

Annual
Review
2019



AE-2019

Annual Review 2019
European Case-Law
Intellectual and Industrial
Property

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Our President, **Alberto Elzaburu** passed away on Good Friday, 10 April, 2020.

Alberto dedicated his life, until just a few weeks ago, to the defense of intellectual and industrial property rights, with his ever-present smile, noble spirit, gentlemanly manner and sound judgment.

At the ELZABURU firm, which he led for fifty years, he always put our clients' interests first, ahead of all other considerations, making powerful contributions to the modernization and Europeanisation of Spanish trademark, patent and design law.

His vocation to serve society led him to create a Foundation bearing his name, through which he demonstrated a firm and resolute commitment to innovation, scientific research, Spanish culture and his Christian faith.

All members of the ELZABURU firm, of whom he was so proud, will remain faithful to his legacy, and we pay him a symbolic tribute in these difficult times, asking you to pray for his eternal rest.

The team at ELZABURU





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Foreword

Following a delay caused by the lockdown situation in Spain as a result of the global pandemic, but with the usual sense of pride, we present to our clients, friends and colleagues the ninth edition of ELZABURU's *Annual Review of European case-law in the field of industrial and intellectual property*.

When the Annual Review was in print, our Firm was grieving the passing of its President, Alberto Elzaburu, who proudly presented the earlier editions. We wish to dedicate this edition to him, with the photograph displayed in this Annual Review.

Our regular readers will note that this edition reflects ELZABURU's change of corporate image, which symbolises the Firm's vocation for adapting to the new demands of a marketplace that is subject to constant technological and social change.

On this occasion, the Annual Review includes 31 articles on rulings by the Court of Justice of the European Union, the Spanish Supreme Court, the European Union Trade Mark Court in Alicante, and Spain's Provincial Courts of Appeal. This is all made possible by the selfless and enthusiastic participation of a large number of the Firm's professionals, to whom we would like to express our sincere gratitude.

We hope that those interested in legal developments in Europe in the field of industrial and intellectual property will enjoy this simple and impartial analysis.

Antonio Tavira
Managing Partner

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1 Collective mark to identify a packaging recycling system. When the sign is affixed to the goods and used simultaneously with the individual mark that identifies the goods, it is considered genuine use of the mark. Judgment of the Court of Justice of 12 December 2019, *Der Grüne Punkt* (C-143/19 P).

fig 1



1. Background.

On 19 July 1999, *Der Grüne Punkt GmbH* secured the registration at the EUIPO of the collective mark consisting of the sign *fig 1*

The mark was registered for goods in classes 1 to 34, and for certain services in classes 35, 39, 40 (recycling of packaging materials) and 42 (waste disposal).

The purpose of this mark, when affixed to the packaging of goods, was to serve as a means of recognising that said packaging is included in a recycling system (the DGP system) and to distinguish it from other packaging and goods not included in the system.

On 2 November 2012, the Slovakian company *Halson Properties* filed an application for partial revocation with the EUIPO on grounds of non-use in relation to all the goods in classes 1 to 34 included in the collective mark.

The Cancellation Division declared the mark revoked in relation to all the goods for which it was registered except for goods consisting of packaging. The Board of Appeal upheld the decision asserting that, on the basis of the proof submitted, the mark was associated with environmentally sound conduct of the companies participating in the DGP recycling system but, despite the fact that the goods and

their packaging constituted a single sales unit, it did not constitute use in respect of the goods contained in the packaging because it was not intended to create or preserve an outlet for the goods themselves.

The appeal lodged with the General Court (GC) was dismissed by the judgment of 12 September 2018 (T-253/17). The GC indicated that *“although genuine use of the mark on the packaging has been proven, use with respect to the goods was not proven as the public identifies the mark in question as an indication that the packaging may be collected and recovered in accordance with a certain system”*. The GC also argued that *“the goods themselves are usually labelled with marks belonging to different companies, so the public will consider that the environmentally sound disposal by the DGP system will cover the packaging and not the disposal of the packaged product itself”*.

The Court of Justice (CJ) upholds the appeal lodged and sets aside both the decision of the Board of Appeal and the judgment of the GC.

2. Findings.

The CJ takes as its starting point the consideration that the essential function of a collective mark is to distinguish the goods or services of the members of the association which is the proprietor of the mark

from those of other undertakings which are not affiliated. For its part, an individual mark has the function of indicating to the consumer the identity of origin of the goods or services in respect of which it is registered. The CJ further states that it is possible for a member of the association identified by the collective mark to use the mark indicating its affiliation with said association (collective mark) and, simultaneously, to use another mark indicating the origin of the goods or services (individual mark).

Thus, the Court of Justice states that there is genuine use of a collective mark where, in accordance with its essential function, the mark is used to distinguish the company from others not belonging to the association, while also being used to create or preserve an outlet for the goods or services on which the collective mark is “affixed”. In this regard, the CJ states that the mark at issue is used to indicate that the manufacturers and distributors of the goods in question are affiliated with the DGP system which may influence consumers’ purchasing decisions and, thus, contribute to the maintenance or creation of a share in the market in relation to both the packaging and the specific goods contained therein.

3. Remarks.

This judgment addresses a problem which stems from a situation which is quite common, given that the owners of collective marks (and, where applicable, guarantee marks) register their signs not only for the corresponding service classes representing the main activity or purpose established in the Regulation governing use, but also for the goods and services manufactured, distributed or provided (even potentially in the future) by the companies using the mark.

This judgment provides considerable clarification and I believe that it will be welcomed by the owners of collective marks and guarantee marks. In accordance with the nature of this type of mark, its owner establishes certain usage guidelines, membership requirements, etc., but sometimes with sufficient scope to cover the use of the mark by companies belonging to specific sectors, in some cases, and by companies in unspecified sectors in others, so as to leave the door open for a wide range of companies. Likewise, and due to the nature and purpose of the marks themselves, as a general rule, in these cases the use of the company's own individual mark is allowed together with the collective mark or guarantee mark. As may be seen, there is simultaneous use of marks which are of a different nature but,

as stated by the CJ, each one performs its own specific function.

This simultaneous use leads the consumer to appreciate, when acquiring the goods or services, the specific function fulfilled by each mark. For example, the presence of the guarantee mark serves as an indication of the standardisation of the quality of the goods or services bearing the mark, while the individual mark indicates the business origin of said goods or services. It therefore seems clear that both marks contribute towards influencing the consumer to purchase or reject the goods or services. Thus, there is a use that helps create or preserve an outlet for the goods or services bearing both marks. Therefore, under these circumstances, it would seem logical to think that there is simultaneous use of the marks which would serve to neutralise an application for revocation on grounds of non-use.

The principles established in the judgment are valid both for collective marks and for guarantee marks. Moreover, we should not forget that some of what would appear to be guarantee marks were filed at the EUIPO as collective marks, given that prior to 1 October 2017, it was not possible to register guarantee marks at this Office (Certification Marks under the EUTMR terminology). Indeed, the doctrine established in this judgment

could prove extremely important and favourable, for example, for marks created by official bodies or institutions with the aim of promoting their own initiatives in certain manufacturing sectors or linked to specific territories. In accordance with the principles set out in this judgment and assuming that the appropriate type of mark has been registered, the placement of this mark on the corresponding goods or services will serve to establish use in relation to said goods or services, as the essential function is fulfilled, for example, a guarantee that the goods or services have certain characteristics, even a specific geographical origin (guarantee mark), or that the company using it together with its individual mark belongs to a specific association (collective mark).

Jesús GÓMEZ MONTERO

2

Unlawful registration of a trademark by a distributor and damage to the mark's prestige. Judgment of the EU Trademark Court of 11 December 2019, Beck + Heun.

1. Background.

The case involved, on the one hand, Beck + Heun GmbH, a German company specialising in the manufacture of boxes for blinds and, on the other, X , an individual businessman located in Spain who was hired, via his companies, to represent and distribute the German company's products in the Spanish market.

The commercial relationship between the parties, which had remained unchanged for many years, broke down when Beck + Heun GmbH became aware of certain fraudulent conduct by X , specifically the registration of the BECK & HEUN brand under his own name and without the German company's consent. In this regard, the German company was the owner of the following trademark rights in that sign: (i) a German trademark registration that was prior to the mark that X registered in Spain without the German company's consent and (ii) an EU trademark registered after the aforementioned Spanish trademark registration in the name of X.

In the belief that X had infringed its trademark rights, Beck + Heun GmbH brought legal proceedings before the EU Trademark Courts. In its complaint, the company requested:

- A declaration of invalidity of the Spanish trademark registration BECK & HEUN in the name of X on the basis of the

plaintiff's earlier German registration under the provisions of article 10 of the Spanish Trademark Act (STA) and article 6septies of the Paris Union Convention, which prohibit the registration of a trademark by an agent or representative without the consent of its owner.

- And, based on the invalidity of the aforementioned Spanish trademark registration, that the German company's later EU trademark be deemed to have been infringed due to X's use in trade without its consent of the BECK & HEUN sign, pursuant to article 9 of the EU Trademark Regulation and article 40 et seq. of the Spanish Trademark Act.

The court of first instance accepted the complaint in its entirety. The defendant subsequently lodged an appeal on the basis of three main grounds: (i) the improper application of article 10 STA due to the alleged absence of any agent or representative relationship between the parties; (ii) the plaintiff's consent to the contested Spanish trademark registration; and (iii) the wrongful finding that the mark's reputation had been damaged pursuant to article 43.1 STA on the ground that the plaintiff had failed to prove the reputation or prestige of its sign in the marketplace.

2. Findings.

The EU Trademark Court in Alicante dismisses the defendant's appeal, stating that:

- The longstanding commercial relationship between the parties was in line with that protected under article 10 STA, which not only refers to agent or representative relationships but also includes those "*relationships in which one party undertakes the distribution, delivery, placement or simply the market opening of the other party's goods*".
- The defendant had not sufficiently proven that the plaintiff had consented to the registration of the contested trademark, in that the German company's tolerance of and consent to the distribution, by the defendant, of its goods in Spain could on no account be construed as an implicit consent for the defendant's registration, in his own name, of the trademark in Spain.
- Damage to a trademark's prestige does not require that the mark in question be reputed or well known, but that its normal position in the marketplace be altered due to the adverse modification of the goods or their form of presentation, which occurred in the case at hand.

3. Remarks.

The judgment is of interest in that the EU Trademark Court confirms:

- The broad interpretation of article 10 STA in the sense that it covers not only agent or representative relationships but also any business relationship based on the principles of trust, loyalty and good faith (in this regard, see, inter alia, the judgment of the Barcelona Court of Appeal, Section 15, of 15 September 2014) (ECLI:ES:APB:2014:9801).
- That the consent of a trademark owner must be interpreted in a restrictive manner when it implies a renunciation of his exclusive rights (in line with the case law set out by the CJ in Case C-414/99 Davidoff, cited in the judgment itself).
- And that compensation for damage to the prestige of the trademark under art. 43.1 STA does not require that the infringed trademark be reputed or well known, but that its normal position in the marketplace be altered due to infringing conduct that serves to adversely modify the goods or their form of presentation (this is the most novel aspect of the judgment, although there have been some precedents along the same lines, such as the same court's Judgment no. 278/2010 of 18 June 2010).

María CADARSO

fig 2



Outsource
2 India

3

Bad faith by the applicant, which had had a pre-contractual relationship with the party that was using the sign in the territory of the European Union. Judgment of the Court of Justice of 13 November 2019, *Outsource 2 India* (C-528/18 P).

1. Background.

On 25 June 2007 the German company *Outsource Professional Services Ltd.* ("OUTSOURCE") filed an application to register a European Union trade mark in classes 35, 36, and 41. The application was granted registration on 20 May 2008. *fig 2*

The Indian company *FLATWORLD* filed an application for a declaration of invalidity with the EUIPO on 4 March 2013, contending that the trade mark had been applied for in bad faith [current Article 59(1) (b) EUTMR], in that the two parties in the dispute had held talks with a view to operation by the German company of a business helping other undertakings under the trade mark *OUTSOURCE 2 INDIA*.

The Cancellation Division invalidated the mark by decision dated 3 February 2015. However, an appeal lodged by *OUTSOURCE* was accepted, and so the contested trade mark remained in force. The Board of Appeal's main finding was that the trade mark owner had not intended to harm the other party, based on various circumstances, chief among which was that the term "outsource" was descriptive and hence freely available for use. The Board of Appeal also concluded that there had been no detriment, especially since *FLATWORLD* had registered the following European Union trade mark on 25 May 2011. *fig 3*

fig 3



An appeal to the General Court was accepted by a judgment issued on 31 May 2018 (T-340/16), which upheld the Cancellation Division's original decision. The General Court ruled that there had in fact been bad faith because, pursuant to the pre-contractual relationship between the two enterprises, OUTSOURCE knew or should have known that FLATWORLD was already using the OUTSOURCE 2 INDIA sign, at least in Germany. Further, the Court noted that on registering the trade mark after the negotiations had been called off, OUTSOURCE intended to exploit the economic potential of the OUTSOURCE 2 INDIA sign to the detriment of its owner. In concluding its reasoning, the General Court held that this assessment of the circumstances –and hence of the applicant's actions– was independent of whether or not the term "outsource" was descriptive. An appeal to the Court of Justice was dismissed.

2. Findings.

Oddly, the Court of Justice rules the appeal to be admissible on grounds of distortion of the facts on which the General Court had based its judgment. Nevertheless, it agrees that an assessment of the objective circumstances of the case demonstrated that there had been bad faith on the part of the applicant in applying for the trade mark immediately after the negotiations had broken down, in the knowl-

edge that its counterparty had used OUTSOURCE 2 INDIA at least in Germany.

The Court of Justice further notes the difference between bad faith as grounds for invalidity and an earlier right of use as grounds for invalidity (also grounds for opposition). The former case does not require examining whether or not there is a likelihood of confusion between the contested trade mark and the sign that had been used when assessing whether the requirement of bad faith has been met; to the contrary, what needs to be decided is whether the applicant's conduct was in bad faith, without regard to the degree of similarity between the signs, the similarity between the goods or services, or the degree of distinctive character of the trade marks in dispute.

3. Remarks.

In 2019 the Court of Justice heard two cases in which it was asked to rule on bad faith, namely, the case resulting in the judgment reviewed here and another earlier case in which a ruling was issued on 12 September 2019 (C-104/18 P) (see below).

The starting point for assessing whether a trade mark has been applied for in bad faith and hence is invalid is the Court of Justice's judgment issued on 11 June 2009 (C-529/07) in response to a request for a preliminary ruling on the interpretation of Article 51(1)(b) EUTMR (now Article 59),

which set out the factors to be taken into account when establishing whether the applicant had acted in bad faith when it filed the application to register a trade mark. These factors were:

a) the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign capable of being confused with the sign for which registration is sought; however, the Court of Justice also noted that this factor is not in itself sufficient evidence of bad faith;

b) the applicant's intention to prevent that third party from continuing to use that sign; here too the Court of Justice qualified this finding, noting that this subjective factor must be determined by reference to the objective circumstances of the particular case, such as whether the applicant's conduct has, as its sole objective, preventing a third party from entering the market. Even in this case, however, according to the Court of Justice's ruling of 6 September 2018 (C-488/16 P), based solely on the fact that a trade mark is applied for in the knowledge that a third party who is a newcomer to the market is using the contested sign and in filing the application the applicant seeks to prevent that use *"it cannot be excluded that the applicant's registration of the sign may be in pursuit of a legitimate objective"*.

c) the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought; the Court of Justice affirmed that this circumstance should be assessed, for instance, based on the use of the sign made by the parties concerned or, for the trade mark applied for, the nature of the sign and the extent of its reputation.

The Court of Justice affirmed other principles of interest that are complementary to the aspects already noted above in its judgment of 27 June 2013 (C-320/12), issued in response to a request for a preliminary ruling in relation to Article 4(4)(g) of the Trade Mark Directive [now Article 4(2)]. Accordingly, it held that bad faith is an autonomous concept of European Union law which must be given a uniform interpretation in the entire territory of the European Union. Pursuant to this basic principle, the Court of Justice also ruled that Member States may not introduce grounds or causes leading to a different interpretation of bad faith in any Member State of the European Union; hence the Court of Justice ended by noting that Member States may not introduce a system of specific protection of *"foreign marks"*.

Regarding this last point, the Court of Justice pointed out that bad faith is to be assessed globally taking into account all the circumstances of the case: *"the fact that*

the applicant knows or should know that a third party is using a mark abroad is not sufficient, in itself, to permit the conclusion that the applicant is acting in bad faith”.

As already discussed, one of the circumstances for assessing whether a trade mark has been applied for in bad faith is actual or presumed knowledge by the applicant of the existence of an earlier sign used in the European Union (or abroad). The judgment that concerns us here is important in that it makes clear that the grounds for invalidity by reason of bad faith need to be distinguished from the relative grounds for refusal (grounds for opposition and relative grounds for invalidity) based on an earlier right of use (Article 8.4 EUTMR). The Court of Justice has affirmed that different principles and criteria are applicable in each case. Specifically, the judgment emphasises that the criteria arising from a likelihood of confusion (factors relating to confusion) may not be used in the case of bad faith –unlike the case envisaged in Article 8.4 EUTMR– indeed, what needs to be assessed is the applicant's intention when the trade mark application was filed, which means that the comparison between the registered mark and the sign that was used earlier cannot be based on the principle of similarity between the signs or a comparison of the goods and/

or services, factors that are used to assess the likelihood of confusion.

This aspect is related to the Court of Justice's judgment of 12 September 2019 (C-104/18 P), which accepted an appeal lodged by KOTON and invalidated the STYLO&KOTON (figurative) mark. The reader is referred to the respective review in that regard (see below). Here, we would just point out that the Court of Justice has made clear that absolute grounds for invalidity based on bad faith applies without any requirement for prior use of an identical or similar sign on identical or similar goods or services compared with the trade mark to be invalidated; it is also not necessary to prove that there is a likelihood that the public will confuse the conflicting signs.

Jesús GÓMEZ MONTERO

fig 4

4

Bad faith by the applicant even though the contested trade mark relates to services dissimilar to those for the sign used earlier.

Judgment of the Court of Justice of 12 September 2019, *Stylo & Koton* (C-104/18 P).

1. Background.

On 25 April 2011 a Mr. Joaquín Nadal filed an application at the EUIPO for the trade mark in classes 25, 35, and 39. *fig 4*

The Turkish company Koton Magazacilik Tekstil Sanayi ve Ticaret AS ("KOTON") opposed the application on grounds of confusing similarity with an earlier Maltese mark and an international registration designating certain European Union countries in classes 18, 25, and 35 for the following sign. *fig 5*

The Opposition Division accepted the opposition for the goods and services in classes 25 and 35. However, the opposition was denied in respect of class 39, and the trade mark was registered in that class on 5 November 2014. That decision was subsequently upheld by the Board of Appeal on appeal. KOTON then submitted an application for invalidity to the EUIPO on 5 December 2014, claiming bad faith on the part of the applicant.

The Cancellation Division dismissed the application for invalidity, and the resulting appeal was likewise dismissed by the Board of Appeal. The Board of Appeal reasoned that, though the marks were similar and there was knowledge of the earlier marks, there had been no bad faith, in that the goods/services covered by the earlier trade mark registrations (classes 18, 25, and 35) were neither identical nor similar

fig 5



to the services covered by the contested trade mark in class 39.

An appeal to the General Court was dismissed on 30 November 2017 (judgment in Case T-687/16). The General Court based its decision on the fact that, although a previous business relationship between the parties and knowledge of the earlier marks had been demonstrated, Article 52(1)(b) EUTMR [now Article 59(1)(b)] was not applicable, in that “*the contested mark was registered for services dissimilar to those designated by the earlier ... marks ..., thus precluding any likelihood of confusion between the marks at issue*”.

The Court of Justice, however, accepted the subsequent appeal and set aside the judgment of the General Court and the decision by the Board of Appeal.

2. Findings.

The Court of Justice takes the view that the concept of bad faith presupposes the presence of a dishonest intention by the applicant that filed the trade mark. It also points out that the purpose of Article 52(1)(b) EUTMR (now Article 59) is to prevent registration of trade marks whose purpose or intention is to undermine, in a manner inconsistent with honest practices, the interests of third parties, or which have the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling

within the functions of a trade mark, in particular the essential function of indicating origin.

The Court of Justice emphasises that the intention on the part of the applicant is key to determining whether or not there has been bad faith. It also holds that, though subjective, this factor must be determined objectively taking into account all the factual circumstances of the case. Those circumstances can include the existence of a likelihood of confusion, and while that circumstance may have been taken into account in the judgment of 11 June 2019 (C-529/07), it does not follow from that judgment that the existence of bad faith may be established only in the situation where there is use on the internal market of an identical or similar sign for identical or similar goods capable of being confused with the sign for which registration is sought.

On that basis, the Court of Justice holds that the ground for invalidity due to bad faith is different from that based on a likelihood of confusion [Article 8(1)(b) EUTMR] and, to be applicable, does not require the applicant for invalidity to be the proprietor of an earlier mark for identical or similar goods or services. The existence of a likelihood of confusion also does not necessarily have to be proven. Therefore, the judgment finds that it is to be held that “*in the absence of any likeli-*

hood of confusion between the sign used by a third party and the contested mark, or if there has been no use, by a third party, of a sign identical with, or similar to, the contested mark, other factual circumstances may, depending on the circumstances, constitute relevant and consistent indicia establishing the bad faith of the applicant”.

The Court of Justice then makes clear that the time to be considered in assessing the applicant's intention is the date on which the trade mark application was filed. In the case at hand, one of the circumstances to be assessed that takes on special significance is that the trade mark was filed not only in class 39 but also for goods and services in classes 25 and 35 falling in the textile sector, in which KOTON had used its sign including the word element and the figurative element at issue.

Therefore, irrespective of the fact that there is no similarity with regard to class 39, the Court of Justice rules that, despite mentioning the commercial logic underlying the filing of the application for registration and the chronology of events leading to that filing as factors, the General Court did not fully examine them but merely found that for the purpose of establishing the existence of bad faith, the use of an identical or similar sign for goods and services identical with or similar to those for which the contested mark had been registered should have been demonstrat-

ed, and that this entailed conferring too restrictive a scope on Article 52(1)(b) EUTMR (now Article 59). The Court of Justice therefore accepts the appeal.

3. Remarks.

In its judgment of 11 June 2007 (C-529/07), the Court of Justice ruled that one of the factors to be taken into account when establishing the applicant's bad faith was *“the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought”*.

From that wording it might be inferred that the factors used to establish the existence of bad faith are the same as those used in assessing the relative ground for invalidity based on a likelihood of confusion between the marks. However, the judgment under review has dispelled all uncertainty in that respect and has unambiguously ruled that confusing similarity is not an essential factor for ascertaining whether or not there has been bad faith. It should further be noted that this same finding was made in the Court of Justice's subsequent judgment of 13 November 2019 (C-528/18 P) in the matter of OUTSOURCE 2 INDIA (see the previous review).

Though an indeterminate concept and a function of the subjective intention of the

applicant, bad faith has to be objectively established by assessing the specific circumstances involved in the applicant's conduct on applying for the trade mark. Furthermore, that assessment should be performed without taking into account, at the outset, whether or not the conflicting marks are confusingly similar or cover identical or similar goods or services. Otherwise the Court of Justice would have dismissed KOTON's appeal, inasmuch as the EUIPO and the General Court had previously ruled that the trade mark to be invalidated covered services (transport, etc. in class 39) dissimilar to the goods covered by the earlier mark (clothing, etc. in class 25).

The Court of Justice took an entirely different tack. It is true that confusing similarity of the signs and of the goods/services may, at least in my opinion, be a factor that is taken into account when assessing bad faith; however, it is just one factor among others. What is basic to and decisive in establishing the existence or absence of bad faith is ascertaining the applicant's "intention" on filing an application for the trade mark. As can be inferred from the judgment considered here, bad faith will exist if the trade mark applied for, viewed on an overall basis, is seen to seek to cover goods or services relating to a sector of trade in which the trade mark that is presumed to be known

to the applicant is used; here, the textile sector, since the trade mark contested in class 39 (transport, etc., without specifying a sector) is to be understood on the basis of commercial logic to relate to that sector given the other classes that had been applied for (e.g., clothing, etc. in class 25).

Therefore, to conclude, it should be noted that there were several judgments in 2019 that help define in more detail some of the circumstances to be taken into account when the applicant's intention may imply that its conduct has been in bad faith. Though as is only natural these judgments need to be considered in the context of the relevant circumstances, these include, specifically: the judgments of the General Court dated 14 May 2019 (T-795/17), 23 May 2019 (T-3/18, T-4/18), 12 July 2019 (T-772/17), 12 July 2019 (T-773/17), and 12 July 2019 (T-774/17).

Jesús GÓMEZ MONTERO

5

Debate concerning the hashtag “#darferdas?": Does it have distinctive character? Judgment of the Court of Justice of 12 September 2019, #darferdas? (C-541/18).

1. Background.

AS filed to register German trademark No. 3020150597643 “#darferdas?” for “clothing, in particular t-shirts, footwear and headgear” in class 25.

Registration was refused for the mark on grounds that it was devoid of distinctive character. Both the German Patent and Trademark Office (GPTO) and the Federal Patent Court (Bundespatentsgericht) held that this sign constitutes an expression that will be readily understood by German consumers as a discussion point: “Darferdas?” (Can he do that?") They held that the expression would most likely be placed on the front of t-shirts, being perceived as a merely decorative element and not as a trademark identifying the business origin of the clothing.

The case was brought before the German Federal Court of Justice (Bundesgerichtshof), which identified two usual forms of placement of marks in this sector: on the label sewn inside the clothing and/or on the exterior.

The perception of the average consumer can vary, depending on the nature of the goods and on where the mark is placed. Thus, signs which appear on labels sewn inside clothing tend to be perceived as an indication of origin (trademark), whereas this is not always the case with images,

symbols and words that appear on the exterior of clothing.

The Court found that in order for a sign to be deemed to have distinctive character, it is not necessary that every conceivable use of that sign be use as a trademark. In light of the above, the Court referred the following question for a preliminary ruling: *Does a sign have distinctive character when there are in practice significant and plausible possibilities for it to be used as an indication of origin in respect of goods or services, even if this is not the most likely form of use of the sign?*

2. Findings.

The CJ states first of all that a sign comprising a hashtag is capable of performing the essential function of a trademark provided that it has sufficient distinctive character.

It points out that for the purpose of the analysis of this requirement, it is important to take into account all of the relevant facts and circumstances, including all of the likely types of use of the mark applied for.

Given that the applicant is not obliged to state the use that will be made of the mark applied for (even after registration has been granted, the applicant has a period of five years to commence actual use

consistent with the essential function of a trademark), the competent authorities will have to determine the distinctive character in the light of the customs of the economic sector in question.

That is, they must identify all likely forms of use of the mark applied for and determine whether the average consumer of the goods or services concerned will perceive the sign as an indication of business origin.

In this regard, those forms of use which, while conceivable in the sector in question, are not practically significant and are thus unlikely, shall be regarded as irrelevant, except where the applicant has provided concrete evidence which makes a use which is unusual in that sector more likely.

In the clothing sector, it is usual to place the mark on both the exterior of the clothing (front or back) and on the inside (label). Thus, two practically significant forms of use have been identified and it is for the Federal Court of Justice to determine whether at least one of these two forms of placement of the disputed sign will be perceived as a trademark by consumers.

3. Remarks.

The use of hashtags as a promotional formula is increasingly common and, as

with the case of slogans, the issue of their registration as a trademark can be somewhat controversial, given that it is sometimes difficult to find the line between a purely promotional function (when they are perceived simply as a social message) and their ability to distinguish the goods or services of one undertaking from those of others (function of a trademark).

The CJ clarifies that it cannot be excluded that a hashtag is capable of identifying the origin of the goods or services in respect of which registration is sought, and that it is necessary to assess whether it possesses sufficient distinctive character to be perceived as a trademark.

Moreover, all applicants must bear in mind that a sign's capacity to serve as a trademark shall be examined taking into consideration the usual practices of the sector concerned. Thus, barring any other indications, all of the forms of use that the competent authority deems to be the most likely shall be taken into account. These "other indications" shall only be taken into account where the applicant has provided concrete evidence which makes more likely a form of use which in principle would appear to be practically irrelevant (given that it is unusual in the sector).

Soledad BERNAL

6

The EU Trade Mark Courts in the country where advertising or offers for sale are directed and displayed electronically have jurisdiction in cases of infringement of EU trade marks. Judgment of the Court of Justice of 5 September 2019, AMS Neve (C-172/18).

1. Background.

BW Trustees and a Mr. Mark Crabtree are the owners of a European Union trade mark and various national trade marks for the figure "1073" covering "'sound studio recording, mixing and processing equipment" (class 9). AMS Neve is, in turn, a UK company that sells audio equipment in the United Kingdom and is the exclusive licensee for the trade mark at issue in the proceedings.

The above-mentioned parties brought suit against a Spanish company, Heritage Audio, and a Mr. Rodríguez Arribas, both domiciled in Spain, before the Intellectual Property Enterprise Court in the United Kingdom, the designated EU Trade Mark Court, claiming that the EU trade mark and national UK trade marks had been infringed by the latter parties' offer of goods under the trade mark in dispute within the territory of the United Kingdom.

The UK court ruled that it did not have jurisdiction insofar as the action was based on an EU trade mark, and hence the applicable provision was Article 97.1 EUTMR (now Article 125.1), which establishes that the court having jurisdiction is the court where the defendant is domiciled (in this case, Spain). If jurisdiction were to lie with the alternative forum provided for in Article 97.5 EUTMR (now Article 125.5), the court in the Member State where the

infringement had been committed, the Spanish courts would also be the courts having jurisdiction, in that the decision to place the advertising and offer the infringing goods for sale online had been taken in Spain; this notwithstanding that the website and the advertising for the goods were directed at the United Kingdom.

The Court of Appeal (England and Wales) (Civil Division) referred a question relating to Article 97.5 EUTMR (applicable to the events in suit by reason of the time when they took place) to the Court of Justice for a preliminary ruling to clarify the interpretation of the paragraph referring to the jurisdiction of the court in the Member State where the infringement had been committed, i.e., either the territory where the defendant had organised its website and its social media accounts (Spain) or the territory where the consumers or traders at which the advertising and the offer for sale of the goods in suit were directed had their place of residence (the United Kingdom).

2. Findings.

The Court of Justice opts for the second interpretation, finding that: “*Article 97(5) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the [European Union] trade mark must be interpreted as meaning that the proprietor of a European Union trade mark who considers that his rights have been infringed by the use*

without his consent, by a third party, of a sign identical to that mark in advertising and offers for sale displayed electronically in relation to products that are identical or similar to the goods for which that mark is registered, may bring an infringement action against that third party before a European Union trade mark court of the Member State within which the consumers or traders to whom that advertising and those offers for sale are directed are located, notwithstanding that that third party took decisions and steps in another Member State to bring about that electronic display”.

3. Remarks.

This judgment clarifies a series of principles for interpreting jurisdiction by the EU Trade Mark Courts designated in each country to hear actions relating to EU trade marks (current Articles 123 and 124 EUTMR). The first is that those courts have jurisdiction when infringement actions are based on both EU trade marks and national trade marks of the country concerned.

The second is that the court in the country where the infringement has been committed (now Article 125.5 EUTMR) is an alternative forum vis-à-vis other fora referred to above in this review, e.g., the defendant’s domicile, and further that the complainant enjoys the right to choose this alterna-

tive forum and that the complainant may not be deprived of that right to choose.

In any case, in this judgment in particular, the Court of Justice clarifies the consequences of that choice. Namely, the judgment rules that if the court where the defendant is domiciled is chosen, the court will have jurisdiction to rule on infringements committed or threatened within the territory of any Member State, whereas if the court where the infringement has taken place is chosen as the forum, the court will only have jurisdiction to rule on acts committed in the Member State where the chosen court is located.

In line with this reasoning, the judgment considers the scope of the concept of “*alternative forum*” in current Article 125.5 EUTMR and makes clear that precisely because it is an alternative forum, misinterpretations may not deprive the complainant of its right to choose. Thus, an interpretation that the place of infringement is the territory where the defendant has taken the decisions and implemented the technical and organisational measures for its website or for placing advertising and offers for sale online would mean that trade mark proprietors could readily be prevented from having any alternative forum in which to take action, since it would suffice to ensure that the decisions were taken in the place where the defendant is domiciled or outside the European Union.

In other words, the judgment holds that there is a need for objective rules (like those set forth in current Article 125, paragraphs 1 to 4 EUTMR) when determining jurisdiction of the courts, but in no case may the complainant be deprived of the right to choose an alternative forum. Therefore, to ensure that the effectiveness of the alternative forum laid down in current Article 125.5 EUTMR is not undermined, in this case the Court of Justice has affirmed that the place where the infringement has been committed is the territory at which the advertising and offer for sale are directed, namely, the territory where the commercial content has been displayed on the website or social media and is effectively accessible to the consumers and traders at which it is directed.

Jesús GÓMEZ MONTERO

7

Non-exhaustion of trademark rights in the case of parallel marks. Judgment of Barcelona Court of Appeal of 22 July 2019, Schweppes (ECLI:ES:APB:2019:9587).

1. Background.

In 1999, the company Cadbury Schweppes sold to Coca-Cola/Atlantic Industries (hereinafter “Coca-Cola”) the ownership of the SCHWEPPEES trademark in some EU countries, including the UK, while retaining ownership in other countries, such as the marks registered in Spain.

In 2001, Cadbury Schweppes took over the French company Pernod Ricard S.A., owner of the ORANGINA trademark, adopting the name Orangina Schweppes Group, a group which after some changes was acquired in 2009 by the Japanese company Suntory Beverage & Food Limited (hereinafter “Suntory”), which also owns SCHWEPPEES trademarks in some EU countries through the UK company Schweppes Limited.

Thus, at present the SCHWEPPEES trademarks in the EU are owned by two different groups: Coca-Cola in the UK, among other countries, and Suntory (Schweppes Limited) in Spain, among other countries.

In May 2014, the exclusive licensee of the SCHWEPPEES trademark in Spain, Schweppes, S.A., brought an action against the companies Red Paralela, S.L. and Red Paralela Bcn, S.L. for infringement of its exclusive rights in the SCHWEPPEES trademark resulting from the defendants selling goods under this trademark in Spain.

The defendants contested the claim, asserting the exhaustion of the plaintiff's trademark rights, since the goods in question were acquired in the UK, where the owner of the SCHWEPES trademark is Coca-Cola. Moreover, the defendants filed a countersuit against the plaintiff and other companies associated to the plaintiff company, bringing actions for a breach of competition rules and acts of unfair competition.

In the course of the proceedings, Mercantile Court No. 8 in Barcelona decided to suspend the proceedings and seek a preliminary ruling from the Court of Justice concerning the interpretation of Article 7(1) of Directive 2008/95/EC (and of Article 15(1) of (EU) Directive 2015/2436 substituting the former) in the light of the circumstances of the case. Its conclusion (C-291/16) was that Article 7(1) of Directive 2008/95 should be interpreted in the sense that it cannot be relied on, in cases such as that at hand, to oppose the import of identical goods designated with the same trademark whenever, as a result of the assignment agreements signed between the original owner of the mark and the third party:

- The owner, either acting alone or coordinating its brand strategy with the said third party, actively and deliberately continues to promote the appearance or the

image of a single and global trademark; or

- There are economic links between the owner and the aforementioned third party, in the sense that they coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of the trademark in the territory in question.

The court of first instance considered that, in the light of the evidence, there were sufficient indications to confirm that both circumstances referred to by the Court of Justice existed in this case and, consequently, it dismissed the complaint, finding that the complainant's trademark right was exhausted, and also dismissed the countersuit with respect to the part that the counterclaimant had not withdrawn, with regard to the acts of unfair competition. The judgment was appealed, requesting full acceptance of the complaint.

2. Findings.

The Court of Appeal does not share the conclusions reached in the first instance judgment. Following an analysis of the different premises on which the supposed existence of a tacit consent by the owner of the mark, resulting in the exhaustion of his rights, was based, the Court concludes that only two would be possible: the references made by the owner of the mark to the British origin of the product and the

existence of a licence agreement between Schweppes Limited and Coca-Cola for the latter to manufacture and sell the products of the former in Holland. Moreover, in the opinion of the Court, both items of information would be insufficient to conclude that either of the two circumstances required by the Court of Justice exist with regard to the global image of the mark or the existence of economic links.

On the one hand, the references to the British origin of the mark are justified as they aimed at claiming the traditional origin of the mark and the current owner of the mark cannot be required not to do so. On the other hand, the existence of a specific licence agreement for use of the SCHWEPPEES mark in Holland does not provide a basis for inferring the existence of economic links allowing for joint control to be exercised over the mark throughout the EEA, in such a way that it is possible for both parties to directly or indirectly determine the goods to which said mark is affixed and to control their quality.

In the light of the above, the Court accepts the appeal and, as a result, the infringement complaint, ordering the defendants to pay the plaintiff compensation in the amount of 293,480 euros, among other measures.

3. Remarks.

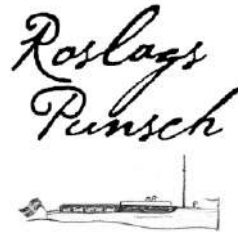
In accordance with the Barcelona Court of Appeal interpretation of the ruling by the Court of Justice, in order to determine whether there is tacit consent by the owner of the mark, resulting in the exhaustion of his rights, the evidence must be capable of unequivocally proving that the conditions established by the Court of Justice are fulfilled.

Ana SANZ

8

The role of disclaimers on descriptive or non-distinctive elements in complex marks when assessing likelihood of confusion. Judgment of the Court of Justice of 12 June 2019, Hansson (C-705/17).

fig 6



1. Background.

In 2007 the Swedish company Norrtelje Brenneri Aktiebolag registered the trademark "ROSLAGS PUNSCH" (& device) for "alcoholic beverages" in class 33. *fig 6*

The registration in question was accompanied by a disclaimer stating that «*the registration does not give an exclusive right over the word "RoslagsPunsch"*». The registration of the said disclaimer was required by the Swedish Patent and Registration Office (hereinafter 'the PRV') in view of the fact that the term "Roslags" refers to a region of Sweden and the word "Punsch" describes one of the goods covered by the registration.

On 16 December 2015, Mr. Hansson applied to the PRV for registration of the national word mark "ROSLAGSÖL" for "*non-alcoholic beverages and beers*" in class 32.

On 14 July 2016, the PRV rejected the trademark application for "ROSLAGSÖL" on the grounds that there was a likelihood of confusion with the earlier mark since both signs refer to identical or similar goods and begin with the descriptive term "Roslags". The office added that the inclusion of other words or figurative elements failed to reduce the similarity, in that the word "Roslags" is a dominant element of both signs.

Mr. Hansson lodged an appeal against the rejection before the Court of First Instance, arguing that there was no likelihood of confusion between the signs and that the term “Roslagen” is commonly used in distinctive signs of companies established in the region to which this term refers. The appeal was accepted and the trademark application for “ROSLAGSÖL” granted.

The PRV appealed against the judgment before the Swedish Court of Appeal, which noted that, while substantive rules on the protection of national trademarks are fully harmonised pursuant to Directive 2008/95, the procedural rules are, in principle, within the competence of the Member States.

In view of the circumstances, the Court of Appeal decided to stay the proceedings and refer three questions to the Court of Justice for a preliminary ruling, since it had doubts about whether a national provision (which allows a disclaimer to be entered on registration of a trademark) can be considered a procedural norm, when it is in fact substantive, since it has the effect of changing the criteria on which is based the global assessment to be carried out in order to examine the likelihood of confusion within the meaning of Article 4.1 b) of Directive 2008/95.

In addition, the court raised the question of whether the aforementioned national provision –which has the effect of either (1) *excluding the element of a complex trademark to which the declaration refers* or (2) *attributing to that element, in advance and permanently, limited importance* in the analysis of the relevant factors to be made in an assessment of the likelihood of confusion– is contrary to Article 4.1 b) of Directive 2008/95. In short, it asked the CJ whether the fact that an earlier trademark has been registered with a disclaimer on any of its elements could affect the assessment of likelihood of confusion.

2. Findings.

The three questions referred for a preliminary ruling are considered together, with the Court resolving that the possible exclusion or attribution of limited importance to a descriptive or non-distinctive element of a complex mark (by means of a disclaimer) is incompatible with European law, in that It would lead to an incorrect assessment of the likelihood of confusion within the meaning of Article 4.1 b) of Directive 2008/95.

A disclaimer cannot influence the overall assessment of the likelihood of confusion, which must be considered in relation to

the sign as a whole and, as such, in the light of all its elements.

3. Remarks.

In this ruling, the CJ adopts a very clear position in relation to disclaimers, stating that national “procedural rules” that are contrary to the guidelines for protection set out in Directive 2008/95 (as occurs under Swedish legislation, which allows elements that may give rise to uncertainty about the scope of the exclusive right to be excluded from the registration) are inadmissible from the standpoint of European law.

The ruling thus confirms the inadmissibility of disclaimers present in the national law of some Member States (such as Sweden, Ireland, Latvia or the United Kingdom), resolving that they cannot be permitted to distort the objectives and spirit of European law, and that national laws must guarantee the same conditions of registration and the same protection as EU trademarks.

Ana PÉREZ-PRAT

9

Delimitation of the scope of protection granted to individual marks consisting of quality labels vs. protection granted to certification marks. Judgment of the Court of Justice of 11 April 2019, Öko-Test (C-690/17).

1. Background.

Since 2012, ÖKO-Test Verlag (“ÖKO-Test”), a company that specialises in product and market research services, has owned EU and German national trademark registrations in the sign ÖKO-TEST for printed matter and for services of conducting tests and providing consumer information and consultancy. The marks are used as a quality label. ÖKO-Test publishes and sells a magazine in Germany that provides general consumer information and contains the results of the tests conducted by the company on various products. In some cases, ÖKO-Test authorises the manufacturer of the product under review to place the quality label with the test result on its product, by means of a license agreement. The latter remains valid until ÖKO-Test organises a new test for the product in question.

In 2014, ÖKO-Test filed a trademark infringement proceeding against Dr. Liebe, a company involved in the manufacture and sale of toothpastes, claiming that in 2014 it was no longer authorised to use the ÖKO-TEST marks under a licensing agreement concluded in 2005, in that it was granted only with respect to the products marketed by Dr. Liebe in 2005.

The court of first instance accepted the claim brought by ÖKO-Test. In the second instance, the German Court of Ap-

peal considered it correct to understand that the licence agreement covering the use of ÖKO-TEST's quality label had expired in 2014. However, it had doubts as to whether ÖKO-Test could benefit from its right as holder of the trademark under art. 9.1 a) or b) of Regulation 207/2009 since there was no similarity between the services designated under the ÖKO-TEST mark and the goods for which Dr. Liebe's mark had been used in trade (namely toothpastes). In the circumstances, the German Court of Appeal decided to stay the proceedings and refer the following questions to the CJ for a preliminary ruling: i) does affixing a sign identical or similar to a mark consisting of a quality label on products other than those for which the mark was registered amount to an infringement of the trademark and ii) can the owner of a reputed mark consisting of a quality label prevent such use.

2. Findings.

With regard to the first question, the CJ recalls that, in accordance with Article 9 of Regulation 207/2009 and Article 5 of Directive 2008/95, the proprietor of a trademark has no right to prohibit a third party from using an identical or similar sign on goods that are not identical or similar to the goods or services for which the trademark has been registered, unless said mark enjoys a reputation.

The CJ adds that these rules still apply when the mark in question is a quality label, above all in view of the fact that the EU trademark regime provides for the possibility of registering certain signs as an EU certification mark, including those that are able to distinguish the goods or services that are certified by the proprietor of the mark in respect of quality from goods and services that are not so certified.

With regard to the second question, the CJ holds that ÖKO-Test is entitled to oppose the use of its trademark by a third party, irrespective of whether or not it is used for and goods and services that are neither identical or similar to those for which its trademark is registered provided that the trademark owner establishes that: (i) the mark in question is reputed; (ii) the use by the third party infringes or takes unfair advantage of the reputation or distinctive character of the trademark; and (iii) the third party cannot establish the existence of a 'due cause' in support of the use of its trademark.

3. Remarks.

With this ruling, the CJ confirms the reinforced protection afforded to well-known marks by allowing the proprietor of such marks to oppose unauthorised use by a third party of signs identical or similar to its marks on different goods and/or services.

The particular features of this case lie in its delimitation of the scope of protection granted to individual marks, which remains unchanged when the mark in question is a quality label. This is applicable above all to the possibility of registering signs of this type as an EU certification mark, which certify the quality of a product or service, differentiating them from those that are not certified in that manner.

In short, this is a highly relevant ruling inasmuch as the CJ reminds the proprietors of individual marks consisting of quality labels that they should register those labels as certification marks with a view to opposing their unauthorised use by third parties, irrespective of whether or not they are well known.

Irene de TERESA

fig 7



10

Criteria for assessing the distinctiveness of colour marks and the importance of correctly determining the type of mark.

Judgment of the Court of Justice of 27 March 2019, Hartwall (C-578/17).

1. Background.

In an application filed on 20 September 2012, Hartwall sought to register, with the Finnish Intellectual Property Office, a trademark represented as follows *fig 7*.

The application covered ‘mineral waters’ in class 32 and included the following description: “*The colours of the sign are blue (PMS 2748, PMS CYAN) and grey (PMS 877)*”. Moreover, following a preparatory decision of the Finnish Office, Hartwall specified that it was applying for registration of the mark in question as a ‘colour mark’.

In a decision dated 5 June 2013, the Office rejected Hartwall’s application on the grounds that it was devoid of distinctive character, holding that an exclusive right in certain colours cannot be granted unless it is established that the colours have acquired distinctive character through long-term significant use in respect of the goods claimed.

Hartwall filed an appeal before the *markkinaoikeus* (Finland’s Mercantile Court), which was likewise dismissed. Hartwall appealed the decision to the *Korkein hallinto-oikeus* (Finland’s Supreme Administrative Court), which decided to suspend the proceedings and refer the following questions to the Court of Justice for a preliminary ruling: (i) Is it of relevance whether a trademark is filed as a figurative mark or as a colour mark? (ii) If this is

indeed of relevance, is the trademark to be registered as a colour mark in accordance with the trademark application, regardless of its representation as a drawing, or can it be registered only as a figurative mark?

2. Findings.

In relation to the first question, the Court establishes first of all that in order to assess the distinctive character of a colour mark or a figurative mark, it is necessary to carry out an examination by reference to the actual situation, taking account of all the circumstances of the case, including any use which may have been made of the sign. The Court of Justice thus points out that the criteria for assessing the distinctive character of colour marks are the same as those applicable to other categories of marks, even if the potential difficulties in establishing the distinctive character of certain categories of marks may be greater.

Consequently, the Court highlights that it is not possible to establish the distinctive character of a colour mark only on account of the use made of the same, and it states in answer to the first question that the applicant's classification of the sign as a 'colour mark' or as a 'figurative mark' is a relevant factor, among others, for the purpose of determining whether it is distinctive, but it does not release the trade-

mark authority from its obligation to carry out an assessment by reference to the actual situation of the sign in question.

The second question referred for a preliminary ruling relates to the discrepancy between the classification of the sign given by Hartwall (colour mark) and the trademark as filed (represented by a colour drawing with defined contours).

The Court of Justice provides a clear answer to the question, finding that where there is an inconsistency between the sign as filed and the classification of the sign given by the applicant which makes it impossible to precisely determine the subject matter and the scope of protection sought, the competent authority must refuse the registration of the mark on account of the application's lack of clarity and precision.

3. Remarks.

This judgment is yet another example of the problems in obtaining protection that can be encountered by applicants of colour marks, in this case with regard to the manner in which the sign is represented and the classification of the sign.

While it deals with the differences between the representation of colour marks and figurative marks, it is an important judgment, given that the Court's conclu-

sion could be extrapolated to other cases where there are inconsistencies between the representation of the mark and the classification of the type of mark (for example, three-dimensional marks).

It is also worth highlighting the point made by the Court that while the criteria for assessing distinctive character should be the same for all types of marks, the examination regarding distinctive character is particularly important in the case of colour marks. This is in view of the privileges afforded to the owners of colour marks, given that they will enjoy a certain monopoly in the marketplace on the use of a colour for certain goods or services. Therefore, as established by the Court of Justice, when granting protection for a colour mark, *“it is necessary to have regard to the general interest in not unduly restricting the availability of colours for the other traders who offer for sale goods or services of the same type as those in respect of which registration is sought”*”; hence, the need to carry out the examination by reference to the actual situation, taking into account all the circumstances of the case.

Marta RODRÍGUEZ



fig 8

11

Trademarks consisting of decorative designs are not indistinguishable from the shape of the goods to which they are affixed. Judgment of the Court of Justice of 14 March 2019, *Manhattan* (C-21/18).

1. Background.

The case concerns a request for a preliminary ruling made by the Court of Appeal in Stockholm, Sweden, in the context of proceedings involving *Svenkt Tenn AB*, on the one hand, and *Textilis Ltd* and *Mr. Ozgur Keskin*, on the other, in relation to the sale by the latter parties of interior decoration articles which included designs similar to those of the following trademark owned by the company *Svenkt Tenn AB*. *fig 8*

The dispute originated with two actions brought by the company *Svenkt Tenn*, one for infringement of the aforementioned trademark and another for infringement of the copyright in the design of that same trademark. *Textilis Ltd* and *Mr. Ozgur Keskin* brought a counterclaim, seeking a declaration of invalidity of the *MANHATTAN* trademark, given that, in their view, it is a non-distinctive sign consisting exclusively of a shape which gives substantial value to the goods, within the meaning of Article 7(1)(e)(iii) of Regulation (EC) No. 207/2009 on the Community trademark.

The first instance court (Stockholm District Court) upheld the actions for trademark infringement and copyright infringement brought by *Svenkt Tenn*, dismissing the counterclaim. *Textilis Ltd* and *Mr. Keskin* appealed against that judgment, again seeking a declaration that the *MANHATTAN* trademark is inval-

id, in that, in their view, it consists exclusively of a shape which gives substantial value to the goods.

In the light of the above and with the validity of this trademark having been brought into question, the Court of Appeal submitted a request for a preliminary ruling in relation to the interpretation of Article 7(1)(e)(iii) of Regulation (EC) No. 207/2009.

Specifically, the referring court asks whether it is to be understood that a sign consisting of a two-dimensional decorative design, such as the MANHATTAN trademark, is made up exclusively of the shape when applied to two-dimensional goods such as fabric or paper, thereby becoming a key feature of the goods themselves.

2. Findings.

In order to respond to the question referred for a preliminary ruling, the Court reviews the case law applied to date and, in particular, its judgment of 12 June 2018, *Louboutin and Christian Louboutin*, C-163/16, in which it was established that the concept of ‘shape’ is understood to be a “*set of lines or contours that outline the product concerned*”, and it was thus held that *Louboutin’s* famous red sole trademark does not consist of a shape but of the application of a colour to a specific part of a product, and therefore it does not protect the form of the sole but rather

the application of the colour to that specific part.

Applying the reasoning followed in the *Louboutin* judgment to the case at hand, the Court of Justice concludes that Article 7(1)(e)(iii) of Regulation (CE) No. 207/2009 is not applicable, given that it cannot be held that a sign which consists of a two-dimensional decorative design is indistinguishable from the goods to which it is affixed, even if the goods in question are a likewise two-dimensional fabric.

3. Remarks.

The Court of Justice explores the need to distinguish between the content or representation of a trademark and the product or shape to which it is applied, concluding that Article 7(1)(e)(iii) of Regulation (EC) No. 207/2009 does not apply to those signs whose representation is distinguishable from the shape of the goods to which they are affixed.

However, it is important to note that the amended version of Article 7(1)(e)(iii) under Regulation No. 2015/2024 of the European Parliament and of the Council of 16 December 2015, currently in force, prohibits the registration of signs consisting exclusively of the shape, or another characteristic, which gives substantial value to the goods. Therefore, we will have to wait until we know what the Court of Justice understands by “*another characteristic*”

to see whether it will be appropriate to review the applicability of this bar to registration in cases similar to the Manhattan or Louboutin cases.

What is clear is that, whatever the position ultimately adopted by the Court of Justice, the key when assessing the validity of a non-conventional trademark, such as the MANHATTAN trademark (which in my view would be more a pattern mark than a figurative mark), will not so much be to determine whether or not it consists exclusively of the shape or another characteristic which gives substantial value to the goods, but to establish whether it is capable of performing the basic function of a trademark, that is, to identify a specific business origin for consumers.

Cristina VELASCO

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12

Authorisation for the sale of second-hand e-books. Judgment of the Court of Justice of 19 December 2019, Tom Kabinet (C-263/18).

1. Background.

The case arises in the context of a dispute between, on the one hand, two Dutch associations, Nederlands Uitgeversverbond (“NUV”) and Groep Algemene Uitgevers (“GAU”), whose purpose it is to protect the interests of the country’s publishers and, on the other, Tom Kabinet, a publisher of books, e-books and databases that operates a website launched in 2014 offering an online “reading club” through which it sells “second-hand” e-books. NUV and GAU decided to bring actions before the country’s courts seeking an injunction prohibiting the service offered by Tom Kabinet for infringement of intellectual property rights, an application that the courts rejected.

From June 2015 onwards, Tom Kabinet modified the e-book sales services offered up to that point by creating the “Tom Leesclub” through which it offered to its members, in return for a sum of money, “second-hand” e-books that had been acquired by Tom Kabinet or had been donated free of charge by the club’s members.

The two associations filed a new action requesting the service’s prohibition due to its infringement of their affiliates’ copyright “*by the making available or the reproduction of e-books*”. NUV and GAU alleged that Tom Kabinet was making “an

unauthorised communication to the public".

Although the Hague Court of First Instance seemed to be clear that an act of communication to the public was not occurring, it requested clarification as to whether or not an act of distribution was taking place and whether or not the principle of exhaustion was applicable. It therefore referred four questions centred around the concept of distribution to the CJ for a preliminary ruling, with the main question asking whether "*article 4 (1) of Directive [2001/29] could be interpreted as including the making available remotely by downloading, for use for an unlimited period, of e-books (being digital copies of books protected by copyright) at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him?*".

2. Findings.

The CJ concludes that the sale of second-hand e-books is not an act of distribution but of communication to the public, within the modality of making works available on an interactive or on-demand basis.

Specifically, the CJ answers the question referred by the courts of The Hague by concluding that the expression "*commu-*

nication to the public" of a work covers acts of interactive and on-demand transmission, thus confirming that the right of communication to the public is also pertinent when several unrelated persons have access from different points and at different times, within the meaning of Article 3 (1) of Directive 2001/29/EC, to a work which is on a publicly accessible website, clarifying that such right covers any communication "*other than the distribution of physical copies*", since physical copies which can be put into circulation as tangible objects are covered by the distribution right.

Finally, the CJ holds that, for an act to be considered as a communication to the public, the work must be communicated using specific technical means, different from those previously used or, failing that, to a new public. Taking into account that the making available of an e-book is generally accompanied by a user licence that authorises the user who has downloaded the e-book to read it from his or her own computer, a communication such as that effected by Tom Kabinet must be considered to have been made to a public that was not already taken into account by the copyright holders and that must therefore be considered a new public.

3. Remarks.

The CJ's ruling –whose main conclusion is that *“the supply to the public by downloading, for permanent use, of an e-book is covered by the concept of ‘communication to the public’ and, more specifically, by that of ‘making available to the public within the meaning of Article 3 (1) of Directive 2001/29/EC”*– is of great interest, in that it further clarifies the distinction between the concept of communication to the public and that of distribution in the digital sphere, which had already been considered by the CJ in the so-called *UsedSoft* case (C-128/11) in 2012, but, as the products assessed in that case were computer programs, the court applied Directive 2009/24 on the legal protection of computer programs.

Inés de CASAS

13

Copyright infringement in breach of a computer software licence agreement. Judgment of the Court of Justice of 18 December 2019, IT Development (C-666/18)

1. Background.

IT Development granted the company Free Mobile, a mobile phone operator offering mobile phone packages on the French market, a licence for the "ClickOnSite" software package, centralised project management software designed to enable Free Mobile to organise and monitor in real time the progress made by its teams and external technical service providers in deploying all its radio-telephone antennae, and also concluded a maintenance agreement with that company.

IT Development brought proceedings against Free Mobile before the Tribunal de grande instance de Paris [*Regional Court*, Paris, France] for infringement of the copyright of the ClickOnSite software package, seeking compensation for the harm it had sustained. IT Development alleged that Free Mobile had modified the software by creating new forms. In addition to what IT Development claimed was the substantive nature of those modifications, it argued that Free Mobile did not have the right to make such modifications, because the provisions of Article 6 of the licence agreement, entitled "*Scope of the licence*", in essence, expressly prohibited the customer from reproducing the software package, directly or indirectly, from decompiling and/or carrying out reverse engineering operations on the software,

or modifying, correcting, adapting, creating derivative works, or adding to that software, directly or indirectly.

The Tribunal de grande instance de Paris dismissed the claim, holding that there are two separate sets of rules relating to liability in intellectual property matters, one being tortious liability in the event of infringement of the exploitation rights of the author of the software, the other being contractual liability in the event of infringement of a copyright reserved by contract, and that in the instant case Free Mobile was clearly alleged to have failed to perform its contractual obligations, providing a basis for an action for contractual liability, not for the tortious act of infringing software copyright.

In the appeal against that judgment, the Cour d'appel de Paris [*Court of Appeal*, Paris, France], requested a preliminary ruling as to whether failure to comply with the terms of a software licence agreement by the licensee to which the licence had been issued could be considered to constitute copyright infringement or whether it was breach of contract.

2. Findings.

The Court of Justice starts out by noting that, by its question, in essence the referring court has asked whether Directives 2004/48 on enhancing protective measures and 2009/24 on the legal pro-

tection of computer programs must be interpreted as meaning that the breach of a clause in a licence agreement for a computer program relating to the intellectual property rights of the owner of the copyright of that program falls within the concept of "infringement of intellectual property rights", within the meaning of Directive 2004/48, and that that owner must therefore be able to benefit from the guarantees provided for by that Directive, regardless of the system of liability applicable under national law.

The judgment points out that Article 1 of Directive 2009/24 provides that Member States shall protect computer programs by copyright as literary works. Under Article 4 of that Directive, the exclusive rights of the holder of those programs to be protected by the Member States include, subject to certain exceptions specified there, the right to do or authorise the translation, adaptation, arrangement, and any other alteration of a computer program. Therefore, the prohibition on modifying the source code of a computer program falls within the copyright of a computer program for which Directive 2009/24 provides protection.

The Court adds that Directive 2009/24 does not make the protection of the rights of the owner of the copyright of a computer program dependent on whether or not

the alleged infringement of those rights is a breach of a licence agreement.

The Court then notes that the objective of recitals 10 and 13 of Directive 2004/48 is to approximate the laws of the Member States so as to ensure a high, equivalent, and homogeneous level of protection of intellectual property in the internal market and that the scope of that directive must be defined as widely as possible in order to encompass all the intellectual property rights covered by the provisions of EU law in that field or by the national law of the Member State concerned. Therefore, in the case of infringement of a clause in a licence agreement for a computer program concerning the intellectual property rights in that program, the owner must be able to benefit from the guarantees provided for in that Directive.

The judgment points out that, notwithstanding the above, Directive 2004/48 aims to establish measures, procedures, and remedies for holders of intellectual property rights, including the copyright of computer programs provided for in Directive 2009/24, and the former Directive does not lay down the exact means of implementation of those guarantees and does not lay down the application of a specific system of liability in the event of infringement of those rights.

In light of the above considerations, the Court responds to the question referred for a preliminary ruling by indicating that Directives 2004/48 and 2009/24 must be interpreted as meaning that the breach of a clause in a licence agreement for a computer program relating to the intellectual property rights of the owner of the copyright of that program falls within the concept of "infringements of intellectual property rights", within the meaning of Directive 2004/48, and therefore that owner must be able to benefit from the guarantees provided for by that Directive, regardless of the system of liability applicable under national law.

3. Remarks.

Some judgments by the Court of Justice have the good fortune of corroborating issues that legal opinion has mostly considered to have been settled, despite there being no broad basis for them in the case law. Concluding a licence for intellectual property does not afford licensees immunity from potential infringement actions. A breach of the terms of contract as such is one thing, whereas a breach that goes beyond the contractual realm and impinges on copyrights retained by the author in full is a different matter entirely. An infringement that exceeds the bounds of the licence may be considered copyright infringement.

The Court has rightly held that in such cases the measures and remedies that national law places at the disposal of copyright holders must prevail over the definition of the types of legal liability to which the infringer may be subject. Those measures and remedies should in all cases be consistent with the unified protection criteria set forth in Directive 2004/48.

Antonio CASTÁN

14

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

1. Background.

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

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

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

2. Findings.

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

3. Remarks.

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

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

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

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

Mabel KLIMT

15

Classification of a rule as a 'technical regulation'. Judgment of the Court of Justice of 12 September 2019, VG Media (C-299/17).

1. Background.

VG Media is a collective management organisation which manages copyright and related rights in digital editorial content in Germany. Press publishers signed an agreement with VG Media granting it the exclusive administration of their rights in respect of the newspapers or magazines produced by them.

Google operates, among its search engines, the news search site "*Google News*", on which, after the search terms have been entered, news items from different linked sources are listed, showing a brief summary of the news item reproducing the opening text of the article. Moreover, Google publishes advertisements on its own websites and on third-party websites for a fee.

VG brought an action against Google before the Berlin Regional Court, disputing the use by Google of images and text excerpts of the news items displayed.

2. Findings.

This request for a preliminary ruling concerns two articles of German law which prohibit commercial operators of search engines from making press products or parts thereof (excluding very short text excerpts or individual words) available to the public.

The referring court questions whether it is possible to apply these provisions to the specific case at hand. This is because the first subparagraph of Article 8(1) of Directive 98/34 stipulates that the Member States must communicate to the Commission any draft technical regulation, except where it transposes the full text of an international or European standard.

Thus, if the Court of Justice considers that these provisions of German law fall under the concept of ‘Technical Regulation’ mentioned in the aforesaid Directive, the regulations serving as the basis for the action would not be applicable, given that their incorporation into German law was not communicated at any point to the Commission.

The mission of the Court of Justice is therefore to determine whether these provisions of German national law are to be considered a ‘Technical Regulation’ within the meaning of the first subparagraph of Article 8(1) of Directive 98/34.

Of the four categories of measures regarded as a ‘Technical Regulation’ in said Directive, the Court only considers whether the provisions of German law fall into one of them, the category of “*rule on services*”, set out in Article 1(4) of said text.

For these provisions to be considered a rule on services, they must satisfy a series of conditions which are analysed sepa-

rately by the Court. First of all, it analyses whether the operators covered by the provisions can be considered services. According to the Court, it is clear that this is indeed the case, given that search engines must be regarded as services in the manner defined in the Directive.

Secondly, the provisions must be aimed specifically at information society services. According to the Court of Justice, this can be determined both from the literal text of the provisions and from the operative part of the same, even if there is no express reference to these services.

The Court finds that it is clear that the purpose of the national rule is to explicitly regulate information society services, as it expressly regulates search engines, which are undoubtedly to be considered information society services. This should be regarded as the intention of the rule, irrespective of whether other offline operators, such as paper content publishers, are regulated, and whether the rule relates to copyright. None of this prevents the articles in question from serving the purpose of regulating an information society service.

Thus, the Court of Justice finds that the draft preceding this rule should have been communicated to the Commission at the time, and therefore that the rule is not applicable in the conflict in question.

3. Remarks

The Court of Justice finds that a rule whose purpose is to regulate the activity of search engines must be regarded as a rule aimed at information society services, irrespective of whether the rule relates to another field (copyright in this case) and also concerns services not related to the information society.

Thus, the regulation of services of this kind has an 'overriding effect', transforming the object of legislation to the effects of Directive 98/34, which should be borne in mind by the Member States when determining whether it is necessary to communicate draft legislation, as legislation with similar provisions is at risk of not being applicable.

Martín BELLO

16

Limitations to the exclusive rights of authors to reproduce and communicate to the public. Judgment of the Court of Justice of 29 July 2019, *Spiegel Online* (C-516/17).

1. Background.

Known as the *Spiegel Online* case, this brings together intellectual property and the freedom of expression and the freedom of information within the context of the system of limits established in the European Union with regard to making an article available without authorisation.

This ruling concerns the action brought by Mr. Volker Beck, a German politician, against the *Spiegel Online* news outlet for its publication of an article including opinions expressed by the politician in the past. In 1988, an article written by the plaintiff was published in a book, with certain changes made by the publisher. The plaintiff contends that the changes altered the meaning of his article. In order to prove this, he provided a copy of the original article to the main German media but without authorising its publication. However, *Spiegel Online* (the defendant) made both the original article and the copy altered by the publisher available to the public by means of a hyperlink published in an article, in which the German news outlet contended that the plaintiff had lied when saying that the central statement appearing in his article had been altered by the publisher. The plaintiff brought a copyright infringement action before the Regional Court challenging the unauthorised making available of the complete text of the article on the *Spiegel Online* web-

site. In its defence, the digital news portal invoked the exceptions concerning the quotation and use of works in connection with the reporting of current events provided for, respectively, under Article 5(3) (d) and 5(3)(c) of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society. After several rulings contrary to its interests, Spiegel Online brought an appeal on a point of law before the Federal Court of Justice of Germany. The Federal Court suspended the proceedings and referred six questions to the CJ for a preliminary ruling in relation to the interpretation of Article 5(2) and (3), of Directive 2001/29/EC in the light of the Charter of Fundamental Rights of the European Union.

2. Findings.

In its judgment, the CJ explains that Directive 2001/29/EC does not effect a “*full harmonisation*” of the exceptions and limitations to the exclusive right of authors to reproduce and communicate to the public. Thus, Member States are allowed a certain degree of discretion in their application. Furthermore, it points out that the fundamental rights of freedom of the press and freedom of information may not constitute exceptions per se beyond the list of limitations and exceptions provided for under Article 5(2) and (3).

The CJ also emphasises that the aforementioned fundamental rights do not justify a derogation of exclusive rights beyond the limitations and exceptions provided for under Article 5. On the other hand, a balance must be struck between exclusive rights, which are not absolute, and fundamental rights. It is also necessary to take into account that the information is considered to be of particular importance, mainly when it relates to matters of political or public interest.

The CJ highlights that when use is made of a protected work for information purposes and provided that the right of authorship is respected, there can be no obligation to request the author’s previous consent.

For the purpose of quotation, the CJ underlines that it is sufficient to include hyperlinks, without it being necessary, for example, to insert footnotes in the text. Finally, in relation to the above, the CJ highlights that the exception for quotations is applicable insofar as the work in question has been made available to the public with the rightholder’s consent.

3. Remarks.

This case is also interesting from the standpoint of moral rights, since the author has changed his mind with regard to past statements that appear in the article.

In Spain, Article 14 of the Copyright Act states that the author has the inalienable and non-waivable right to *“withdraw the work from circulation for reasons of changes in his intellectual or ethical convictions, after payment of damages to the holders of the exploitation rights”*.

Inés de CASAS

17

Related rights of phonograph producers under the spotlight. Judgment of the Court of Justice of 29 July 2019, Pelham (C-476/17).

1. Background.

The dispute in the case at hand relates to the action filed against Pelham by the German band Kraftwerk, on grounds that their rights were infringed by the inclusion, in a continuous loop, of a 2-second rhythm sequence from their song “*Metall auf Metall*” published in 1977 in the defendants’ 1997 recording of the song “*Nur mir*”.

The conduct attributed to the defendants is known in the music industry as “sampling”, which can be defined as the technique whereby a user, normally by means of electronic equipment, takes a fragment (or sample, hence the term “sampling”) from an earlier recording for inclusion in a new separate work.

In the interest of a better understanding of the substance of the matter, it is important to note the difference between this technique and simply incorporating a fragment of an earlier musical work into the composition of a new work: in “sampling”, a sound fragment is taken directly from a phonogram, that is, as the Advocate General Mr. Maciej Szpunar (the “AG”) explains in his conclusions of 12 December 2018, “*it is not a question of the classic relationship between works under copyright law, but between phonogram, a commercial product, and work, an artistic creation*”. We are faced with a performed

and recorded work, which is incorporated into a new phonogram. In line with this illustrative reasoning, the AG concludes that *“copying fragments from the score of a musical work to be incorporated into the score of a new work and subsequently performing that score does not constitute sampling”*.

In light of the issues faced, the *Bundesgerichtshof* (German Federal Court of Justice) referred questions to the Court of Justice of the European Union (“CJ”) for a preliminary ruling, with a view to determining the scope of the rights of a phonogram producer (rights related to copyright) with respect to sampling: Does the producer of the earlier phonogram hold exclusive rights over the reproduction of his work? Is the duration of the sample a decisive factor in determining whether the phonogram producer’s exclusive right has been infringed? How does the exception relating to “use for quotation purposes” operate in relation to sampling? Does sampling fall into the category of “copies” within the meaning of Article 9(1)(b) of Directive 2006/115? What bearing does the Charter of Fundamental Rights of the European Union (the “Charter”) have on the rights of phonogram producers?.

2. Findings.

The Court of Justice approaches this matter with clear harmonising intent with re-

spect to the EU legal framework for the protection of copyright and related rights, eliminating or avoiding differences in the degree of protection afforded by the different Member States in the light of technological advances and developments in the Information Society.

Based on these premises and with reference to fundamental rights, the Court of Justice defends the need to support the creative and artistic work of authors and performers, by means of an appropriate system of compensation for the investment required to produce phonograms, films and other multimedia products.

- 1) Relationship between the duration of the sample and the existence of an infringement:

As for the existence of an infringement as a result of the sampling, the CJ states that, irrespective of the duration of the fragment taken from an earlier phonogram and incorporated into a new creation, however short the sound fragment may be, the need to obtain the consent of the phonogram producer shall be determined by whether that sound fragment or sample is recognisable in the new phonographic work into which it is incorporated.

If a fragment were incorporated into a new phonogram in a modified form making it unrecognisable to the ear, it would constitute authorised use that would not

be regarded as “*reproduction*” within the meaning of art. 2 (c) of 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, and therefore it would not require the phonogram producer’s consent.

To regard such use as an act of infringement would be contrary to the fair balance between, on the one hand, the interest of the holders of copyright and related rights and, on the other hand, the public interest. These rights must be considered with respect to Art. 17.2 of the Charter which does not provide for protection in absolute terms.

The CJ concludes that sampling constitutes “*a form of artistic expression which is covered by freedom of the arts*”, as protected in Art. 13 of the Charter, provided that it does not interfere with the opportunity which the phonogram producer has of realising a satisfactory return on his or her investment.

2) Is sampling equivalent to “copying” or “duplication”?:

The CJ points to the absence in Directive 2006/115 of any definition of “copy”, and therefore proceeds to set a hermeneutical interpretation of the rule.

It is in the Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms, signed in Geneva on 29 October 1971 (the “Convention”), where we find, in Article 1 (c), a definition of “duplicate” as an “*article which contains sounds taken directly or indirectly from a phonogram and which embodies all or a substantial part of the sounds fixed in that phonogram*”. While this international instrument does not form part of the EU legal order, some Member States (not all) are contracting parties to the Convention. Therefore, the scope of application of the Convention cannot be deprived of full effect.

With reference to the aim of the Directive (affording producers the possibility of recouping their investment), the CJ concludes, in line with the AG’s conclusions, that it is piracy, that is, counterfeit copies of phonograms, which unquestionably has an impact on the revenue of producers and, therefore, only an article which contains sounds taken from a phonogram and which embodies all or a substantial part of the sounds of that phonogram can constitute a “copy” within the meaning of Art. 9(1)(b), in that it “*gives listeners the opportunity to listen to the phonogram without having to purchase a legal copy*” (in the words of the AG). Conversely, a phonogram made using the technique of sampling should not be regarded, per se,

as a copy within the meaning of Article 9(1)(b) of Directive 2006/115 of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property.

3) Member States' discretion in establishing exceptions and limitations:

With regard to the third question, there is no regulation in EU law equivalent in content to Art. 24(1) of the German law on copyright and related rights of 9 September 1965 (the "UrhG"), which provides for the "*right to free use*" covering publication and exploitation without the consent of the author of the work used. The Court of Justice finds that it is a general exception deliberately introduced by German lawmakers but not included in the list of exceptions and limitations to the phonogram producer's right contained in Art. 5 of Directive 2001/29.

Allowing Member States to introduce, at national level, new limitations and exceptions other than those provided for in the Directive, would be contrary to the spirit of Article 5, which aims to ensure the proper functioning of the internal market of copyright and related rights.

4) Relevance of the right to use "for quotation purposes":

With regard to the scope of the concept of "quotation" of the same Article 5 analysed above, the CJ holds that it is only relevant if, as established by the rule, (i) the use of the quotation is "*in accordance with fair practice*" and (ii) "*to the extent required by the specific purpose*". In this regard, use as a "quotation", of a sound fragment (sample) which is unrecognisable when incorporated into the new phonographic work, shall be authorised provided that the intention of the use is to enter into 'dialogue' with the work from which the sample is taken or make some kind of intellectual comparison, as is done for the purpose of illustrating an assertion or defending an opinion.

5) Supremacy of EU law:

With regard to the degree of discretion of Member States in applying EU law, the CJ states that Art. 2(c) of Directive 2001/29 constitutes a measure of full harmonisation and it refers to the primacy of EU law, overriding any national legislation which threatens to undermine the harmonising effectiveness of EU legislation.

3. Remarks.

Notwithstanding the clear line taken by the CJ in its judgment, in the light of the arguments it puts forward, it may be seen, between the lines, that there is a stance favouring a future review of the limitations and exceptions currently provided for, due

to the constant evolution of the Information Society (as repeatedly highlighted by the CJ) and the technological challenges inherent in the same. Therefore, a different conclusion could be reached to the one reached by the Court in the case at hand. Nevertheless, as the AG correctly points out, any move in that direction must be taken not by the courts but by lawmakers, and therefore the task does not fall to national judges.

For the time being, any inclusion of a fragment of a phonogram in a later creation, in a form which makes it recognisable, requires the prior consent of the author, and the duration of the fragment in question is not a decisive factor.

Sara Isabel TORTOSA

18

Not possible to implement limitations to copyright not contemplated in Directive 2001/29. Judgment of the Court of Justice of 29 July 2019, *Funke Medien* (C-469/17).

1. Background.

The Federal Republic of Germany (FRG) prepares weekly status reports on the actions of its armed forces abroad. Funke Medien, which operates the website of a German newspaper, applied for access to the reports drawn up between September 2001 and September 2012. After its application was refused on grounds that it could have adverse effects on the security interests of the armed forces, Funke Medien published a large proportion of these reports under the title “*the Afghanistan papers*”, which could be read on its website accompanied by an introductory note, additional links and a space for comments.

Therefore, the FRG brought an action for an injunction against Funke Medien for infringement of the copyright over the reports. This action was upheld at first and second instance, and it is the Federal Court of Justice that has referred questions to the Court of Justice for a preliminary ruling.

2. Findings.

Before addressing the questions referred for a preliminary ruling, the Court of Justice points out that subject matter can only be protected by copyright if it can be classified as a ‘work’. To be classified as such, it must be original, that is, it must be its author’s own intellectual creation,

and it must reflect the author's personality, which is the case if the author was able to make free and creative choices. This classification as a 'work' is reserved for elements that are considered creative. It is for the national court to determine whether the reports in question may be regarded as 'works' that may be protected by copyright.

The first of the questions referred for a preliminary ruling is aimed at determining whether Articles 2(a) and 3(1) of Directive 2001/29, which confer the exclusive rights to reproduce and publicly communicate, on the one hand, and Article 5 (2) and (3) of the same Directive, which set out the exceptions or limitations to these rights, on the other, allow any latitude in terms of implementation in national law, or whether full harmonisation of these principles is intended.

With respect to Articles 2 and 3, the Court of Justice finds that these provisions clearly define the rights to reproduce and publicly communicate, and the rights are not made subject to fulfilment of any requirement. Moreover, the Court of Justice has previously held that these provisions ensure a high and even level of protection for the aforesaid rights and, therefore, these articles constitute measures of full harmonisation which cannot be modulated when transposed into national law.

On the other hand, Article 5 of the Directive does not constitute full harmonisation of the scope of the exceptions or limitations which it contains. Their application and transposition must be determined on a case-by-case basis.

Nevertheless, the Member States' discretion to apply the exceptions or limitations in this case is circumscribed in four different respects.

1. Implementation of exceptions or limitations must be exercised within the limits imposed by EU law, respecting the requirements of the Directive itself and the general principles of EU law.
2. The discretion enjoyed by Member States in the implementation of exceptions and limitations cannot compromise the objectives of the Directive, namely, establishing a high level of protection for authors and ensuring the proper functioning of the internal market, respecting the fair balance of rights between rightholders and users of the subject matter.
3. The discretion in implementing the limitations and exceptions is also circumscribed by Article 5(5) of the Directive, which makes application of limitations subject to three conditions, namely, (i) that they may only be applied in certain specific cases, (ii) that they do not con-

flict with a normal exploitation of the work, and (iii) that they do not unreasonably prejudice the legitimate interests of the copyright holder.

4. Member States must ensure that when transposing a directive, they rely on an interpretation of the exceptions and limitations which permits a fair balance between the different fundamental rights protected by the legal order of the EU.

Having pronounced its findings on the above points, the Court of Justice analyses the third question, namely, whether freedom of the press and freedom of information can justify exceptions to the rights to reproduce and publicly communicate, beyond the exceptions provided for in Article 5.

The Court of Justice states that the purpose of the limitations applicable in this case is to safeguard the fair balance between the rights and interests of right-holders and those of users of protected subject matter, which is one of the aims of the directive. Thus, to allow each Member State to implement exceptions beyond those provided for in the Directive would be contrary to the harmonisation objective pursued by the Directive. Therefore, freedom of the press and freedom of information cannot justify an exception

to these rights beyond the exceptions already provided for in the Directive.

Lastly, the Court of Justice addresses the second question, in which the German referring court asks whether it is possible to depart from a restrictive interpretation of the applicable limitations in favour of an interpretation which takes full account of the need to respect freedom of expression and freedom of information.

The Court finds that the national authorities and courts must interpret their national law in a manner consistent with the Directive, while respecting the fundamental rights and principles enshrined in the Charter of Fundamental Rights of the European Union.

Although exceptions to the general rule must be interpreted restrictively, the interpretation must also respect their purpose and safeguard their effectiveness. Therefore, in this case, when striking a balance between copyright and the right to freedom of expression, it is necessary to take into account whether the 'speech' or information in question is of particular importance.

Thus, the Court of Justice finds that if the national court considers that the reports are to be regarded as works, the publication of the reports may fall within the scope of application of the limitation pro-

vided for in Article 5(3)(c) of the Directive, provided that the other conditions established therein are satisfied.

3. Remarks.

The broad scope of the regulation of the exceptions and limitations to copyright fully justifies not permitting the list of exceptions and limitations to be extended on the basis of decisions of each Member State of the EU. The already limited degree of harmonisation in this area would have been completely undermined if the Court of Justice had ruled otherwise.

Unfortunately, the Court of Justice has not made any pronouncement as to whether the reports in question may be regarded as works, although it does include brief comments on the requirements for a work to be considered original. This prevents the Court from additionally making a pronouncement on whether a limitation is applicable to these reports, since it would be dependent on whether they may be protected as works, which, in principle, is debatable.

Martín BELLO

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Patents

19

Declaration of invalidity of a patent after the granting of provisional measures.

Right of the defendant to "appropriate compensation".

Judgment of the Court of Justice of 12 September 2019, Bayer Pharma (C-688/17).

1. Background.

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

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

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

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

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

regarding the scope of article 9 (7) of Directive 2004/48 on the enforcement of intellectual property rights (“Directive 2004/48”) and, in particular, regarding the concept of “appropriate compensation” set out in that provision. The provision in question states that *“where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures”*.

2. Findings.

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

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

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

3. Remarks.

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

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

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

María CADARSO

20

Importance of the characterizing portion of the patent in the assessment of inventive step. Judgment of Barcelona Court of Appeal of 23 July 2019, *Plásticos de Jijona* (ECLI:ES:APB:2019:9718).

1. Background.

Brunoplast Di Eleuteri Bruno (“Brunoplast”), brought an action against *Plásticos de Jijona Complet, S.L.U.* (“*Plásticos de Jijona*”) and *Wurth España, S.A.* (“*Wurth*”), for infringement of its exclusive rights afforded by a European patent validated in Spain covering a device for laying and cutting floor tiles. *Plásticos de Jijona* contested the action and brought a countersuit challenging the validity of the plaintiff’s patent. *Plásticos de Jijona* argued that the patent lacked inventive step because a person skilled in the art could, on the basis of the closest prior art, solve the technical problem consisting of the laying of floor tiles with minimum separation, by combining the teaching of that prior art with other different prior art disclosures. *Brunoplast* contested the countersuit, asserting the inventive step of its patent.

The first instance court dismissed the counterclaim, finding that the lack of inventive step of the patent had not been proven, and upheld the original complaint, finding that the device sold by the defendants encroached upon the scope of protection of the patent. The court indicated, in particular, that there were technical differences between claim 1 of the plaintiff’s patent and the closest prior art which, in turn, led to differences in the so-

lutions proposed by the respective devices. The first instance court also excluded the possibility that the combination of the closest prior art with other prior art disclosures would serve to rule out inventive step, given that their descriptions did not contain any aspect which could be applied to the claimed device by a person skilled in the art to arrive at the claim in an obvious manner. Likewise, it rejected the possibility that lack of inventive step could be proven on the basis of a combined examination of the prior art disclosures invoked by the defendant. Plásticos de Jijona lodged an appeal against the first instance judgment, insisting on the invalidity of the patent and arguing that the Court erred in its analysis of inventive step by not limiting itself to considering the characterizing portion of the patent on which the action was based, but also taking into account its preamble, thus moving away from the doctrine of the Provincial Barcelona Court of Appeal with regard to determining the effective scope of protection of the patent (in principle, that described in the characterizing portion of the claims). For its part, Wurth simply questioned whether it was liable at all with regard to the claimed infringement.

2. Findings.

The Provincial Court of Appeal's judgment aligns with the defendant's reasoning, indicating and accepting that a person

skilled in the art would have considered the problem that the contested patent tries to solve and would have solved it in the manner shown by the patent in question. In reaching the aforementioned conclusion, the Court states that:

- There is an important *divergence* between what is effectively protected by the invention (that described in the characterizing portion in the claims) and what is described as the subject matter of the invention and, therefore, of protection;
- What is in fact protected by the invention is not very clear and the court can, at best, have a vague idea, but not a concrete and complete idea, of what it protects;
- The differences referred to in the first instance ruling, between claim 1 of the patent and the closest prior art, place greater value on terminological elements than on conceptual elements. What the prior art and the contested patent describe is substantially the same, only using different words. The court states that when assessing inventive step, those differences which do not contribute to the technical effect or result of the invention should not be taken into consideration. Thus, if the technical problem to be solved consists of being able to *lay tiles as closely together as possible*, the aspects unrelat-

ed to this issue would be irrelevant from the standpoint of the technical problem to be solved and, hence, secondary for the purpose of assessing the inventive step of the patent.

This all leads to the acceptance of the defendant's appeal, resulting in the acceptance of the countersuit, the cancellation of the plaintiff's patent and the dismissal of the original complaint.

3. Remarks.

Reviewing this ruling brings to light the need for an effort to be made when drafting the characterizing portion of the claims of a patent, since this is the part that truly determines the protected subject matter of the patent. The Appeal Court reminds us that everything included in the pre-characterizing portion or preamble of the patent should be considered as encompassed by the prior art at the time of registration.

Enrique ARMIJO CHÁVARRI

21

The importance of the technical content of expert opinions in patent nullity proceedings claiming absence of inventive step. Judgment of Barcelona Court of Appeal of 17 July 2019, Ebastina (ECLI:ES:APB:2019:9466).

1. Background.

Aristo Pharma Iberia, S.L. ("Aristo Pharma") brought ordinary proceedings against Simbec Ibérica, S.L. ("Simbec") seeking to invalidate the Spanish part of a European patent entitled *Solid oral forms of ebastine*, validated in Spain. The complainant argued that the patent was invalid on grounds that it lacked inventive step and lacked novelty by reason of insufficiency of the description. Simbec answered the complaint and defended the patent's validity. Barcelona Commercial Court no. 4 dismissed the complaint, ruling that the contested invention was not obvious and that the patent's description was sufficient.

2. Findings.

The judgment under review dismisses the different grounds of appeal Aristo Pharma put forward against the ruling by the first instance court. More specifically, the judgment dismisses:

- First, the claims of possible absence of adequate reasoning in the judgment, insufficient specification of the extent of protection in claim 1 of the patent, and alleged insufficiency of the description. Concerning the last two issues, the Court of Appeal holds that claim 1 is clear and that the range of the intervals in that claim does not, in itself, presup-

pose a lack of clarity of the description in the claim.

- Second, the purported lack of consistency of the lower-court judgment in allegedly holding claim 1 in the contested patent to be a process claim rather than a product claim. In the view of the Court of Appeal, although the description of the patent contains passages or references to the process used to manufacture the product and to the temperature at which the ingredients are to be mixed, claim 1 refers unequivocally to a product, not to a process.
- And third, the main grounds of appeal relating to the lack of inventive step of the contested patent. The complainant contended that the so-called Korean patent anticipated Simbec's patent, which therefore lacked inventive step. The Court of Appeal rejects this contention. In essence, the Court of Appeal holds that: (i) the problem to be solved by the contested patent and the problem solved by the earlier Korean patent do not entirely overlap; (ii) the Korean prior art patent necessarily includes an absorbent to obtain the claimed composition, whereas claim 1 in the contested patent makes no reference to that technical component; (iii) claim 1 in the contested patent makes reference to two characteristic elements (ebastine and a surfactant) which do not appear in the earlier

Korean patent; and (iv) the alleged obviousness of these two factors was not proven in the lower-court proceedings.

In short, the Court of Appeal rules that the structural differences between claim 1 in the contested patent and the Korean prior art patent are of such a magnitude as to preclude relying on that prior art patent to challenge the inventive step of claim 1 in the patent at issue. In particular, it should be noted that on examining this ground of appeal, the Court of Appeal questions the value of the expert opinion submitted by the complainant, holding that it focuses on more abstract issues that are basically legal in nature, and the court views the expert opinion submitted by the defendant more favourably, in that as the Court sees it, that opinion addresses the issue *from a technical standpoint and furnishes pharmacological data that contributes to a better understanding of the role played by the composition of each of the ingredients and what the purpose of each is.*

3. Remarks.

There are no objections to be raised against the judgment considered in this review. What needs to be underscored is the important role played by the expert opinions submitted by the parties in support of their positions in patent nullity actions involving inventive step and the advisability noted by the Court of Appeal of

approaching the issues from a technical standpoint, leaving legal considerations to one side.

Enrique ARMIJO CHÁVARRI

22

The importance of prosecution history estoppel in determining the extent of protection of a patent.

Judgment of the Supreme Court of 3 July 2019, Actimax Bio (ECLI:ES:TS:2019:2244).

1. Background.

Danstar Ferment, A.B. ("Danstar") is a company that holds a European patent for a process for rehydrating active dried (dehydrated) yeast, a preparatory step in wine production. Danstar amended some of the claims during prosecution of its patent at the EPO. In particular, Danstar amended a claim relating to compositions that initially comprised *98 % by weight of inactive yeast, raising the percentage to approximately 99.3 %*. Productos Agrovin, S.A. ("Agrovin") is a company that sells a product under the ACTIMAX BIO trade mark to be used in rehydrating active dried yeast. Danstar sued Agrovin for infringing its patent, and in answer to the complaint Agrovin brought a counterclaim seeking to invalidate the patent on grounds that it did not satisfy the novelty and inventive step requirements.

The judgment at the first instance accepted the complaint and dismissed the counterclaim, ruling that the ACTIMAX BIO product sold by the defendant met the essential features of the dried composition claimed by Danstar's patent. The Court of Appeal dismissed Agrovin's appeal for review, and Agrovin then lodged an extraordinary appeal claiming breach of procedure and a cassation appeal against this latter judgment.

2. Findings.

The Spanish Supreme Court dismisses the eight grounds for the extraordinary appeal claiming breach of procedure and also dismisses the grounds for the cassation appeal regarding infringement of Articles 54 and 56 EPC in relation to the Court of Appeal's dismissal of the counterclaim against the complainant's patent. However, the Supreme Court accepts the cassation appeal grounds relating to breach of Article 60 of Spain's Patent Act, Act No. 11/1986, and Article 69 EPC, ruling that the judgment on appeal disregarded the patent's prosecution history estoppel when determining the extent of protection. The Supreme Court also deems Article 50 of the Patent Act to have been infringed on grounds that the contested judgment improperly applied the legal interest by failing to apply the all elements rule when deciding that the patent had been infringed. The Supreme Court argues that while it is true that the initial version of the patent application claimed a dried composition for rehydrating active yeast comprising 98 % by weight of inactive yeast, during prosecution of the patent Danstar limited the scope of protection of its patent and raised that percentage to approximately 99.3 %. Agrovin's product had a composition of 98 %, not 99.3 %, inactive yeast and consequently could not infringe the patent's claim relating to the composition

of dried inactive yeast, *in that the presence of infringement should have been determined element by element and that this was absent in relation to the percentage.*

At the same time, the Supreme Court rules that it is not necessary for the contested embodiment to be patentable or to bring any additional advantage for infringement to exist. Lack of innovation is irrelevant for these purposes.

3. Remarks.

The Supreme Court's ruling is flawless and reminds us of the importance of the prosecution history of the application up to the grant of the patent in determining the extent of protection. The Supreme Court rules that all disclaimers and limitations effected during prosecution at the patent office and any other act of estoppel by the applicant may be raised and must be taken into account when determining the extent of protection of a patent.

Enrique ARMIJO CHÁVARRI

23

Concurrent national litigation and opposition proceedings at the European Patent Office. Decision by the Barcelona Court of Appeal of 29 May 2019, Huawei (ECLI:ES:APB:2019:7520A).

1. Background.

Continuation of legal proceedings claiming infringement of a European patent in Spain in which the defendant has lodged a counterclaim seeking nullity is affected by concurrent prosecution of opposition proceedings at the EPO.

The EPO granted an amended version of a European patent submitted in the course of opposition proceedings. The subsequent appeal to the EPO's Board of Appeal was pending at the same time as an appeal against a decision in legal proceedings was under way in Spain.

The appellant formally petitioned the Court of Appeal to stay the appeal proceedings, because the EPO's final decision was expected to be issued shortly and could make the lawsuit in Spain moot.

The Court granted Huawei's petition to stay the proceedings while awaiting the preliminary administrative decision by the EPO's Board of Appeal in the appeals the parties had lodged against the decision by the EPO's Opposition Division invalidating the EP'778 patent.

2. Findings.

The court's judgment acknowledged that the basis for settling the issue was the wording of Article 42 of Spain's Civil Procedure Act, which would appear to lean towards not staying legal proceedings

that were linked to a pending administrative issue.

Nevertheless, the court noted that the wording of that article was vague, in that while it allowed the courts, if they saw fit, to consider issues pending before other decision-making jurisdictions (paragraph 1), or not to, with the option being left in the hands of the court, at the same time, in contrast, the option to stay the proceedings also appeared to be left up to the parties (paragraph 3).

In the court's view, raising a preliminary issue and staying the proceedings should be decided, though *a contrario sensu*, on the basis of paragraph 1 of that Article, which provides that the civil courts do not have to stay the proceedings and may tackle matters being heard as a preliminary issue in contentious-administrative proceedings. By its reasoning, if that option exists, it can be inferred from the wording that the opposite possibility also exists, that is, the proceedings may be stayed.

Therefore, whether or not to stay proceedings in cases in which there was a pending preliminary administrative issue should be left to the discretion of the courts on the basis of the reasons specific to each case.

On that basis, the judgment ruled that the decision by the EPO's Board of Appeal on the validity or invalidity of the patent in suit and consequently on whether the patent would remain in force, be revoked, or be amended constituted a preliminary issue that would have a bearing on the course of the legal proceedings. The effect of that decision would, furthermore, be final, in that it was not appealable either to the EPO or to the national courts.

That being the case, the court held that the proceedings under consideration were subject to special circumstances that gave the court grounds for staying the proceedings.

First, the patent had been revoked by the EPO's Opposition Division on grounds of lack of novelty on 19 October 2018, though at the same time it had granted an amended version, which had a direct bearing on proceedings concerning the same subject matter.

Second, the Board of Appeal had instituted accelerated appeal proceedings in view of the national infringement and nullity proceedings pending for that same patent, since it was fully cognisant of the link between both these proceedings, and it had committed to issuing a decision by the end of the year in course.

Therefore, the court concluded that there were clear grounds for granting the stay requested in the instant appeal proceedings pending the decision by the Board of Appeal in the administrative appeal against the decision by the EPO's Opposition Division revoking the patent in suit.

3. Remarks.

In the same year two Spanish courts, the Madrid Court of Appeal in a decision discussed in the following review and the Barcelona Court of Appeal in the decision discussed here, came to opposite conclusions regarding the effect of opposition proceedings involving a European patent at the EPO on national legal proceedings being held at the same time.

The Madrid Court of Appeal's decision not to stay was based on a strict interpretation of the provision of Spanish law concerning preliminary issues. The other court's decision to stay was based on an interpretation of that same provision of law grounded in the unwritten principle of procedural reasoning.

It may be that there is still an unfounded fear in Spain that should now be banished in favour of judicial discretion. There are situations, especially in patent litigation, which can only be settled by open logic in which one or the other option is left to the discretion of the court according to the circumstances.

24

Effect of opposition proceedings at the European Patent Office on invalidity proceedings against that European patent in Spain. Judgment by the Madrid Court of Appeal of 10 April 2019, Pipe sealing (ECLI:ES:APM:2019:9686).

1. Background.

The Spanish company Ecomadrifso, S.L. brought nullity proceedings against a European patent claiming lack of novelty, lack of inventive step, added subject matter, and insufficiency of the description.

At the same time as the legal action, the complainant and a third party had also filed opposition against the main patent at the European Patent Office (EPO). During the first-instance proceedings, a petition to stay the proceedings in Spain had been submitted at the pretrial hearing on grounds of the pending opposition. The court denied the motion to stay the proceedings.

Before the trial was held, the EPO's Opposition Division revoked the patent on grounds that new subject matter had been added. The patent holder appealed that decision. Both these events (revocation and appeal) were pleaded in the proceedings at the trial. The first-instance court dismissed the nullity action.

On appeal, the complainant contested the lower court's decision and emphasised the grounds for nullity that had resulted in the European patent's being provisionally revoked. The court accepted the appeal and invalidated the patent.

2. Findings.

The court specifically entered into a consideration of the bearing of the opposition proceedings concurrently being prosecuted at the EPO on the legal proceedings in Spain.

The judgment pointed out that pursuant to Article 138 EPC, the courts in a Contracting State may invalidate a European patent with effect in that Contracting State, even in cases in which the EPO's Opposition Division or the Boards of Appeal, as the case may be, have decided to uphold the patent. On the other hand, the courts in a Contracting State may not reinstate or uphold the validity of a European patent that has been revoked by the EPO's Opposition Division or Boards of Appeal.

This can give rise to conflicting situations arising from proceedings dealing with the validity of the patent being held at the same time at the EPO and before the courts in the Contracting States.

The EPC has not provided any mechanism for avoiding prospective discrepancies where, in situations of this kind, after a national court has upheld a patent's validity, the EPO revokes the original European patent. All that has been envisaged, in the "Guidelines for Examination in the European Patent Office", are accelerated opposition and appeal proceedings at the request of a party or upon notice by

the national court in cases in which an infringement action is pending before the national court.

The judgment noted that this issue has been addressed differently in different jurisdictions. In some legal systems the national proceedings in course are stayed, in others staying the proceedings is left to the discretion of the court, and in still others no proceedings may be instituted before national courts until the term for filing opposition at the EPO has expired or opposition proceedings started at the EPO have been completed.

The court further noted that Spanish law makes no specific provision for this situation. Accordingly, in principle, in the case of concurrent proceedings like those described, the proceedings before a Spanish court may only be stayed if both parties to the proceedings agree.

In addition, the judgment points out that Article 106.1 EPC provides that "*An appeal shall lie from decisions of the Receiving Section, Examining Divisions, Opposition Divisions and the Legal Division. It shall have suspensive effect.*" The meaning of this second sentence can be inferred to be that a decision under appeal has no legal effect until the appeal has been decided (J 28/94 of 7 December 1994; J 3/95 of 28 February 1997).

Based on these considerations, the court reasoned that, until the appeal lodged against the Opposition Division's decision to revoke the patent had been decided, that decision was not an impediment to undertaking an assessment of invalidity of the Spanish patent, nor did it condition that assessment, other than based on the value that might be attached to the decision as an evidentiary fact.

3. Remarks.

Concurrent national court proceedings and opposition proceedings at the EPO are a source of numerous procedural uncertainties. In principle, there is no provision either in Spanish legislation or in European law that enables a court to stay proceedings discretionarily. A court may order a stay only where one is petitioned by both parties, by common agreement. This situation is contrary to the general legal principle of procedural reasoning, something not grounded in statute law. In a case such as this one, in which the patent had already been revoked in opposition proceedings at the EPO, was there much point in continuing the legal action? As surprising as it may seem, the Madrid Court of Appeal's answer to this question was not the same as the answer arrived at by the Barcelona Court of Appeal discussed elsewhere in this review.

Antonio CASTÁN

25

Scope of the right to limit claims in the framework of patent nullity proceedings on grounds of inclusion of added subject matter and lack of inventive step. Judgment of the Barcelona Court of Appeal of 29 March 2019, Inhalation capsules (ECLI:ES:APB:2019:2939).

1. Background.

Laboratorios Liconsa, S.A. ("Liconsa") brought a nullity action against the part of a European patent validated in Spain, owned by Boehringer Ingelheim Pharma GmbH & Amp, Co. KG ("Boehringer"), relating to "*Inhalation capsules*" made from capsule material with reduced moisture content, containing the active agent tiotropium in the form of a powder preparation. The patent had a set of 16 claims. Liconsa claimed that the patent was invalid due to lack of novelty and lack of inventive step. Boehringer responded to the complaint by seeking to amend the claims of the contested patent in accordance with Article 138.3 EPC. The procedure chosen to effect the limitation was a countersuit. The 16 claims in the patent were reduced to 10. By way of contesting the countersuit, Liconsa raised a series of procedural defects and secondarily claimed that the claims as limited were invalid because they lacked inventive step. It further contended that the claims lacked clarity and that new subject matter had been added.

The first-instance court's judgment accepted the complaint in large measure and ruled that the contested patent *had no effect over the claims as originally granted subsequent* to exercise by the patent holder of its right to effect limitation. The judgment ruled that the 10 claims as limited in the countersuit were invalid by

including added subject matter. Although the court conceded that the set of features in limited claim 1 were present in the original application (in the claims or in the description), it held the combination of technical features to be arbitrary, in that there was nothing in the application that would prompt a person skilled in the art to select those features instead of others. It also concluded that the 10 claims were devoid of inventive step.

Boehringer appealed the judgment, and Liconsa responded to the appeal. In addition to a series of procedural objections, Liconsa challenged the ruling that held the contested patent to be without effect, because in its opinion it should have been invalidated expressly.

It should be noted that during the appeal Boehringer submitted pleadings informing the Court of Appeal that it had exercised its right to limit the patent at the SPTO in accordance with Article 105 of Spain's Patent Act and that the SPTO had agreed to publish the new version of the patent in the Official Industrial Property Gazette before the appeal court rendered its decision in the appeal. Boehringer argued that, following publication of the new specification, the former specification had ceased to have effect *ex tunc* and that pursuant to Article 22 of Spain's Civil Procedure Act the proceedings should be discontinued on grounds that they had

become moot. However, the Court of Appeal denied the motion to discontinue, holding that the new patent text as limited could not be taken into account and that the limitation of the patent could not be deemed to have effect, because Boehringer had not requested the court's permission as required by Article 105 Patent Act. Therefore, taking as its premise that the patent specification published in the Official Industrial Property Gazette was unrecognised, the Court of Appeal posed the issues in suit in the appeal in the following terms:

- If the *request to limit the patent was allowable*, in that it met all legal requirements, the limitation would be accepted, and the court would order the amended text to be entered in the record of the legal proceedings in progress;
- If the *request to limit the patent was not allowable*, the cancellation of the original patent would be upheld, which would also cancel the subsequent publication of the amended text submitted to the SPTO.

2. Findings.

The deliberations in the appeal centred on the question of whether the claims as *limited* did or did not include added subject matter.

The Court of Appeal basically concurred with the assessment of the evidence set out in the judgment under appeal and with the conclusions in that judgment. The Court of Appeal held that, while all the elements and features of the patent as limited were present in the description or in the claims of the original application, the particular combination in the amended version was a selection of features from different lists, and there was no indication in that application sufficient to be able to conclude that that particular combination was unambiguously derived from the original patent. In the court's opinion, there were no indications that might lead the skilled person to infer that the combination finally featured in the patent as limited had been disclosed directly and unambiguously in the application. This led the court to affirm that both claims and the rest of the dependent claims included added subject matter. What is more, to exhaust all the grounds for invalidity put forward by the complainant, the court next considered the inventive step of the patent as limited and also came to the conclusion that it did not fulfil that requirement.

Lastly, as regards the effect obtained by limiting the patent, the Court dismissed Liconsas's challenge against the lower court's judgment, holding that the right to limit the patent does not necessarily imply

in all cases tacit acceptance of the grounds for invalidity relied on by the complainant, particularly when the defendant has not acquiesced in the complaint but instead filed a countersuit. The court pointed out that while limiting the patent does mean surrendering the original patent, it is just one means of defence against a claim of invalidity and may be done for reasons of expedience to counter the possibility that the claim might be accepted.

3. Remarks.

The judgment considered here is a complex judgment that has addressed multiple procedural and substantive issues of differing types and import. In particular, it seems appropriate to emphasise the considerations made by the court regarding the content of Article 105 in the Patent Act currently in force and regarding the need for amendment pursuant to that Article to be authorised by the court hearing the nullity proceedings as a means of ensuring the requisite level of coordination between the nullity proceedings and the administrative proceedings at the SPTO.

Enrique ARMIJO CHÁVARRI

26

Impossibility of granting an SPC for a new formulation of a product whose active ingredient has already been the subject of a marketing authorisation. Judgment of the Court of Justice of 21 March 2019, Abraxis Bioscience (C-443/17).

1. Background.

The pharmaceutical company Abraxis Bioscience LLC ("Abraxis") markets a medicinal product called "ABRAXANE" for the treatment of certain cancers. The medicinal product in question is covered by a marketing authorisation ("MA").

ABRAXANE contains a substance called "nab-paclitaxel", which is a new formulation of an old active ingredient called "paclitaxel" (which had previously been marketed by other companies in different forms), and which is more effective for the treatment of certain tumours.

Abraxis is the holder of a patent protecting the substance nab-paclitaxel. Thus, on the basis of this patent and the Abraxane MA, Abraxis applied for a supplementary protection certificate ("SPC") for nab-paclitaxel from the United Kingdom Patent Office.

The Patent Office turned down that application on the ground that it did not comply with the requirement set out in Article 3 (d) of Regulation (EC) no. 469/2009 concerning the SPC for medicinal products ("EU Regulation on SPC for medicinal products") that the MA on which the SPC application is based must be the first MA of the product as a medicinal product. In this regard, the Office noted that, while an SPC may be granted for a new and inventive therapeutic use of an old ac-

tive ingredient, it is not possible to grant an SPC for a new and inventive formulation of an old active ingredient.

Abraxis lodged an appeal against the rejection before the Patents Court of the High Court of Justice (England & Wales) and this court decided to stay the proceedings and refer a question to the Court of Justice of the European Union (“CJ”) for a preliminary ruling to clarify how the EU Regulation on SPC for medicinal products should be interpreted.

2. Findings.

The CJ states that in order to reply to the question referred for a preliminary ruling, it is first necessary to determine:

- Whether the concept of “product” referred to in article 1 (d) of the EU Regulation on SPC for medicinal products can be interpreted as meaning that a new formulation of an old active ingredient can be considered as being a product distinct from the product consisting solely of that active ingredient.
- And secondly, whether an MA granted for a new formulation of an old active ingredient, such as nab-paclitaxel, may be regarded as being the first MA granted for that product as a medicinal product within the meaning of Article 3 (d) of the EU Regulation on SPC for medicinal products.

In reply to these questions, the CJ states that:

- Firstly, article 1 (d) of the EU Regulation on SPC for medicinal products must be interpreted as meaning that a new formulation of an old active ingredient, which, such as nab-paclitaxel in this case, consists of that active ingredient and a carrier which has no therapeutic effect on its own, cannot be regarded as being a product distinct from the product consisting solely of that active ingredient, even if such a formulation allows that active ingredient to exercise its therapeutic effect with increased efficacy.
- And, secondly, that an MA granted for a new formulation of an old active ingredient, such as nab-paclitaxel, cannot be regarded as being the first MA granted for that product as a medicinal product within the meaning of Article 3 (d) of the EU Regulation on SPC for medicinal products, in the case where that that active ingredient has already been the subject of an MA.

3. Remarks.

The CJ has favoured a strict interpretation of the concepts of “product” and “first MA” of articles 1 (b) and 3 (d) of the said EU Regulation.

On first impression the CJ's ruling is striking because in a previous judgment

(handed down in Case C-130/11 *Neurim Pharmaceuticals*), the court had confirmed the possibility of granting an SPC for a different therapeutic application or use of the same product in relation to which an MA had already been granted. However, in this later ruling the CJ clarifies that its judgment does not call into question its interpretation in the *Neurim Pharmaceuticals* case, since:

- In the *Neurim Pharmaceuticals* case, as in this later case, the CJ maintained a narrow interpretation of the notion of "product", according to which that concept cannot cover a substance which does not correspond to the definition of an "active ingredient" or to that of a "combination of active ingredients".
- And the exception to the narrow interpretation of the concept of "first MA" held in the *Neurim Pharmaceuticals* case does not, in any event, refer to cases of a new formulation of the product at issue.

María CADARSO

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

1. Background.

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

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

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

2. Findings.

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

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

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

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

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

3. Remarks.

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

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

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

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

Carlos MORÁN

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Invalidity proceedings against a Community design for scooter type motorcycles. Judgment of the General Court of 24 September 2019, Piaggio (T-219/18).

1. Background.

On 19 November 2010, Zhejiang Zhongneng Industry Group Co. Ltd. (“Zhejiang”) filed Community design application number 001783655-0002 at the EUIPO, for “*motorcycles, mopeds*” and claiming priority from 13 July 2010. Various representations of the design are set out on *fig 9*.

On 6 November 2014, Piaggio & C. SpA (“Piaggio”) filed an application for a declaration of invalidity against the design, citing as grounds for invalidity the lack of novelty and individual character with respect to its earlier design for the Vespa LX model, that the shape of the scooter was protected as a ‘de facto three-dimensional trademark’ (unregistered) used in Italy since 2005, and that its earlier design was protected under Italian and French copyright legislation. Several images of Piaggio’s earlier design are set out on *fig 10*.

On 23 June 2015, the EUIPO’s Invalidation Division issued a decision in which, while acknowledging that Zhejiang’s design was new, it declared it invalid on the grounds of lack of individual character. The decision did not contain any findings on the other two grounds for invalidity invoked by Piaggio.

This decision was appealed by Zhejiang on 27 July 2015. The EUIPO’s Third Board of Appeal upheld the appeal on 19 January

fig 9

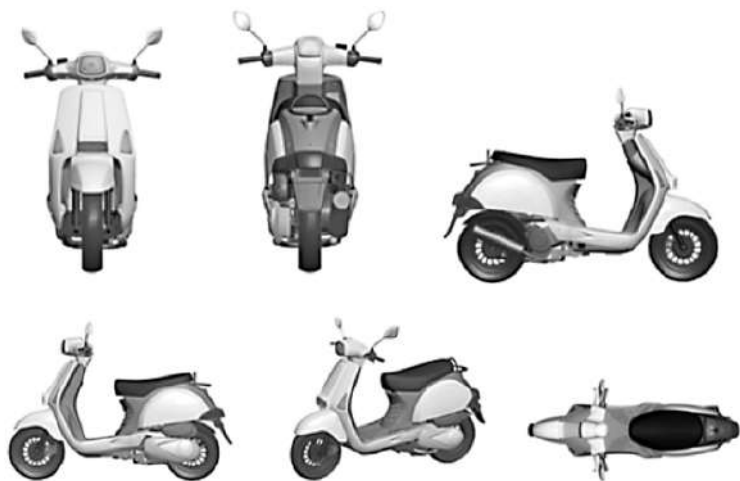


fig 10



2018, setting aside the Invalidity Division's decision. It held that the contested design was not devoid of individual character, and it ruled on the other two grounds for invalidity, dismissing them.

On 30 March 2018, Piaggio lodged an appeal at the General Court against the earlier decision of the EUIPO's Third Board of Appeal, citing three grounds: breach of Article 25(1)(b) of Regulation No. 6/2002, as it relates to Article 6; breach of Article 25(1)(c) of said Regulation; and breach of Article 25(1)(f) of the same Regulation.

2. Findings.

The General Court's judgment dismisses the three grounds invoked by Piaggio.

On the first ground, the judgment highlights that Piaggio's challenge to the findings of the Board of Appeal concerning the alleged lack of novelty of the contested design is not valid.

Moreover, when assessing the individual character of the contested design, the judgment highlights that, in support of its arguments, Piaggio chose the Vespa LX scooter design from the existing design corpus. The General Court states that the EUIPO rightly held that Zhejiang's design was dominated by angular lines, while rounded lines predominated in Piaggio's earlier design (the Vespa LX scooter). Therefore, the respective de-

signs produced different impressions on the informed user.

The judgment also confirms that the differences highlighted by the Board of Appeal were numerous and significant, that they could be perceived by the informed user and that they influence the overall impression produced by the two designs on the informed user.

On the second ground, the General Court concludes that the earlier trademark, that is, the unregistered three-dimensional trademark of the Vespa LX scooter used in Italy since 2005, is not used in the contested design. This conclusion is based on the fact that the overall impression produced by the earlier trademark is different to that produced by the contested design, and on the importance of aesthetics in the decision of the average consumer, who, showing a high degree of attention, would consider that the style, lines and appearance of the scooter of the earlier trademark are different to those of Zhejiang's scooter.

On the third ground, the General Court recognises the Vespa LX scooter as a work protected under the Italian and French copyright laws (highlighting its "*rounded, feminine and vintage character*"), but rules out that it is subject to unauthorised use in the contested design

3. Remarks.

The General Court's judgment underlines the importance of including in the application for a declaration of invalidity, the indication and reproduction of the prior designs that could form an obstacle to the individual character of the registered design, and documents proving their existence. It also points out that the existence of specific elements of other earlier designs cannot be asserted for the purpose of the assessment of individual character.

It is also noteworthy that in the same judgment there are rulings with regard to a contested design possessing individual character with respect to an earlier design, regarding an earlier unregistered three-dimensional trademark not being used in a contested design, and regarding a work protected under the copyright law of a Member State not being subject to unauthorised use in a contested design.

Pedro SATURIO

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Chair design copyright.
Judgment of the
Barcelona Court of
Appeal of 26
April 2019, Chairs
(ECLI:ES:APB:2019:4105).

1. Background.

Holders of copyrights in visual works comprising chair designs under the CORSET, JAMAICA, BIKINI, SPLASH, TOLEDO, and MIRALOOK brands lodged an infringement action against certain companies that were selling those chairs without permission.

The defendants filed counterstatements in response to the complaint arguing that the chairs were not original works and thus were not entitled to protection under Article 10 of Spain's Intellectual Property Act (IPA). They further alleged that since the designs had been registered as industrial designs which had lapsed, they had entered the public domain and were freely available to copy.

The designs in question are shown below. *fig 11*.

The first-instance judgment partially accepted the complaint, ruling that the complainants held copyright in the chair and stool designs on which the complaint had been based and that the defendants had infringed those copyrights, and the court ordered the infringements to cease. The Court of Appeal upheld that judgment.

2. Findings.

The substantive issue underpinning this case, as the judgment itself points out, was deciding whether a work consisting

fig 11

of a design intended for industrial use merits copyright protection under intellectual property legislation, especially when those same designs had already been protected under industrial property legislation, more specifically, as industrial designs. These questions arose because –at least potentially– there are two different and apparently conflicting systems of protection, namely, the protection afforded to authors by copyright legislation and the protection afforded to designs by industrial property legislation, much more limited in time.

The court was fully aware that there was no single consensus on the question in the writings by legal scholars and that different legal systems have taken different positions, from the conventional French system of cumulative protection to the traditional Italian system of no accumulation, with systems of limited accumulation (the German system) falling somewhere in between.

The judgment's assessment was grounded in European Union design law (the Directive and the Regulation) and Spain's Intellectual Property Act and Additional Provision 10 in Spain's Industrial Design Protection Act of 2003, which provides that *“The protection afforded to industrial designs by this Act will be independent, cumulative, and compatible with any protection that may be derived from copyright*



for designs which possess the necessary inherent degree of creativity and originality for protection as an artistic work in accordance with the rules of copyright”.

This being the case, the judgment points out that designs may enjoy dual protection (both as intellectual property and as industrial property), though not just any design; to be entitled to copyright protection, the design must have a higher level of artistic value than that required by Article 10 IPA, i.e., it must be an “*artistic work*”. This is what has been termed the system of partial or restricted accumulation, which entails distinguishing between designs as such, or formal creations, and those that comprise “*works of art applied to industry*”. Thus, only the latter will be entitled to dual protection.

The court then assessed the point to which the chairs in question were possessed of sufficient originality and artistic value to merit protection under copyright.

As a starting point, the judgment acknowledges that determining when the design of an object in daily use, like a chair or a stool, goes beyond mere novelty to attain artistic value is not easy. There are a number of reasons for this difficulty: first, it is not easy to define what constitutes an artwork, making a subjective component inevitable; and second, that difficulty grows when the creation is the design of

an object intended for industrial and human use.

Considering that the term art is used to designate a work that expresses a high degree of creativity and that an artwork is a product that conveys an idea or an expression of sensitivity, of the artist's intention, we come to the conclusion that there is a first subjective viewpoint that needs to be taken into account, that of the artist. Furthermore, every work by an artist does not have to be regarded as a work of art; works will be so regarded only insofar as they can be considered highly creative output, that is, a product that serves to convey an idea or an expression of sensitivity. The issue is one of appreciation.

Special artistic value is not necessarily related only with aspects of a purely aesthetic character; indeed, it is not completely unrelated to the way in which each of the technical problems tackled by the design has been solved. We might even say that it can also be found in the interplay among the different characteristics, as in the case of most of the creations, particularly in Mr. Pascual's CORSET chair, or in the case of Mr. Marcial's BIKINI, SPLASH, and TOLEDO chairs, and in Mr. Raúl's JAMAICA stool. Unless we have misunderstood, what the expert witnesses have said, and we concur, is that in the case of all the designs in question, the results exhibit a particular aes-

thetic beauty while at the same time providing reasonable solutions to practical or functional problems.

The judgment continues its assessment, ultimately concluding that each of the designs relied on in the complaint deserves to be accorded special artistic merit that entitles them to the protection provided by copyright legislation.

3. Remarks.

The judgment reviewed here has come to grips with one of the aspects of copyright that elicits less consensus than most and has been approached differently in some jurisdictions and in others. Copyright protection for applied visual works, which seem to fall more naturally within the bounds of industrial design, has called forth rivers of ink and contrasting rulings both in and outside Spain.

Everyone can see that this national judgment was rendered five months before the conclusive judgment by the Court of Justice on 12 September 2019 in the Cofemel matter, C-683/17, discussed elsewhere in this Annual Review. The question that immediately springs to mind is whether the court would have come to the same conclusion had it known the content of this later judgment.

Antonio CASTÁN

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Further advances in case law concerning the definition of the concepts ‘evocation’ and ‘average consumer’ in the protection of geographical indications. Judgment of the Court of Justice of 2 May 2019, Queso Manchego (C-614/17).

fig 12



1. Background.

The Regulatory Council (Foundation) of the Protected Designation of Origin “Queso Manchego” (hereinafter, “Regulatory Council”), an organisation responsible for the management and protection of the Protected Designation of Origin (PDO) “Queso Manchego”, brought an action against Industria Quesera Cuquerella, S.L., before the Spanish court of first instance seeking a declaration that the labels “Adarga de Oro”, “Súper Rocinante” and “Quesos Rocinante” for cheeses not covered by the PDO constituted an unlawful evocation of that PDO. *fig 12*

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

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

2. Findings.

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

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

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

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

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

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

3. Remarks.

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

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

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

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

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

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

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

Miguel Ángel MEDINA

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

1. Background.

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

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

Verbraucherzentrale NRW, a public-service association tasked with defending the interests of consumers, brought legal proceedings before the Düsseldorf

Regional Court, seeking an injunction to force Fashion ID to stop transmitting the personal data of the visitors to its website to Facebook without having obtained their consent or having provided the information required under data protection legislation, and the Court partially upheld the complaint.

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

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

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

- Does the operator of the website have the duty to provide information concerning the data processing in question?

2. Findings.

The Court of Justice takes into account the following:

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

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

The logical consequence is that Fashion ID must, prior to the collection and transmission of the data, obtain the consent of

visitors to its website and provide them with the required information, although both obligations refer solely to the processing operations for which the means and purposes are effectively determined by the operator of the website, which include the collection and transmission of data to Facebook.

3. Remarks.

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

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

with the third-party providers of their respective responsibilities with regard to data protection, and they must comply with the other obligations to which any controller is subject.

Ruth BENITO

Acronyms

AG: Advocate General

CJ: Court of Justice of the European Union

EEA: European Economic Area

EPO: European Patent Office

EPC: European Patent Convention

EUIPO: European Union Intellectual
Property Office

EUTMR: European Union Trade Mark Regulation

GC: General Court of the European Union

GDPR: General Data Protection Regulation

GIs: Geographical indications

IPA: Intellectual Property Act

MA: Marketing authorisation

PDO: Protected designation of origin

SPC: Supplementary protection certificate for
medicinal products

SPTO: Spanish Patent and Trademark Office

STA: Spanish Trademark Act

Printed by:
Graphitis Impresores

Design & Production:
Estrada Design

This Annual Review
was printed by Graphitis
Impresores Madrid,
in May 2020.

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