled in the art” is a hypothetical specialist in the technical field of the invention with common general knowledge in the field, having full access to the prior art on the relevant date and, in particular, to the documents of the “search report”. This person is more of an expert in the field of the technical problem than in that of the solution. He is not creative, does not possess any particular ingenuity (he is not an inventor) and is subject to the preconceived ideas existing at the time in the state of the art. Furthermore, this person skilled in the art should not be confused with the technical expert who provides information in proceedings ruling on the inventive step of a patent. The purpose of the technical expert is to provide the point of view of the “expert in the field”. The technical expert does not necessarily have to be an average person skilled in the art to be able to provide information on what such a person may consider in the light of the teachings of the patent and of the prior art existing on its priority date. The relevant factor is not that the technical expert is an average person skilled in the art, but that he provides information on what an average person skilled in the art would consider under those circumstances. What is important is that the technical expert is capable of carrying out this assessment, in the light of the content of the invention.

In relation to the closest prior art, the judgment accepts and sets out the [Patent Application Examination Guidelines](#) of the Spanish Patent Office, the [Examination Guidelines](#) of the European Patent Office and the Decisions of the EPO's Board of Appeal. The judgment warns that the closest prior art, for the purpose of assessing inventive step, must be represented by a document which, with respect to the invention claimed and from the standpoint of a person skilled in the art on the applicable priority date, belongs to the same technical field or to a closely related one, discloses the subject matter, is conceived for the same purpose; has the largest number of technical features in common, i.e., requires a minimal number of modifications, and relates to the same technical problem or a similar one.

The judgment then notes that a lack of inventive step can result from the claim of the patent being fully anticipated by the patent invoked as the closest prior art as they belong to the same field, with the same

intended purpose and function. However, the lack of inventive step can also result from the combination of this prior art with others which may have been detected. Unlike those cases in which the lack of novelty of a patent is alleged, both legal opinion and case law allow for the combination of different prior art in cases of lack of inventive step.

At this point, the Provincial Appellate Court recalls case law according to which, when assessing the obviousness of the invention, the person skilled in the art does not deal with documents or prior art separately, as should be done in the case of novelty, but combines them in such a way that, as a whole, it can be seen whether or not there is sufficient information to determine whether he would have reached the same conclusions without requiring the information disclosed by the inventor. However, the suitability of a given combination is logically dependent on the consideration of whether it is suggested or obvious to the average person skilled in the art.

On the basis of the above considerations, the judgment assesses the lack of inventive step in the first and main claim of each patent and in the following claims, to confirm the judgment invalidating the two patents of the plaintiff. Before doing so, the court considers the appropriateness of document D2, which had been set as the closest prior art for the purpose of assessing obviousness and which, in the opinion of the appellant, had not been invoked as such.

■ ■ ■ **3. Remarks.** Some judgments, beyond the particular characteristics of the case concerned, have the virtue of offering an exhaustive review of the case law applicable to certain matters. When it deals with such complex matters as the assessment of lack of inventive step in patent invalidity proceedings, this gesture by the court certainly deserves our praise. **Antonio CASTÁN**

18. The CJ defines the criteria for interpreting claims for the purpose of determining whether the product which is the subject of a SPC is protected by the patent. Judgment of the Court of Justice of 25 July 2018, Teva (C-121/17).

■ ■ ■ **1. Background.** The judgment is in response to a referral for a preliminary ruling made by a British court in the context of a dispute

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concerning pharmaceutical patents. The background to the main proceedings is summarised below.

The pharmaceutical company Gilead is the holder of a patent and an SPC protecting TRUVADA, an antiretroviral medicinal product indicated for the treatment of persons infected with HIV. The product that is the subject of the SPC contains two active ingredients: tenofovir disoproxil (“TD”) and emtricitabine. The active ingredient TD is expressly mentioned in the claims of the basic patent, while the other can only be covered by the phrase “other therapeutic ingredients” included in the claims.

Various generic manufacturers (Teva UK, Accord Healthcare, and others) intended to market generic versions of TRUVADA in the United Kingdom and decided to bring an action seeking to challenge the validity of Gilead’s SPC protecting that medicinal product. The basis for the action was that the SPC did not satisfy the condition stipulated in Art. 3(a) of [Regulation no. 469/2009](#) that the product that is the subject of the SPC is protected by the basic patent, given that the active ingredient “emtricitabine” is not specified in the text of the claims of Gilead’s basic patent, and the applicants challenging the validity of the SPC in the proceedings considered that the expression “other active ingredients” did not relate *implicitly but necessarily* to said active ingredient.

The British court hearing the action decided to refer a question to the Court of Justice for a preliminary ruling, seeking clarification on the criteria for interpreting the claims of a basic patent for the purpose of determining whether a given product is covered by the same. Specifically, it raised the question whether it is sufficient that the patent claims mention the active ingredients of the SPC or relate to them *implicitly but necessarily*, or whether it is necessary to apply an additional criterion.

■ **2. Findings.** The Court of Justice, referring to its most recent settled case-law concerning the interpretation of Art. 3(a) of [Regulation 469/2009](#) (judgment of 12 December 2013, Eli Lilly, [C-493/12](#)), reiterates that the product which is the subject of the SPC can only be regarded as protected by the basic patent when it is expressly mentioned in the claims of the patent or those claims relate to it *necessarily and specifically*. In this regard, the Court of Justice indicates that it

is necessary to ensure that the protection of the SPC is limited to the invention covered by the patent, as it appears from the description and the drawings of the patent, and not extending beyond the invention.

In this judgment, the Court of Justice clarifies that, to this end, it is necessary to ensure that from the point of view of a person skilled in the art and on the basis of the prior art at the filing date or the priority date of that patent, the following conditions are met:

- Firstly, that the product, in the light of the description and the drawings of the basic patent, is necessarily included in the invention covered by said patent.
- Secondly, that the product is specifically identifiable in the light of all the elements disclosed by that patent..

■ ■ ■ **3. Remarks.** While the judgment declares that it is for the referring court to ascertain whether or not the aforementioned requirements are met in the specific case at issue in the proceedings in the United Kingdom, the Court of Justice does ultimately issue its opinion on the case. The Court of Justice thus states that, in this case, the description of Gilead's basic patent does not contain any indication that the invention covered by that patent could relate specifically to a combined effect of DT and emtricitabine for the treatment of HIV and, therefore, that it does not seem possible that a person skilled in the art, on the basis of the prior art at the filing date or the priority date of the patent, could consider that emtricitabine, in combination with DT, *necessarily falls under* the invention covered by the patent.

The Court of Justice's ruling has been accepted by the referring court (the High Court of Justice of England & Wales) which, in a [judgement](#) dated 18 September 2018, declared Gilead's SPC invalid. The British court, like the Court of Justice, found that since the patent makes no mention of emtricitabine, there is no basis for maintaining that from the perspective of a person skilled in the art, that active ingredient is necessarily included in the invention covered by the patent. Moreover, the British court declared that the requirement that the active ingredient is *specifically identifiable* in the light of all the elements disclosed by the patent, is not satisfied either. With regard to this latter aspect,

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the court found that in addition to not being specifically mentioned in the patent, emtricitabine was not even a member of a specific class of compounds mentioned in the patent, and there is no evidence either that at the priority date of the patent, emtricitabine was known to be an effective agent for the treatment of HIV.

It is also important to mention that there have been proceedings in Spain in parallel to the proceedings in the United Kingdom, which again brought Gilead up against Teva and other generics manufacturers, in relation to the ramifications in Spain of the same patent and SPC that was the subject of the conflict in the UK. Gilead brought an action before the patent courts of Barcelona seeking to bar Teva (and the other generics manufacturers) from marketing generic versions of its TRUVADA medicine in Spain. The Spanish courts (see the judgment of the Barcelona Court of Appeal of 18 December 2018 - [ECLI:ES:AP-B:2018:7829A](#)) also accepted the Court of Justice's ruling in relation to the question referred for a provisional ruling, in this case dismissing the petition by Gilead for interim relief, finding that it had not been shown that there was a *prima facie case (fumus boni juris)*, since Gilead's SPC did not satisfy the requirement laid down in Art. 3(a) of [Regulation no. 469/2009](#). **María CADARSO**

19. Indirect infringement of a European patent. Judgment of Barcelona Court of Appeal of 12 July 2018, Kit Bellota (ECLI:ES:APB:2018:7046).

■ ■ ■ **1. Background.** The company Germans instituted proceedings for indirect infringement of a European patent validated in Spain against the company Bellota in relation to the sale of an adapter kit called "Kit Bellota", consisting of a scoring wheel and an adapter, which were stated to be suitable and specifically intended to reproduce an essential element of the invention.

The European patent referred to a method for reducing the vibration frequency during the scoring process in a cutting machine for ceramic pieces, comprising a series of elements described in the first and single claim.

The complaint alleges indirect infringement through the combination

of two different elements: (i) on the one hand, a handle or scoring wheel; and (ii) on the other, an adapter. It stated that Bellota marketed the scoring wheel indicating that the adapter can be used in Germans' cutting machines.

Bellota contested the claim, arguing that the patent protects a "method for reducing vibration during the scoring process in ceramic cutting machines", but not the apparatus or cutting machine itself, and indirect infringement requires the means to be suitable for implementing the invention, and the plaintiff had not submitted any evidence showing that the "Kit Bellota" is useful in reducing vibration.

Germans had previously been the holder of another similar patent, which is now in the public domain and was cited in the plaintiff's patent as the closest prior art. Reference was also made to the difficulties experienced at the EPO in securing registration of the new invention which, while registration as a product patent was initially sought by Germans, was finally obtained as a patent for a method for reducing vibration frequency during the scoring process.

With the complaint having been dismissed in the first-instance proceedings, the Provincial Appellate Court accepted the appeal, overturned the decision, and found Bellota liable for patent infringement.

■ ■ ■ **2. Findings.** The court begins by addressing the scope and extent of the European patent, recalling that the Spanish system has substantially transposed the [Article 69.1](#) of the EPC and the Protocol on the interpretation thereof. In this sense, the two extremes to be avoided are an interpretation limited to the strict and literal meaning of the text of the claims and an interpretation based on a subjective or arbitrary view that prioritises the patent holder's desired protection according to the opinion of an official who has examined the description and the drawings. A position needs to be found that ensures both fair protection for the applicant and a reasonable degree of certainty for third parties.

The judgment agrees with the appellant's claim that there is no reference whatsoever in the invention suggesting that the flat surface must extend across the entire surface of the handle or scoring wheel, and it is therefore irrelevant whether the use of the adapter block extends across the entire surface of the scoring wheel. This was one of

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the starting premises for the opposition. What is relevant is that the kit, in combination with the scoring wheel handle to which it adapts, includes a flat surface as described in the first step of the method. The judgment finds that the combination of the plastic kit and the scoring wheel achieves the same technical effect described in the method of the patent.

The essential issue with regard to the outcome of the appeal, in the opinion of the court, is that relating to proof of vibration reduction, insofar this is the purpose sought by the method protected. This issue was addressed by the plaintiff by means of an expert report submitted five days before the preliminary hearing.

The court considers that the aforementioned expert report was properly admitted by the court as it was intended to attest to a fact which was only relevant in relation to the arguments put forward in the response. In its first expert report, the plaintiff had focussed on proving that the allegedly infringing product fulfilled the stages of the method claimed, from which it could be derived that its purpose was also fulfilled, that is, the reduction of the vibration frequency. Therefore, the court finds it reasonable that, initially, there was no particular incentive to extend the scope of the report regarding whether the result was also achieved, this being the reduction of the vibration frequency, as this was inherent. Consequently, it was only when the defendant questioned that result that there was a real incentive to prepare the new expert report.

Thus, the judgment considers proven that the Bellota adapter kit is suitable to reduce the vibration frequency. The result is that the allegedly infringing product also fulfils the second stage of the method, which means that there is indirect infringement, as attributed to the defendant by the plaintiff.

In the order to pay damages, the appellate court accepts the parameters set by Germans in the following sense:

- a) The calculation of the net price of each scoring wheel unit sold received by Germans in Spain. It is stated that this price must be calculated including the difference between the weighted average selling price, minus the manufacturing or purchase costs and all direct commercial costs.

b) Multiplying this by the number of kits sold by Bellota, together with the adapters (also where sold separately), since 2014.

■ ■ ■ **3. Remarks.** Judgments finding indirect patent infringement are rare and any opportunity to observe the difficulties faced when ruling on this type of infringement is good. The need to interpret the scope of claims, the importance of the actions taken by the owner of the patent during prosecution before the EPO, and the opportunity to submit expert reports at different points in the proceedings, are all decisive factors that may tip the balance, depending on the case, in favour of one party or the other. **Antonio CASTÁN**

Notes

Designs

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

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

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

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

DOCERAM GmbH, a manufacturer of technical ceramic components, was the owner of various Community designs under registration no. 000242730 which protected the form of centring pins for welding, some of which may be seen below:

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

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

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

- 1.- Are the features of appearance of a product solely dictated by its technical function, within the meaning of Article 8(1) of Regulation No. 6/2002 which excludes protection, also if the design effect is of no significance for the product design, but the (technical) functionality is the sole factor that dictates the design?
- 2.- If the Court answers Question 1 in the affirmative, from which point of view is it to be assessed whether the individual features of appearance of a product have been chosen solely on the basis of considerations of functionality? Is an "objective observer" required and, if so, how is such an observer to be defined?

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

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

In the opinion of the Court of Justice, if the mere existence of alternative designs fulfilling the same function as that of the product concerned is sufficient in itself to exclude the application of Article 8(1) of Regulation No. 6/2002, a single economic operator would be able to obtain several registrations, as a Community design, of different possible forms of a product incorporating features of appearance of that product which are dictated exclusively by its technical function. This would permit such an operator to benefit in practice, with regard to such a product, from exclusive protection equivalent to that offered by a patent, but without being subject to the much stricter requirements for obtaining the latter.

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

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

In this regard, the Court of Justice simply states that the national court must take account of all the objective circumstances relevant to each individual case in order to determine whether the relevant features of appearance of a product are covered by Article 8(1), such as, for example:

- The design at issue.
- The objective circumstances indicative of the reasons which dictated the choice of features of appearance of the product concerned.

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- Information on its use.
- The existence of alternative designs which fulfil the same technical function.

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

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

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

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

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

Notes

Counterfeiting

21. Copyright cannot be extended outside the EU. Judgment of the Court of Justice of 19 December 2018, Syed (C-572/17)

■ ■ ■ **1. Background.** The case relates to the request from the Swedish Supreme Court (*Högsta domstolen*) for a preliminary ruling in criminal proceedings against Mr. Imran Syed, a textile trade entrepreneur.

The request for a preliminary ruling concerns the interpretation of Article 4(1) of [Directive 2001/29/EC](#) of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society in relation to the Swedish Copyright Law.

Mr Syed ran a retail shop in Stockholm (Sweden) in which he sold clothes and accessories bearing rock music logos.

In addition to the items offered for sale in that shop, Mr Syed had two storage facilities, one adjacent to the shop and another located in Bandhagen, near Stockholm, storing the same type of merchandise as that sold in the shop and regularly used to restock the shop.

Criminal proceedings were brought against Mr. Syed before the Swedish District Court (*Tingsrätt*), for trademark infringement and in breach of the Swedish Copyright Law.

The Tingsrätt found the defendant guilty of trademark infringement and in breach of the Copyright Law, both with regard to the merchandise on display in his shop and the identical merchandise found in both

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storage facilities owned by him, but it did not take into account the rest of the articles which were not identical to those sold in the shop.

However, the Court of Appeal of Stockholm, hearing the case on appeal by Mr. Syed, ruled that the accused had only breached the Swedish Copyright Law with regard to the goods found in his shop, but not those in both of his two storage facilities given that, although the final purpose of the latter was to put them on sale, they could not really be considered as having been offered for sale or distributed to the public and not even the handling of said merchandise could be considered an attempt or preparation to breach the Law.

As a result of the above, the Court of Appeal reduced the sentence handed down by the District Court.

With the aforementioned decision under appeal before the Supreme Court, the Prosecutor-General claimed that the accused should be sentenced in line with the findings of the District Court and submitted that the Supreme Court should refer the matter to the Court of Justice for a preliminary ruling.

The Supreme Court indicated that neither Directive 2001/29 nor the Swedish Law expressly prohibit the storage of goods bearing a logo protected by copyright for the purpose of sale. Therefore, it raised the following questions: (i) whether goods can infringe the author's exclusive right of distribution if they are held in storage by the person offering identical goods for sale; and (ii) whether it is in any way relevant that the goods are held in a storage facility adjacent to the shop or in another location.

■ ■ ■ **2. Findings.** Traditionally, the Court of Justice has found that distribution to the public is characterised by a series of acts going, at the very least, from the conclusion of a contract of sale to the performance thereof by delivery to a member of the public.

Thus, the Court of Justice considers that a trader in such circumstances bears responsibility for any act carried out by him giving rise to a distribution to the public and, therefore, it is not excluded that the acts or steps preceding the conclusion of a contract of sale may also fall within the concept of *distribution*. However, it must be proven that the goods

concerned are actually intended to be distributed to the public without the rightholder's consent.

The questions considered by the Court of Justice are whether the storage of goods by Mr. Syed (which are identical to those offered for sale in his shop) may be considered an act prior to their sale and, therefore, an infringement of the exclusive distribution right of the rightholder.

The Court of Justice found that it could indeed be considered an infringement if it were proven that the stored goods were going to be sold to the public.

An indication that the goods are to be sold to the public is precisely the fact that the seller also has a shop selling identical goods to those stored, although it cannot be ruled out that said stored merchandise is not intended to be put on sale in the territory of the EU.

Therefore, the Court of Justice concluded that the Supreme Court must assess the evidence as a whole and determine whether all or only part of the stored goods were intended to be put on sale in the defendant's shop.

Likewise, it indicated that although the distance between the storage facility and the place of sale may constitute an indication that the goods are to be put on sale in the shop, such evidence cannot be a decisive element on its own. Rather, the Supreme Court must take into account all the information available as a whole, concerning how the regular restocking of the shop is performed, whether such restocking is with goods from the aforementioned storage facilities, accounting elements, the volume of orders as compared with the volume of stored goods, or current contracts of sale.

III 3. Remarks. The Court of Justice responds to the Swedish Supreme Court regarding the questions referred for a preliminary ruling, basically pointing out that it is not possible to extend the protection conferred on the rightholder beyond the framework established by the EU.

Therefore, cases of stored goods that infringe copyright should only be taken into account whenever said goods are intended to be put on sale or to be made available to the public in the EU.

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Indeed, the difficulty lies in knowing when the goods are effectively put on sale in the EU if these are simply stored and available to the seller.

Certain indications such as the distance between the store and the shop should be taken into account, but such indications should undoubtedly be reviewed together with others, such as the regular restocking of the shop with goods from the storage facilities, the volume of sales and orders, etc.

In conclusion, the Court of Justice leaves it up to the national courts themselves to fully consider all the relevant facts as a whole to determine whether the goods in question are infringing goods in the EU, either because they are sold in or stored for their sale within the territory of the EU. **Tránsito RUIZ**

Notes

Geographical indications

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

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

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

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

■ ■ ■ **2. Findings.** The CJ concludes that:

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

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

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

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

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

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

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

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

Among the useful aspects of the judgment, we may highlight its broadening of the interpretation that we had seen up until now of the concept “*evocation*” (a characteristic element of the system governing geographical indications in the European Union) and which, in practice, had often been constrained by the quasi-formal requirement that

the conflicting designations overlap, at the very least partially, from the lexical standpoint (possibly because this had always or almost always been present in the cases before the Court to date; see the classic cases: [C-87/97](#) Gorgonzola v Cambozola or [C-132/05](#) Parmigiano Reggiano v Parmesan, among others).


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

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

The judgment also invites us to reflect on possible solutions for the headaches for trademark owners that these special circumstances of protection of geographical indications cause, such as avoiding infringements, conducting preliminary searches on the viability of trademarks for goods for which there are geographical indication protection systems in place (and how to conduct such searches), and the advisability of seeking specialist advice in order to establish a secure position. **Miguel Ángel MEDINA**

Notes

Personal Data



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

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

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

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a formal normative criterion based on the penalty prescribed for the offence in question, establishing a threshold of 3 years' imprisonment.

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

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

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

The data sought by the Spanish police only enable the SIM card or cards activated with the stolen mobile telephone to be linked, during a specific time period, with the data concerning the identity of the owners of those SIM cards. Without checking those data against the data concerning the communications made with those SIM cards and the location data, it is not possible to determine the date, time, duration or recipients of the communications made with the SIM cards in question, or the locations where the communications were made, or the frequency of those communications with certain people during a cer-

tain time period. Therefore, said data do not allow precise conclusions to be drawn regarding the private lives of the persons whose data is affected, and therefore it cannot be regarded as a serious interference in the fundamental rights of those individuals.

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

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

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

Notes

Others

24. Use of images representing the Catholic religion in advertising: public morals v. freedom of expression. Judgment of the European Court of Human Rights of 30 January 2018, Sekmadienis (Case 69317/14).

■ ■ ■ **1. Background.** The Lithuanian company SEKMADIENIS Ltd. (hereinafter the “Company”) ran an advertising campaign for a line of fashion products. This campaign was comprised of three advertisements displayed on twenty billboards located in public spaces in the Lithuanian city of Vilnius and on the designer’s website. The adverts in question consisted of the following images:



1) "Jesus, what trousers!"



2) "Dear Mary, what a dress!"



3) "Jesus [and] Mary, what are you wearing!"

In September and October 2012, the Lithuanian State Consumer Rights

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Protection Authority received complaints demanding the removal of the adverts and the imposition of a fine, arguing that they were contrary to public morals and order.

Upon receiving the complaints, the aforementioned authority sought the opinion of the following bodies:

- The Lithuanian Advertising Agency, a self-regulatory body for the advertising industry in Lithuania, issued its opinion that the advertisements breached the General Principles and Articles 1 (decency) and 13 (religion) of the Lithuanian Code of Advertising Ethics.
- The State Inspectorate of Non-Food Products issued an unfavourable report, finding that the adverts should not include statements or images that offend religious feelings.
- The Lithuanian Bishops Conference, the authority representing the Catholic Church in Lithuania, was also consulted. It also expressed its disapproval, considering that Christ and the Virgin Mary, as religious symbols, represent certain moral values and embody ethical perfection. Thus, an inappropriate depiction of them in the advertisements in question encourages a frivolous attitude towards these values that also promotes a lifestyle which is incompatible with the principles of a religious person. Its conclusion was that degrading and distorting religious symbols by purposely changing their meaning is contrary to public morals.

Finally, the State Consumer Rights Protection Authority adopted a decision against the Company, imposing a fine of €580 pursuant to Article 4, Section 2, Number 1 of the Law on Advertising: “advertising which violates public morals shall be prohibited”.

The Company lodged an appeal with the Regional Administrative Court of Vilnius principally putting forward the following arguments:

- *Jesus!*, *“Dear Mary!”* and *“Jesus [and] Mary!”* are well-known expressions commonly used as emotional interjections in Lithuania, which were added to the advert as a play on words and not as a reference to religion.

- The Law on Advertising does not expressly prohibit the use of religious images, only when they may offend the feelings of others or incite hatred. In this sense, the complaints of a few hundred people are not sufficient to conclude that the majority of religious people in Lithuania have been offended.
- Advertisements are the result of artistic creations protected by the freedom of expression guaranteed by the Constitution of Lithuania.

The appeal was dismissed, and the Company appealed the judgment to the Supreme Administrative Court, which likewise issued a ruling dismissing that appeal in April 2014.

The President of the Supreme Administrative Court requested the Court to review whether it had appropriately taken into account the argument relating to freedom of expression asserted by the Company. A different panel reviewed the case and refused to reopen proceedings, indicating that freedom of expression is not an absolute right and that it may be restricted, with one of the permitted restrictions precisely being that stipulated in Article 4.2.1) of the Law on Advertising.

In October 2014, the Company lodged a complaint against the Republic of Lithuania with the European Court of Human Rights (hereinafter ECHR) relying on [Article 10](#) of the Convention for the Protection of Human Rights and Fundamental Freedoms (freedom of expression).

■ ■ ■ 2. Findings. Taking into consideration the arguments of the parties, the ECHR assessed four aspects to determine the existence of a violation of the right to freedom of expression although here we will focus on the following:

a) Whether the restriction was necessary in a democratic society.

It cannot be ruled out that a non-offensive expression may cause offence under certain circumstances. However, not all use of religious symbols may be considered an infringement of Article 4 of the Lithuanian Law on Advertising. A certain degree of consideration must be given to why the type of expression chosen by the Company was contrary to public morals.

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In this case, the reasoning of the national courts was declaratory and vague, without providing sufficient explanation as to why the reference to religious symbols was offensive in the adverts beyond simply indicating that it was a case of the use of religious symbols for non-religious purposes. For example, it stated that the adverts “*promoted a lifestyle which was incompatible with the principles of a religious person*” without explaining what that lifestyle was and how the advertisements were promoting it.

The ECHR emphasised that freedom of expression extends to ideas which offend, shock or disturb. In a pluralist democratic society, those choosing to exercise their freedom to manifest their religion cannot expect to be exempt from any criticism, thus having to tolerate and accept the denial of their beliefs by others, and even the propagation by others of doctrines hostile to their faith.

It cannot be assumed that all Christians will consider the adverts offensive. Conversely, even if it were assumed that the majority of the Lithuanian population did consider the advertisements to be offensive, it would be incompatible with the underlying values of the Convention that the exercise of rights by a minority were dependent on the acceptance of those rights by the majority.

In this sense, the national courts gave full precedence to the protection of religious feelings, without appropriately taking into account the Company’s right to freedom of expression. Therefore, in this case the restriction imposed was not necessary in a democratic society.

In light of the foregoing, the ECHR unanimously ruled that there was a breach of Article 10 of the Convention.

■ ■ ■ 3. Remarks. The right to freedom of expression is not absolute and may be subject to the formalities, conditions, restrictions or sanctions deemed necessary by the national legislator, within the framework of a democratic society, to defend morality and other elements of vital importance for society (national security, territorial integrity, health, crime prevention, etc.). On the other hand, public morals are a vague and dynamic concept, which may change and evolve in accordance with the values of society at a given point in time.

This lack of precision leads to a complex relationship between protection of freedom of expression and public morals, meaning that national courts have a very broad margin of appreciation, in particular when religious feelings may be affected.

We should not forget that the exercise of freedom of expression entails duties and responsibilities and that, among these, is the duty to guarantee the peaceful enjoyment of the rights guaranteed under [Article 9](#) of the Convention (freedom of thought, conscience and religion) for those holding such beliefs. This includes the duty to avoid, as far as possible, any expression which, in relation to objects of veneration, may be gratuitously offensive to others or profane (see judgments of the ECHR: [Otto-Preminger-Institut v. Austria](#), par. 49; [Murphy v. Ireland](#), par. 65; [I.A. v. Turkey](#), par. 24; [Wingrove v. the United Kingdom](#), par. 52; [Giniewski v. France](#), par. 43; and [Klein v. Slovakia](#), par. 47).

It cannot be concluded from this judgement that any use of religious symbols for commercial purposes is permitted. An appropriate balance must be established between public morals and the need to restrict the right to freedom of expression in each case; all from the standpoint of a democratic society and with sufficiently precise consideration given as to why the use of such symbols may be offensive to public morals.

Agustín ALGUACIL

Notes



Acronyms

CJ: Court of Justice of the European Union

ECHR: European Court of Human Rights

EEA: European Economic Area

EPO: European Patent Office

EPC: European Patent Convention

EUIPO: European Union Intellectual Property Office

EUTMR: European Union Trade Mark Regulation

MA: Marketing authorisation

SPC: Supplementary protection certificate for medicinal products

TFEU: Treaty on the Functioning of the European Union

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

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This Review would not be possible without the enthusiastic participation of a large number of our Firm's professionals, to whom we would like to express our gratitude.

We also wish to thank all those who read the Review and wish to send us their comments.

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