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Foreword

Once again, ELZABURU is pleased to present to its clients, colleagues and friends its [Annual Review of European case-law](#) in the field of industrial and intellectual property, a work that seeks to present a compilation of the most relevant pronouncements in a field as pro-European as industrial and intellectual property.

Although the year 2023 has not been excessively prolific in pronouncements, we cannot fail to highlight the detailed work of the Court of Justice in its interpretation of European regulations in the most varied scenarios, as well as the work of the Spanish courts, which have been joined this year, for the first time, by the courts of civil jurisdiction to settle appeals against decisions of the SPTO.

On this occasion, our professionals have selected [13 judgments of the Court of Justice and the Spanish courts](#), which are analyzed and presented under three main headings: Background, Findings and Remarks.

We hope our readers enjoy reading it and we are especially grateful to the professionals of the firm who have collaborated in its realization. Let's keep going!

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Trademarks

01·	The new civil court appeal procedure against SPTO decisions granting a trademark registration. Judgment of the Madrid Court of Appeal of 1 December 2023, SEÑORÍO DE ZAFRA	13
02·	International jurisdiction in actions for infringement of an EUTM brought against several defendants domiciled in different Member States. Judgment of the Court of Justice of 7 September 2023, VOGUE (C-832/21)	16
03·	The “unconnected” counterclaim in trademark invalidity actions. Judgment of the Court of Justice of 8 June 2023, LM (C-654/21)	19
04·	Territorial jurisdiction in the case of infringement of an EU trademark as a result of advertising through paid referencing on a search engine website that has a national top-level domain. Judgment of the Court of Justice of 27 April 2023, Lännen (C-104/22)	21

Copyright

05·	‘Private copying’ and ‘Communication to the public’ in an Internet Protocol television service. Judgment of the Court of Justice of 13 July 2023, Ocilion (C-426/21)	27
06·	Necessary justifications for the granting of preliminary enquiries based on copyright. Judgment of the Court of Justice of 27 April 2023, Castorama (C-628/21)	31
07·	Communication to the public of background music on aircraft and trains. Judgment of the Court of Justice of 20 April 2023, Blue Air Aviation (C-775/21 and C-826/21)	34

Index

Patents

- 08 · Infringement of patent and SPC due to marketing of a generic medicine prior to the expiry of said rights. Judgment of the Madrid Court of Appeal of 23 June 2023, Raloxifene (ECLI:ES:APM:2023:9288) 39
- 09 · Amendment of a European patent during the course of invalidity proceedings. Judgment of the Supreme Court of 9 February 2023 (ECLI:ES:TS:2023:1133) 41

Designs

- 10 · Features of appearance of an industrial design dictated solely by its technical function. Judgment of the Court of Justice of 2 March 2023, Papierfabriek Doetinchem (C-684/21) 49
- 11 · Visibility of a component part of a complex product during normal use of that product by the end user. Judgment of the Court of Justice of 16 February 2023, Monz (C-472/21) 51

Anti-Counterfeiting

- 12 · Legality and proportionality of criminal penalties for trademark infringement. Judgment of the Court of Justice of 19 October 2023, G.ST.T. (C-655/21) 57

Plant Varieties

- 13 · Minimum compensation and punitive damages in action for infringement of Community plant variety rights. Judgment of the Court of Justice of 16 March 2023, Saatgut-Treuhandverwaltungs (C-522/21) 63



Trademarks

01 · The new civil court appeal procedure against SPTO decisions granting a trademark registration. Judgment of the Madrid Court of Appeal of 1 December 2023, SEÑORÍO DE ZAFRA.

01 · Background

Mr J. F. filed an application with the Spanish Patent and Trademark Office (SPTO) for registration of the word mark “SEÑORÍO DE ZAFRA” for “wines” in International Class 33.

The company Z.R. LLC filed an opposition against the trademark application in question based on its EU word mark “ZAFRA” in Class 33 for “rum”. The opposition was based on the existence of a likelihood of confusion due to the similarity of the marks and the fact that both marks covered alcoholic beverages. The opposition was rejected, and the opponent filed the corresponding administrative appeal, which was dismissed on 24 March 2023.

On 26 May 2023, counsel for Z.R. LLC filed an appeal before the Madrid Court of Appeal against the SPTO’s decision granting registration for the mark “SEÑORIO DE ZAFRA”.

Once the appeal was admitted to prosecution, the SPTO was requested to submit the administrative file. After this procedure had been completed, the interested parties were summoned to enter an appearance in the proceedings, which was done in good time and in the appropriate manner by the proprietor of the granted trademark and by the SPTO through the State Attorney.

In September 2023, counsel for Z.R. LLC substantiated the complaint challenging the SPTO’s decision, which was contested by the State Attorney and by the trademark proprietor.

With no hearing having been requested, the Court delivered a judgment dismissing the appeal on 1 December 2023.

02 · Findings

The judgment analyses the relative grounds for refusal laid down in [Article 6.1.b](#) of the Trademark Act, Act 17/2001 of 7 December 2001, noting that it is not necessary for the dual conditions of identical signs and identical goods/services established in the preceding paragraph to be fulfilled, but rather what is relevant is that a conflict has arisen between similar trademarks covering similar goods in a way which could give rise to a likelihood of confusion.

The Court accepts that there is a certain similarity between the signs in dispute, because “SEÑORÍO DE ZAFRA” does incorporate the term “ZAFRA”, which is precisely the other party’s trademark.

However, according to the Court, this does not mean that the expression ‘SEÑORÍO DE...’ has no bearing on the perception of the sign, because it also adds an important and distinctive component in the identification of wines (since it is an expression that alludes to dominion or control over something, or rather, as in this case, to a territory where that dominion or control is exercised).

The Court confirms the SPTO’s view that the difference between the goods for which the trademarks are intended is clear.

In this regard, the Court considers that it is not so important that in both cases the same class of the International Classification, class 33, is claimed, since the respective goods both fall within the category of alcoholic beverages.

According to the judgment, what must be taken into account is the specific type of goods concerned in each case and not only the fact that, from an administrative standpoint, they fall under the same generic heading of a classification.

The judgment then notes that in this dispute the subject matter of the marks is made up of goods which are very different from each other. The opponent, now appellant, has registered its mark for “rum” and the other party has secured registration for “wine”. The only common feature between them is that they are alcoholic beverages, but their organoleptic properties, their origin and their nature are very different, as are their distribution channels. The judgment explains these differences at length.

It adds that wine and rum are not competing, interchangeable or complementary goods. In principle, they serve different purposes.

As regards the likelihood of confusion, the judgment recalls that it is an indefinite legal concept, which must be interpreted in accordance with the doctrine of the Court of Justice of the European Union, setting out a review of the relevant criteria and rulings.

Following that review, the judgment does not consider that there is a likelihood of confusion in the case in question. In this regard, the Court considers the European precedent cited by the defendant (judgment of the Court of First Instance of the EU of 29 April 2009, Case [T-430/07](#), in a dispute concerning, precisely, wine and rum) to be more significant than the Spanish precedent mentioned by the appellant (judgment of the High Court of Justice of Madrid of 8 May 2017 - [ECLI:ES:TSJM:2017:4510](#)).

According to the Court, the average consumer, who is reasonably well informed and reasonably observant and circumspect, and who can be understood to correspond in this case to the profile of any adult citizen, is clearly able to distinguish between the two types of beverage when he or she intends to consume or purchase them.

In the case of wine, it is mainly linked to everyday drinking and in contexts related to food, whether formal or even informal (meals, aperitifs, tapas, etc.). Whereas in the case of rum, while everyone is free to drink it whenever they wish, it is, from the standpoint of its most recognisable consumption, linked to leisure establishments and to bars. This is not conducive to the business origin of one product being associated with that of the other simply because there is some degree of word similarity (but not identity) between the respective trademarks, in this case the mere overlap in the term “ZAFRA”.

An important aspect in the final decision adopted by the Court is that the appellant, Z.R. LLC, opted in a previous case before the EUIPO for the registration of its EU trademark “ZAFRA” to limit the scope initially intended for the mark, ultimately limiting it to “rum”.

03 · Remarks

The judgment reviewed here is one of the first rulings by the Madrid Court of Appeal in the new civil court appeal procedure against decisions of the SPTO which came into force in

January 2023.

It should be recalled that trademark invalidity actions and revocation actions on grounds of non-use, traditionally heard by the civil courts (the Mercantile Courts), now fall within the competence of the SPTO in administrative proceedings. Moreover, in parallel to that change to a non-judicial procedure, all SPTO decisions, which were previously subject to contentious-administrative appeal, now come under the jurisdiction of the civil courts (the Court of Appeal).

The case in question, in fact, concerns a SPTO decision handed down in an opposition case against a trademark application.

The judgment reveals that the new Section 32, established within the Civil Division of the Madrid Court of Appeal to assume these new powers, is acting swiftly.

This legislative change had raised more than a few questions, the main one being how a court (the Court of Appeal) accustomed to second instance matters (review of a judgment handed down by a Mercantile Court) was going to undertake the handling of proper (oral trial) proceedings in sole instance to review an administrative decision.

A simple detail reveals the extent to which the Court of Appeal has sought to allay any fears or reservations about the change: the appeal in the case in question was prosecuted and a ruling issued in just over six months (the time between the filing of the appeal on 26 May 2023 and its conclusion by judgment on 1 December of the same year).

There remain, of course, some uncertainties that will have to be resolved as appeals against SPTO decisions on trademark invalidity and revocation actions, which are more complex in terms of evidence, reach the Court of Appeal. However, rulings such as this one show that there is currently no cause for concern.

Carlos MORÁN

02 · International jurisdiction in actions for infringement of an EUTM brought against several defendants domiciled in different Member States. Judgment of the Court of Justice of 7 September 2023, VOGUE (C-832/21).

01 · Background

The judgment concerns a request for a preliminary ruling made by the EU Trademark Court in Düsseldorf, Germany, in the context of a dispute between, on the one hand, Beverage City & Lifestyle GmbH ("Beverage City & Lifestyle") and its managing director MJ, and Beverage City Polska sp. z o.o. ("Beverage City Polska") and its managing director FE, and, on the other hand, Advance Magazine Publishers Inc. ("AMPI"), with regard to determining the jurisdiction of the German courts to hear an action for trademark infringement brought by the latter entity against the former entities and their managing directors.

Beverage City Polska is a Polish company which produces and sells an energy drink under the name "DIAMANT VOGUE". Beverage City & Lifestyle is a German company connected to Beverage City Polska through an exclusive distribution agreement for the sale in Germany of the drink "DIAMANT VOGUE". Despite the similarity of their company names, they are independent companies which are not part of the same group.

AMPI, the proprietor of the trademark "VOGUE", brought an action for injunctive relief before the EU Trademark Court in Düsseldorf against Beverage City Polska and Beverage City & Lifestyle and against the managing directors of both companies.

The German court upheld the action. It accepted jurisdiction to hear the case under the provisions of Article 8(1) of [Regulation 1215/2012](#) on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Beverage City Polska and FE then lodged an appeal against the first instance judgment. In their appeal they argued that the German courts did not have international jurisdiction to hear the action because there was no connection between them and the German EU Trademark Court. They argued that they delivered the disputed goods to their customers (Beverage City & Lifestyle) in Poland and there was no link between them and that entity.

The German appeal court then decided to stay the proceedings and to ask the CJ how Article 8(1) of [Regulation 1215/2012](#) should be interpreted in this case. Specifically, whether, in the context of an action for trademark infringement committed by several defendants domiciled in different Member States, the defendants could be sued in the courts of the place where one of them is domiciled, if they are each accused of having committed a materially identical infringement of that trademark and the defendants are connected by an exclusive distribution agreement.

02 · Findings

The CJ begins by recalling that pursuant to Article 125 of [Regulation 2017/1001](#) on the European Union Trademark, infringement actions are to be brought in the courts of the Member State in which the defendant is domiciled or, in the absence of domicile in a Member State, in the Member State in which the defendant has an establishment, subject to the provisions of Article 122 of that Regulation, which in turn refer to Article 8(1) of [Regulation 1215/2012](#).

Those provisions establish that a person domiciled in a Member State may, where there are several defendants, be sued in the courts of the place where any of them is domiciled, provided that the claims are so closely connected that it is expedient to hear and determine them together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings.

In this regard, the CJ notes (and this point is important) that in order to determine whether the judgments in the specific case could give rise to irreconcilable judgments, it is not sufficient that there could be a divergence in the outcome of the disputes, but that the divergence must arise in the context of the same situation of fact and law. On that basis, the CJ states:

As regards the condition relating to the existence of the same situation of law, that condition is satisfied where an applicant is seeking to protect an exclusive trademark or design right enshrined in EU law and having the same effect throughout the territory of the European Union. According to the CJ, this is a matter for the national court to determine.

As regards the condition relating to the existence of the same situation of fact, the matter to be determined in this case is whether the existence of an exclusive distribution agreement between Beverage City & Lifestyle and Beverage City Polska is or would be sufficient to establish the existence of the same situation, even if those companies do not belong to the same group. On this point, the CJ states:

First, that this rule of special jurisdiction, since it derogates from the principle that jurisdiction be based on the defendant's domicile, must be given a strict interpretation.

Second, that the existence of a connection between the claims in question relates primarily to the relationship between all the acts of infringement committed, rather than to the organisational or capital connections between the companies concerned. Therefore, in order to establish the existence of the same situation of fact, particular attention must be paid to the nature of the contractual relationship existing between the customer and the supplier.

Third, in this case, Beverage City & Lifestyle was connected to Beverage City Polska by an agreement for the exclusive distribution of the energy drink "DIAMANT VOGUE" in Germany. That exclusive contractual relationship between the two companies could make it more foreseeable that the acts of trademark infringement of which they are accused may be regarded as part of the same situation of fact, which may justify a single court having jurisdiction to rule on the claims brought against all of the parties who committed those acts.

Fourth, the documents submitted in the proceedings and the answers given by the parties to the main proceedings to the questions put to them at the hearing confirmed the close cooperation between those companies. That was further evidenced by the fact that the entities operated two websites, the domain names of which belong to only one of the co-defendants, and through which, by means of links between those sites, the goods at issue in the main proceedings were sold.

And, fifth, in any event, it would be for the national court seised to satisfy itself that the claims brought against the only co-defendant whose domicile gives rise to the court's jurisdiction are not intended artificially to fulfil the conditions for the application of Article 8(1) of [Regulation 1215/2012](#).

All this leads the CJ to conclude that Article 8(1) of Regulation 1215/2012 must be interpreted

as meaning that several defendants domiciled in different Member States may be sued in the courts of the place of domicile of one of the defendants before which, in the context of an action for infringement, claims have been brought against all of those defendants by the proprietor of an EU trademark, if each of those defendants is accused of having committed a materially identical infringement of that trademark and those defendants are connected by an exclusive distribution agreement.

03 · Remarks

The CJ's judgment confirms the doctrine laid down in the *Nintendo* case ([C 24/16 y C 25/16](#)) and strengthens the rights of proprietors of EUTMs in actions for injunctive relief for infringement of EUTMs against several defendants operating from more than one EU Member State.

In the CJ's view, the existence of an exclusive distribution agreement between the defendants together with other facts showing an operational connection between them may be sufficient grounds for finding that the conditions set out in Art. 8(1) of [Regulation 1215/2012](#) are satisfied for the purposes of bringing an action for trademark infringement before the courts of the place of domicile of only one of the defendants.

Enrique ARMIJO

03 · The “unconnected” counterclaim in trademark invalidity actions. Judgment of the Court of Justice of 8 June 2023, LM (C-654/21).

01 · Background

The judgment concerns a request for a preliminary ruling made in relation to EU trademark infringement proceedings brought by LM against KP in Poland.

LM is the proprietor of the EU trademark MULTISELECT, the goods and services of which include, *inter alia*, vocational guidance counselling, education information, installation and maintenance of computer software and the publication of texts and providing online electronic publications.

The defendant KP is a company that offers a guide aimed at participants in competitive examinations for the police force, in order to prepare them for the psychological tests covered by the mark in dispute, which constitute one of the stages of that recruitment procedure. KP promotes its guide on various websites.

LM brought an action for infringement of the mark at issue seeking an order requiring KP to cease designating the goods and services it markets with that mark and to stop using the mark in any communication related to the marketing of those goods and services.

In the context of these proceedings, KP filed a counterclaim for invalidity of the trademark in relation to part of the goods and services for which it had been registered.

While the claims in the main action related only to the goods and services marketed by KP, the scope of the counterclaim was significantly broader, since KP was claiming that the mark at issue should be declared invalid not only in respect of the goods and services concerned in the main action, but also in respect of other goods and services.

The referring court raises doubts regarding the scope of the examination to be carried out in the event that, as in the main proceedings, the subject matter of a counterclaim goes beyond the scope of a “defence” in response to the infringement action.

02 · Findings

By its preliminary ruling question, the referring court asks, in essence, whether Article 124(d) of [Regulation 2017/1001](#) on the European Union Trademark, in conjunction with Article 128(1) thereof, must be interpreted as meaning that a counterclaim for invalidity of an EU trademark may relate to all the rights that the proprietor of that trademark derives from its registration and that the subject matter of that counterclaim is not restricted by the scope of the dispute as determined by the infringement action.

The CJ begins by recalling that a counterclaim is not the same as a mere defence. Even though it was brought in proceedings initiated by means of another legal remedy, it is a distinct and separate claim, the procedural treatment of which is independent of the main claim and which may therefore be proceeded with even if the claims of the main claimant are dismissed. The purpose of the counterclaim is to extend the subject matter of the dispute and to have a claim recognised which is separate and independent from the main claim, in particular in order to have the trademark in question declared invalid. The counterclaim can therefore be distinguished from a mere defence and its outcome does not depend on the

outcome of the trademark infringement action on the occasion of which the counterclaim was brought.

Thus, given the independent nature of the counterclaim regulated under Article 128 of [Regulation 2017/1001](#), its subject matter cannot be restricted by that of the infringement action in the context of which the counterclaim was brought.

In this regard, the CJ notes that if the ground for invalidity of a trademark were to relate to several or all of the goods it covers, it would be contrary to the principle of procedural economy underlying any counterclaim if the counterclaim could only be directed against the goods concerned in the infringement action.

The judgment then analyses the matter in the light of the effects of the declaration of invalidity and the division of jurisdiction between the EUIPO and the courts, confirming its above conclusion.

Accordingly, the CJ answers the first question referred for a preliminary ruling by indicating that Article 124(d) of Regulation 2017/1001, in conjunction with Article 128(1) thereof, must be interpreted as meaning that a counterclaim for invalidity of an EU trademark may relate to all the rights that the proprietor of that trademark derives from its registration and that the subject matter of that counterclaim is not restricted by the scope of the dispute as determined by the infringement action.

03 · Remarks

With this judgment, the CJ goes a step further in its consideration of a counterclaim in trademark matters as a separate and independent action with respect to the infringement action giving rise to the counterclaim. In its earlier judgment of 13 October 2022, *Gemeinde Bodman-Ludwigshafen*, [C-256/21](#), the CJ had already noted that the counterclaim must be examined and ruled upon even if the plaintiff withdraws the infringement action. It now adds that the counterclaim may be directed not only against the goods concerned in the action but also against any other goods for which the trademark has been registered.

This ruling by the CJ may partially put in check the Spanish procedural and substantive system regarding counterclaims in trademark matters. It may be recalled that the [Spanish Civil Procedure Act](#) generally prohibits so-called “unconnected” counterclaims, those in which the subject matter is not strictly related to the scope of the legal action giving rise to the proceeding. In turn, the [Spanish Trademark Act](#) provides that the defendant in an infringement action may require the plaintiff to submit proof of use of the trademark forming the basis of the action for the goods or services for which it is registered “*and on which the action is based*”. It could be inferred from this that if the defendant were to opt to file a counterclaim seeking revocation, the claim could only be directed against the goods to which the infringement action itself relates.

The CJ's interpretation of the scope of the “counterclaim” in EU trademark matters seems clear. The question it raises with respect to counterclaims against an infringement action based on a national trademark is also clear: is the doctrine set forth in this judgment also applicable to national trademarks notwithstanding the procedural and substantive system that exists in each country?

Carlos MORÁN

04 · Territorial jurisdiction in the case of infringement of an EU trademark as a result of advertising through paid referencing on a search engine website that has a national top-level domain. Judgment of the Court of Justice of 27 April 2023, Lännen (C-104/22).

01 · Background

The judgment relates to a referral for a preliminary ruling from Finland made in the context of a dispute between Lännen MCE Oy ("Lännen") and the companies Berky GmbH and Senwatec GmbH & Co. KG, which form part of the same group of companies, concerning the alleged infringement of the EU trademark WATERMASTER, of which Lännen is the proprietor.

Lännen, a Finnish-based company, manufactures amphibious dredgers which it markets under the EU trademark WATERMASTER.

In January 2020, Lännen brought an action in Finland for trademark infringement against Berky and Senwatec, two companies belonging to the same group based in Germany.

Senwatec's acts of infringement consisted of the use of paid referencing on an Internet search engine operating under the national top-level domain for Finland, which, following a search on the term "Watermaster", enables an advertisement for its products to be displayed on that search engine's website.

Thus, in August 2016, if a search was conducted in Finland on the term "Watermaster" on the website www.google.fi, the first result displayed was a Google Adwords advertisement for Senwatec's products, separated from the other search results by a line and containing the word "Ad".

Neither the advertising link displayed as a result of that search nor the associated text contained any element referring specifically to Finland or to the geographical area where Senwatec's products were supplied. However, Senwatec's website to which the advertising link led contained, inter alia, a text in English indicating that Senwatec's products are used worldwide, as well as a world map on which the countries in which Senwatec claimed to be active were highlighted in darker shading. Finland was not one of those countries.

Berky's acts of infringement relate to having used, from 2005 to 2019, the natural referencing of images, freely accessible on the photo-sharing website Flickr.com, of Berky's machines by means of a meta tag containing the keyword 'Watermaster', which was intended to enable Internet search engines to better identify those images. Thus, a search in Finland on the term 'Watermaster' on the website www.google.fi generated a link to a page showing images of Berky's machines.

The link displayed as a search result was not an advertising link, but a so-called 'organic' search result. The captions accompanying the images stored on the Flickr.com service indicated the names of the machines in English and their model numbers. The Berky logo also appeared in connection with the images. Each image was accompanied by several meta tags consisting of keywords, in English and other languages, in particular the term "Watermaster".

According to Lännen, Berky and Senwatec carried out marketing activities on the Internet that were directed at the territory of the Republic of Finland and were visible to consumers or traders in that Member State. It contends that their products are sold worldwide. In Lännen's

view, the advertising at issue, which was in English, was aimed at an international public and was intended for all countries in which it can be viewed.

In their response, Berky and Senwaterc challenge the jurisdiction of the referring court on the ground that the alleged acts of infringement were not committed in Finland.

They argue that their marketing activities were not directed at Finland, a Member State where they do not offer their products for sale and they are not present on the market. In their view, neither the result of a search on the website www.google.fi, nor the use of a meta tag containing the keyword “Watermaster” would establish that their activities targeted Finland. Thus, in order to establish the jurisdiction of the referring court, they maintain that the important factor is not whether the allegedly unlawful content is visible online in Finland, but rather whether that content has a relevant link to that Member State.

The referring court notes that the parties disagree as to whether the map on Senwaterc’s website shows that the area of supply of its products is limited to a geographical area from which Finland appears to be excluded. According to Senwaterc, that map is one of the elements indicating that Finland is not part of the market area for its products, whereas Lännen considers that the market area for Senwaterc’s products is worldwide and extends beyond the areas referred to in that map.

02 · Findings

The CJ examines the three referred questions together, noting that the referring court asks, in essence, whether Article 125(5) of [Regulation 2017/1001](#) on the European Union trademark must be interpreted as meaning that the proprietor of an EU trademark who considers that he or she has been adversely affected by the use, without his or her consent, by a third party of a sign identical to that trademark in online advertisements and offers for sale of goods identical or similar to those for which that trademark is registered, may bring an action for infringement against that third party before an EU trademark court of the Member State in which consumers and traders targeted by those advertisements or offers for sale are located, even if that third party does not expressly and unambiguously mention that Member State among the territories to which the goods in question may be supplied.

The CJ begins by recalling that: (i) an infringement action brought on 28 January 2020 falls, insofar as it relates to an EU trademark, within the scope of the rules on jurisdiction laid down in [Regulation 2017/1001](#); (ii) under Article 125(1) of that Regulation, where the defendant is domiciled in a Member State, the plaintiff shall bring his or her action before the courts of that Member State; (iii) however, Article 125(5) of that Regulation provides that the plaintiff may “also” bring proceedings before the courts of the Member State “*in which the act of infringement has been committed or threatened*”; (iv) Article 126(1) of Regulation 2017/1001 stipulates that where an action is brought before an EU trademark court on the basis of Article 125(5) of that Regulation, it shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated; and (v) in order to determine its jurisdiction the court does not have to carry out an analysis of the substance of the infringement. It is sufficient that there is evidence which gives rise to a reasonable presumption that acts of infringement may have been committed or threatened within the territory of a Member State.

It follows from these premises that the plaintiff, depending on whether he or she chooses to bring the infringement action before the EU trademark court where the defendant is

domiciled or before the court of the territory where the act of infringement was committed or threatened, will determine the extent of the territorial jurisdiction of the court before which he or she brings the action. Indeed, when the infringement action is based on Article 125(1) of [Regulation 2017/1001](#), it potentially covers acts of infringement committed throughout the territory of the European Union, whereas, when it is based on Article 125(5), it is limited to acts of infringement committed or threatened in the territory of a single Member State, namely, the one where the court before which the case is brought is situated.

The right conferred on the plaintiff to choose one or the other basis, resulting from the use of the word “also” in Article 125(5) of Regulation 2017/1001, cannot be understood as meaning that the plaintiff may, in relation to the same acts of infringement, simultaneously bring actions based on paragraphs 1 and 5 of that article, but merely reflects the fact that the forum indicated in paragraph 5 is an alternative to the forums indicated in the other paragraphs of that article.

By providing for such an alternative forum and restricting, in Article 126(2) of Regulation 2017/1001, the territorial jurisdiction attributed to that forum, the EU legislature enables the proprietor of the EU trademark to bring, if he or she so wishes, specific actions, each of which concerns acts of infringement committed in the territory of a single Member State.

In the present case, subject to the verification to be carried out by the referring court, it is apparent from the documents before the Court of Justice that the acts of infringement alleged by the proprietor of the EU trademark concern the online display of content relating to products of competitors of that proprietor, by means of paid and natural referencing on Internet search engines on the basis of a sign identical to that trademark, only to the extent that that display was aimed at consumers or traders located in Finland.

Thus, in order to determine whether that online display was actually aimed at consumers or traders located in Finland, the referring court asks, in particular, whether the nature of the products concerned, the scope of the market in question and the fact that that display took place on the website of a search engine operating under the national top-level domain of that Member State are relevant factors for ascertaining whether it has international jurisdiction under Article 125(5) of [Regulation 2017/1001](#) and, if so, whether other factors must be taken into account to that end.

In that context, the judgment notes that, according to the case-law of the Court of Justice, the criterion for jurisdiction expressed by the words “*Member State in which the act of infringement has been committed or threatened*” in Article 125(5) of that regulation relates to active conduct on the part of the person committing that infringement.

In particular, as regards the duty of an EU trademark court to be satisfied that the acts alleged against the defendant were committed in that territory, the Court of Justice has held that, where those acts consist of advertising and offers for sale displayed electronically with respect to products bearing a sign identical or similar to an EU trademark without the consent of the proprietor of that mark, those acts are to be regarded as having been committed in the territory where the consumers or traders targeted by those advertisements and offers for sale are located.

Thus, where the display of online content is aimed, even if only potentially, at consumers or traders located in the territory of a Member State, bearing in mind that the details of the geographical areas of supply of the products in question constitute particularly important evidence for the purposes of the above-mentioned assessment, the proprietor of an EU trademark may bring an action in that Member State on the basis of Article 125(5) of [Regulation 2017/1001](#) for a

declaration that there has been an infringement of his or her trademark in that Member State. In the present case, the judgment notes, subject to the verification to be carried out by the referring court, that the geographical areas of delivery of the products in question are not mentioned in the advertisement referred to in paragraph 12 of the judgment. Furthermore, the map on Senwatec's website, which, according to Lännen, shows that Senwatec's market area is worldwide, cannot in itself prove the existence of a connection with Finland, since the context of that map does not support the conclusion that Senwatec directs its activity towards the Finnish market.

In the absence of precise information concerning the geographical areas of delivery of the products in question, the connection with the Member State concerned, in this case Finland, must be determined in the light of other factors in order for the plaintiff to be able to bring an action for infringement before a court of that Member State on the basis of Article 125(5) of Regulation 2017/1001.

In this regard, the Court of Justice has held that there are various indications that may support the conclusion that a seller is directing its activity towards the Member State of the consumer's domicile, namely, the international nature of the activity, use of a language or currency other than the language or currency customarily used in the Member State in which the seller is established, mention of telephone numbers with an indication of an international dialling code, expenditure on an Internet referencing service in order to facilitate access to the seller's site or that of its intermediary by consumers domiciled in other Member States, use of a top-level domain name other than that of the Member State in which the seller is established, and mention of an international clientele made up of customers domiciled in different Member States.

However, it must be pointed out that the mere fact that a website may be accessed from the territory covered by the trademark is not sufficient to conclude that the offers for sale displayed on the website are aimed at consumers located in that territory.

It follows from the foregoing considerations that active conduct includes the fact that an undertaking pays the operator of a search engine website with a national top-level domain of a Member State other than that in which it is established, in order to display, for the public of that Member State, a link to that undertaking's website, thereby enabling a specifically targeted public to access the offering of its products.

Such paid referencing therefore constitutes a sufficient connecting factor, for the purposes of Article 125(5) of Regulation 2017/1001, with the Member State whose public is thereby targeted.

As regards the use of the sign registered as a trademark as a meta tag in an online photo-sharing service operating under a generic top-level domain, it should be considered as differing from paid referencing for the purposes of assessing the condition relating to the existence of active conduct directed at the territory of the Member State where the act of infringement was committed or threatened.

In the case of natural referencing of this kind, that condition does not appear to be capable of being fulfilled given that, firstly, a website with a generic top-level domain is not aimed at the public of any specific Member State and, secondly, the purpose of the meta tag is solely to enable search engines to better identify the images contained on that website and thus to increase accessibility.

In those circumstances, the referring court could not declare that it has jurisdiction, on the basis of Article 125(5) of [Regulation 2017/1001](#), in the absence of other criteria making it possible to show that that natural referencing is intended for a public established in Finland.

In the light of all the foregoing, the judgment answers the questions raised by stating that Article 125(5) of [Regulation 2017/1001](#) must be interpreted as meaning that the proprietor of an EU trademark who considers that he or she has been adversely affected by the use, without his or her consent, by a third party, of a sign identical to that trademark in online advertising and offers for sale of goods identical or similar to those for which that trademark is registered, may bring an action for infringement against that third party before an EU trademark court of the Member State in which consumers and traders targeted by those advertisements or offers for sale are located, even if that third party does not expressly and unambiguously mention that Member State among the territories to which the goods in question may be supplied, if that same third party has made use of that sign by means of paid referencing on a search engine website which uses a national top-level domain name of that Member State. However, that is not the case where the third party in question has used the natural referencing of images of its products in an online photo-sharing service operating under a generic top-level domain using meta tags which use the trademark in question as a keyword.

03 · Remarks

The risk that the alternative forums of jurisdiction provided for in the European Union Trademark Regulation could become a springboard to 'forum shopping' in cases of online infringement highlights the importance of the Court's rulings in this regard.

The judgment offers a very useful review of the case-law of the Court of Justice on the existing criteria for determining the extent of jurisdiction depending on whether the plaintiff chooses the forum of the court where the defendant is domiciled (covering infringements occurring throughout the European Union, with the effects of the judgment extending to all Member States) or the court corresponding to the territory of the infringement (covering infringements committed within that sole Member State, as in the present case, and with the effects of the judgment not extending beyond that Member State).

On the basis that it is necessary to prove active conduct on the part of the defendant towards the territory of the infringement when the infringement relates to (paid or natural) referencing on websites, the judgment reaches different conclusions according to whether the search engine uses a national top-level domain (jurisdiction is justified) or a generic top-level domain (not justified).

Ana SANZ



Copyright, the Information Society, the Internet

05 · 'Private copying' and 'Communication to the public' in an Internet Protocol television service. Judgment of the Court of Justice of 13 July 2023, Ocilion (C-426/21).

01 · Background

The judgment relates to a referral for a preliminary ruling from Austria made in the context of a dispute between Ocilion IPTV Technologies GmbH ("Ocilion") and Seven.One Entertainment Group GmbH and Puls 4 TV GmbH & Co. KG ("Seven. One and Other") concerning the making available by Ocilion to its commercial customers of an Internet Protocol television (IPTV) service, by which the content of television programmes in respect of which Seven.One and Other hold rights is broadcast to end users.

Ocilion offers to commercial customers, who may be network operators, such as telephone or electricity companies, or establishments such as hotels or sports centres, an IPTV service, access to which is restricted to network end users who are natural persons and customers of the network operators. This service, which relates, *inter alia*, to television programmes for which Seven.One and Other hold retransmission rights, takes the form of either an on-premises solution, in which Ocilion provides the network operators with the necessary hardware and software, which are managed by those operators, but with Ocilion responsible for technical support, or a cloud-hosting solution, managed directly by Ocilion.

Ocilion's aforementioned service offers not only the simultaneous retransmission of Seven.One and Other's television programmes, but also the possibility of replaying those programmes through an online video recorder. It is therefore possible to record a particular broadcast on an *ad hoc* basis, but also to record all programmes selected by the end user, a customer of the network operator, which can be replayed up to seven days after the initial broadcast.

Whether it is the on-premises solution or the cloud-hosted solution, it is the end user who, in practice, takes the initiative of making any recording and who activates the online recording functions himself or herself and selects the content to be recorded. Once a programme has been selected by a first user, the recorded material is made available to any other user wishing to view the recorded content. To this end, a de-duplication process prevents multiple copies from being generated when several customers schedule the same recording, and access to the recorded content is provided by allocating a reference number that Ocilion communicates to each user.

With regard to the on-premises solution, the framework agreements concluded between Ocilion and the network operators stipulate that the latter must ensure, by their own means, that they and their clients have sufficient rights for all the content made available.

Seven.One and Other, having not given their consent to the communication of their television programmes by means of the service offered by Ocilion, consider that this service constitutes an unauthorised retransmission of content in which they hold exclusive rights. They contend, *inter alia*, that the operating means of the online recorder does not allow the resulting de-duplications to be regarded as coming under the so-called 'private copying' exception, within the meaning of Paragraph 42(4) and Paragraph 76a(3) of the UrhG (Law on Copyright).

In those circumstances, Seven.One and Other brought an action for interim measures requesting that Ocilion be prohibited from making the contents of their programmes available to its customers or from reproducing or having third parties reproduce such programmes without

their consent.

With the action having been upheld at first instance, in the context of appeal proceedings before the Austrian Supreme Court, it referred the matter for a preliminary ruling.

02 · Findings

In its first question, the referring court asks, in essence, whether Articles 2 and 5(2)(b) of [Directive 2001/29](#) on the harmonisation of certain aspects of copyright and related rights in the information society are to be interpreted as meaning that the exception to the exclusive right of authors and broadcasting organisations to authorise or prohibit the reproduction of protected works may cover a service offered by an operator of transmission of online television broadcasts to commercial customers which, on the basis of a cloud-hosting solution or by means of a server made available on site, allows the continuous or ad hoc recording of those broadcasts, on the initiative of the end users of that service, if the copy made by the first of those users to have selected a broadcast is made available, by the operator, to an indeterminate number of users wishing to view the same content.

The Court begins by reviewing its own case law, recalling (i) that Member States may provide for exceptions or limitations to the exclusive reproduction right referred to in Article 2 of the [Directive](#) “*in respect of reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the rightholders receive fair compensation*”; (ii) that the concept of “reproduction” must be construed broadly; (iii) that the expression “*on any medium*” covers “*the saving, for private purposes, of copies of works protected by copyright on a server on which storage space is made available to a user by the provider of a cloud-computing service*”; (iv) that the said provision is applicable only if the reproductions are made by a natural person not only for private use but also for ends that are neither directly nor indirectly commercial; (v) that the exceptions or limitations provided for in the Directive shall only apply in certain specific cases which do not conflict with a normal exploitation of the work or other subject matter and do not unreasonably prejudice the legitimate interests of the rightholder; (vi) that a fair balance must be maintained between the rights and interests of rightholders, which are subject to a broad interpretation, and, on the other hand, the rights and interests of users; (vii) that the Court has already held that the Directive precludes national legislation which allows a commercial undertaking to provide private individuals with a cloud-based service for the remote recording of private copies of copyrighted works, by means of a computer system, by actively intervening itself in the recording of those copies, without the rightholder’s authorisation.

With these premises in mind, the Court notes certain technical aspects of the defendant’s activity, namely: (i) Ocilion offers a service characterised by its dual functionality: an IPTV solution for the simultaneous retransmission of television broadcasts, which is supplemented by a non-autonomous online recording tool for those broadcasts; (ii) the possibility of recording retransmitted television broadcasts represents an added value to the initial service, since it enables access to the content in question under conditions different to those of the simultaneous retransmission of the content; (iii) the service offered by Ocilion is based on a technique which, with the help of the means provided by that service provider, makes the copy made by the first user available to end users wishing to view the content. In those circumstances, while it is true that the end user programmes the recordings himself or herself, the service of recording and making available the copy thus generated is not only based on the means provided by the service provider, but also constitutes, as is clear from the preceding paragraph, the main interest of the offer provided; (iv) the de-duplication technique at issue in the main proceedings leads

to the making of a copy which, far from being available only to the first user, is intended to be accessible, by means of the system offered by the service provider, to an indeterminate number of end users, themselves customers of the network operators to which that service provider makes the technique available.

In those circumstances, the judgment finds, subject to the verifications to be made by the referring court, that a service such as that offered by Ocilion, which enables an indeterminate number of recipients to have access to a reproduction of a protected work for commercial purposes, does not fall within the so-called 'private copying' exception referred to in Article 5(2)(b) of [Directive 2001/29](#).

This finding is not undermined by the need to comply with the principle of technological neutrality, according to which the law must ensure the development and operation of new technologies and safeguard a fair balance between the rights and interests of rightholders and those of users of protected works, who wish to use those new technologies.

While it is true that the principle of technological neutrality requires that the interpretation of provisions of EU law should not restrict innovation and technological progress, the fact remains that in the present case the Court's finding does not depend on the reproduction technology used in the context of a service such as that at issue in the main proceedings, but results from the fact that the system used by the network operators gives access to recorded broadcasts, for commercial purposes, to an indeterminate number of users, and that access is liable to unreasonably prejudice the legitimate interests of the rightholders, and thus the application of the so-called 'private copying' exception in respect of such a service could undermine the objective of maintaining a fair balance between the interests of rightholders and those of users.

In the light of the foregoing considerations, the CJ answers the first question referred for a preliminary ruling by stating that Articles 2 and 5(2)(b) of [Directive 2001/29](#) must be interpreted as meaning that the exception to the exclusive right of authors and broadcasting organisations to authorise or prohibit the reproduction of protected works does not cover a service offered by an operator of retransmission of online television broadcasts to commercial customers which, on the basis of a cloud-hosting solution or based on the necessary hardware and software made available on site, allows the continuous or ad hoc recording of those broadcasts, on the initiative of end users of that service, if the copy made by the first of those users to have selected a broadcast is made available, by the operator, to an indeterminate number of users wishing to view the same content.

The referring court raises a second question, asking whether Article 3(1) of [Directive 2001/29](#) must be interpreted as meaning that the making available and maintenance of an on-premises process of online video recording, which gives access to protected content, constitutes a 'communication to the public' within the meaning of that provision, where the provider has a certain influence over the selection of content to which the user has access, the user has access to that content without the provider's involvement and the provider, while being aware that its service may be used to access protected broadcasting content without the consent of the authors, does not promote that aspect of its service.

In order to answer this question, the Court once again recalls its case law on (i) the concept of 'communication to the public', (ii) the concept of 'act of communication' and (iii) the influence in this regard of the indispensable role played by the service provider and the deliberate nature of its intervention.

The judgment then emphasises that as part of its on-premises solution, Ocilion provides network operators with the necessary hardware and software and provides technical assistance to ensure their maintenance.

However, in the absence of any link between the provider of the necessary hardware and software and the end users, a service such as that at issue in the main proceedings cannot be regarded as an act of communication, within the meaning of Article 3(1) of Directive 2001/29, carried out by Ocilion.

According to the judgment, a service provider such as Ocilion does not give end users access to a protected work. It is true that it provides network operators with the necessary hardware and software in that regard, but the network operators are the only ones that grant end users access to protected works. The provider that supplies that hardware and software does not intervene to give end users access to those protected works.

In that context, any knowledge that such a provider may have of the fact that its service may be used to access protected broadcasting content without the consent of the authors cannot in itself suffice for it to be regarded as carrying out an act of communication within the meaning of Article 3 of [Directive 2001/29](#).

In the light of the foregoing considerations, the answer to the second question referred for a preliminary ruling must be that Article 3(1) of Directive 2001/29 is to be interpreted as meaning that the provision by an operator of retransmission of online television broadcasts to its commercial customer of the necessary hardware and software, including technical assistance, enabling that customer to allow its own customers to replay online television broadcasts, does not constitute a 'communication to the public' within the meaning of that provision, even if the operator is aware of the fact that its service may be used to access protected broadcasting content without the consent of the authors.

03 · Remarks

This judgment has the virtue of offering a review of the CJ's case-law on two of the issues that have been the focus of the Court's attention in copyright matters for years: the 'private copying' exception and the concept of 'communication to the public'.

The Court's response in relation to the two technical solutions of the Internet Protocol television service offered by the defendant appears to be somewhat Solomonic, finding, on the one hand, that the cloud-hosting solution is not covered by the private copying exception and, on the other, that the solution providing facilities on site does not constitute communication to the public.

As usual, the Court is having to tread ever more carefully on the tightrope of interests at stake.

Inés de CASAS

06 · Necessary justifications for the granting of preliminary enquiries based on copyright. Judgment of the Court of Justice of 27 April 2023, Castorama (C-628/21).

01 · Background

The judgment concerns a request for a preliminary ruling made by a Polish court in the context of proceedings brought by TB, an individual who markets decorative items through her online stores, seeking an order requiring the companies Castorama Polska sp. z o.o. and Knor sp. z o.o. to provide information concerning the origin and distribution networks of goods or services which, in TB's view, infringe an intellectual property right of which TB claims to be the owner.

The action concerned a 'work' consisting of the following: images made by mechanical means showing simple graphics, consisting of a limited number of colours, geometric figures and short sentences such as *"Mój dom moje zasady"* ("My house, my rules"), *"Nie ma ludzi idealnych a jednak jestem"* ("Perfect people don't exist, and yet here I am") and *"W naszym domu rano słyszać tupot małych stopek. Zawsze pachnie pysznym ciastem. Mamy dużo obowiązków, mnóstwo zabawy i miłości"* ("In our house, the patter of tiny feet can be heard in the morning. It always smells like delicious cake. We have lots of chores, lots of fun and lots of love").

The defendants market reproductions of those images and exact copies in their online and brick-and-mortar stores. The images contain identical text but have certain differences in terms of graphics and font. Neither the reproductions at issue in the main proceedings nor the images that are the subject of the reproductions mention the author or the origin of the product in question. TB did not consent to these reproductions or to their sale by the defendants.

The action sought an order requiring the defendants to provide information regarding the distribution networks and the quantity of goods received or ordered by the companies, as well as the complete list of their suppliers, the date on which those goods were placed on sale in the brick-and-mortar stores and in the online store and the quantity and the proceeds obtained from the sale of those goods, with the breakdown into sales in brick-and-mortar stores and online sales.

The defendants responded by refuting that the images included in the reproductions at issue in the main proceedings can be qualified as 'works' and arguing that TB has not proved that she holds the economic copyright in those reproductions. It was further argued that the images are not original and that granting the information request would amount to affording copyright protection to 'ideas' and 'concepts', since the images included in those reproductions are part of the current fashion for 'simplified motivational artworks' that include 'trite sentences'. Moreover, in the defendant's opinion, all the graphic elements of those images are banal and repetitive and do not show any originality, in terms of their composition, their colours or the font used, with respect to other images available on the market.

It was apparent that the evidence submitted by TB consisted only of printouts of pages from her website presenting items for sale in her online stores and invoices issued from 2014 onwards, as well as printouts of pages from the website of one of the defendants.

In the questions referred for a preliminary ruling, the referring court asks, in essence, whether Article 8(1) of [Directive 2004/48](#) must be interpreted as meaning that, in connection with proceedings relating to an infringement of an intellectual property right, the applicant must prove, for the purposes of a request for information under Article 8, that he or she is the holder

of the intellectual property right in question or whether it is sufficient to lend credence to the fact that he or she is the holder, in particular, where the request for information is made prior to the filing of a claim for compensation for infringement of that intellectual property right.

02 · Findings

The judgment begins by recalling that Article 8(1)(a) of the Directive provides that Member States must ensure that, in the context of proceedings relating to an infringement of an intellectual property right and in response to a justified and proportionate request from the claimant, the competent judicial authorities may order the infringer or any person found in possession of the infringing goods on a commercial scale to provide information on the origin and distribution networks of the goods or services infringing an intellectual property right.

For the purposes of the interpretation of Article 8(1) of Directive 2004/48, it is necessary to examine the context of that provision, as well as the objectives pursued by that Directive.

With regard to the standard of proof required for the application of the “measures, procedures and remedies” provided for in Chapter II of [Directive 2004/48](#), it follows, in particular, from Article 6 of that Directive that, with respect to the submission of a request for disclosure of evidence by the opposing party, the applicant must present *“reasonably available evidence sufficient to support its claims”*. Article 7 of that Directive requires that, in order to file a request for provisional measures to preserve evidence, the applicant must present *“reasonably available evidence to support its allegations that its intellectual property right has been [...] infringed”*. Finally, Article 9 of the same Directive, in relation to provisional and precautionary measures, provides, in paragraph 3, that the judicial authorities have the authority to require the applicant to provide *“any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the rightholder and that the applicant’s right is being infringed”*.

As regards the objective, it is clear from recitals 10 and 13 of the Directive, respectively, that the objective is to approximate the laws of the Member States in order to ensure a high, equivalent and homogeneous level of protection of intellectual property. The provisions of the Directive are intended to govern the aspects of intellectual property rights relating, on the one hand, to the enforcement of those rights and, on the other, to infringements of those rights, by requiring the availability of effective legal remedies aimed at preventing, stopping or rectifying any infringement of an existing intellectual property right.

The CJ then notes that it follows from the existing case law that it is necessary to distinguish the function of a request for information under Article 8 of Directive 2004/48 from that of legal proceedings seeking a declaration of infringement of an intellectual property right.

A request for information under Article 8 of [Directive 2004/48](#) has a different purpose from that of an action seeking a declaration of infringement of an intellectual property right. If that request were subject to the same proof requirements as the legal action seeking a declaration of infringement of an intellectual property right, the separate procedure established by Article 8, which is a specific feature of EU law, would lose a great deal of its practical use.

Moreover, in order to determine whether the evidence submitted in the procedure for requesting information provided for in Article 8 of the Directive is sufficient, the nature of the intellectual property right relied upon and any special formalities governing the ownership of that right must be taken into account.

With regard to copyright, it follows from the case law of the Court of Justice on [Directive 2001/29](#) that the concept of ‘work’ is composed of two elements. Firstly, this concept requires an original subject matter, which is the author’s own intellectual creation, and, secondly, it requires the expression of that creation. As regards the first element, for a subject matter to be regarded as original, it is both necessary and sufficient that it reflects the personality of its author, as an expression of the author’s free and creative choices. As regards the second element, the concept of ‘work’ that is the subject of Directive 2001/29 necessarily entails the existence of a subject matter identifiable with sufficient precision and objectivity.

It will be for the referring court to examine whether TB has produced sufficient evidence to show that she is the holder of the intellectual property right in question, and to assess the justification and proportionality of the request for information before it and to verify that the applicant in the main proceedings has not abused that request. To that end, that court will have to take due account of all the objective circumstances of the main proceedings.

If the referring court finds an abuse of rights, it must refuse to grant the right of information provided for in Article 8 of [Directive 2004/48](#).

In the light of all the above considerations, the judgment concludes by indicating that Article 8(1) of Directive 2004/48 must be interpreted as meaning that, in connection with proceedings relating to an infringement of an intellectual property right under that provision, the applicant must, for the purposes of a request for information based on Article 8, provide all reasonably available evidence to enable the court hearing that request to satisfy itself with a sufficient degree of certainty that the applicant is the holder of that right, by providing evidence appropriate to the nature of that right and any possible special formalities applicable.

03 · Remarks

Preliminary enquiries in the area of intellectual property are an essential tool for the preparation of infringement proceedings. Logically, the proof requirements for a preliminary request for information cannot be the same as the requirements for proof in the main infringement action. But this does not mean that the petition for preliminary enquiries can be filed in any manner.

In Spanish law, of course, petitioning for preliminary enquiries is subject to the existence of “*due cause*”, which amounts to saying that it is subject to the applicant providing *prima facie* evidence of the right and of its ownership of the right.

In the context of [Directive 2004/48](#), the Court of Justice limits itself to recalling certain general criteria, but prefers to leave it to the referring court to rule on whether the claimant has provided sufficient evidence to show that she is the holder of the intellectual property right in question. It is also up to the national court to assess the justification and proportionality of the request for information before it and to verify that the claimant in the main proceedings has not abused the right.

Given the type of ‘work’ concerned and the scant evidence submitted in the original proceedings, it should not be difficult for the referring court to take up the matter returned to it by the CJ and issue the corresponding decision.

Ana SANZ

07 · Communication to the public of background music on aircraft and trains. Judgment of the Court of Justice of 20 April 2023, Blue Air Aviation (C-775/21 y C-826/21).

01 · Background

The judgment relates to questions referred for a preliminary ruling in the context of two sets of proceedings brought in Romania by collective management organisations against the airline Blue Air and against a railway transport company, concerning the obligation to pay a levy for the broadcasting of background musical works on board passenger aircraft and for the provision on trains of facilities which may be used for the communication to the public of musical works.

The legal actions had been brought by UCMR – ADA, a music copyright collective management organisation, and by UPFR, a collective management organisation handling related rights of phonogram producers.

Both cases were based on certain common facts. Basically, the provision of facilities in means of passenger transport, whether aeroplanes or trains, which enable the broadcasting of musical works as background music. The CJ, exercising its discretionary powers, reformulates the questions referred to it for a preliminary ruling in order to deal with both cases together.

02 · Findings

The first question referred to the CJ is essentially whether Article 3(1) of [Directive 2001/29](#) must be interpreted as meaning that the broadcasting on a means of passenger transport of a musical work as background music constitutes a communication to the public within the meaning of that provision.

The CJ begins by reviewing the Court's case law on what is to be understood by 'communication' and by communication 'to the public', pointing out that the broadcasting on a means of passenger transport, by the operator of that means of transport, of a musical work as background music constitutes an act of communication, within the meaning of Article 3(1) of Directive 2001/29, since, by so doing, that operator intervenes, in full knowledge of the consequences of its conduct, in order to give its customers access to a protected work, particularly where, in the absence of that intervention, the customers would not, in principle, be able to enjoy the broadcast work.

The judgment adds that a musical work of that kind is indeed communicated to a public, in the sense established in case law. While it is true that the concept of 'public' implies a certain *de minimis* threshold, which excludes from that concept a number of persons which is too small or insignificant, the CJ recalls that, in order to determine that number of persons, account must be taken, in particular, of the number of persons who may have access to the same work at the same time and also the number of persons who may access it in succession.

In the case at hand, it is not disputed that the work at issue in the main proceedings was in fact broadcast in half of the aircraft operated by Blue Air, during flights operated by that airline, and therefore the public in question consists of all the groups of passengers who, simultaneously or successively, took those flights, and such a number of persons cannot be considered either too small or insignificant.

In that context, the fact, mentioned by the referring court, that it is highly debatable whether a communication consisting of the broadcasting as background music of extracts of musical works to all the passengers on an aircraft, at the time of take-off, landing or at any other time during the flight, is of such a nature as to be profit-making, is not decisive. A profit-making nature of that kind is not, according to the case law of the CJ, a necessary requirement for determining the existence of a communication to the public within the meaning of Article 3(1) of [Directive 2001/29](#).

In the light of the foregoing considerations, the Court answers the first question referred by stating that Article 3(1) of Directive 2001/29 must be interpreted as meaning that the broadcasting of a musical work as background music on a means of passenger transport constitutes a communication to the public within the meaning of that provision.

The second question addressed by the CJ asks, in essence, whether Article 3(1) of [Directive 2001/29](#) and Article 8(2) of [Directive 2006/115](#) must be interpreted as meaning that the installation, on board a means of transport, of sound equipment and, where appropriate, of software enabling the broadcasting of background music constitutes a communication to the public within the meaning of those provisions.

On this point, the judgment also provides a summary of precedents, and then goes on to find that the provision, on board a means of transport, of a sound system and, where appropriate, of software enabling the broadcasting of background music does not constitute an act of communication within the meaning of Article 3(1) of Directive 2001/29 and Article 8(2) of Directive 2006/115, since it is merely the provision of physical facilities necessary to facilitate or carry out a communication.

The CJ distinguishes this case from earlier precedents to the contrary, noting that the mere installation of sound equipment on a means of transport cannot be regarded as the same as acts by which service providers intentionally transmit protected works to their customers by distributing a signal via receivers which they have installed in their establishment and which allow access to those works.

Consequently, the judgment answers that question by stating that Article 3(1) of Directive 2001/29 and Article 8(2) of Directive 2006/115 must be interpreted as meaning that the installation, on board a means of transport, of a sound system and, where appropriate, of software enabling the broadcasting of background music does not constitute a communication to the public within the meaning of those provisions.

The third question that the CJ addresses, reformulating the referring court's questions, is essentially whether Article 8(2) of [Directive 2006/115](#) must be interpreted as precluding national legislation which, as interpreted by the national courts, establishes a rebuttable presumption that musical works are communicated to the public based on the presence of sound equipment in means of transport.

In the present case, it follows from the answer to the previous question that Article 8(2) of Directive 2006/115 must be interpreted as meaning that the installation, on board a means of transport, of sound equipment and, where appropriate, of software enabling the broadcasting of background music intended for the benefit of passengers independently of their will, does not constitute a 'communication to the public' within the meaning of that provision.

That provision therefore precludes national legislation which establishes a rebuttable presumption of communication to the public based on the presence of such sound equipment.

Such legislation may lead to the requirement of payment of a remuneration for the mere installation of such sound equipment, even where there is no act of communication to the public, in breach of that provision.

Consequently, the CJ answers this last question by stating that Article 8(2) of [Directive 2006/115](#) must be interpreted as precluding national legislation, as interpreted by the national courts, which establishes a rebuttable presumption that musical works are communicated to the public based on the presence of sound equipment in means of transport.

03 · Remarks

Communication to the public is on its way to becoming the “star” right or subject of case law of the Court of Justice. Any term, preposition or comma related to the regulation of the broadcasting of works and payment of the corresponding remuneration are subject to the Court's scrutiny. It has already ruled on catering establishments, hotels, spas, rehabilitation centres and dental practices. Airlines and rail transport are now added to the list.

Once again, it seems to be a mixed bag from the Court. The broadcasting of background music on aeroplanes and trains constitutes communication to the public, but the mere installation on these means of transport of sound equipment or software that makes such broadcasting possible does not constitute a communication to the public, nor does it serve as a rebuttable presumption of communication to the public.

The judgment does not appear to consider the effect of the latter finding on the burden of proof. That is to say, if the presumption disappears, unlike in other contexts, does proof of communication to the public on trains and aeroplanes not become somewhat impossible?.

Mabel KLIMT



Patents

08 · Infringement of patent and SPC due to marketing of a generic medicine prior to the expiry of said rights. Judgment of the Madrid Court of Appeal of 23 June 2023, Raloxifene (ECLI:ES:APM:2023:9288).

01 · Background

The US company Eli Lilly ("Lilly") is the holder of a European patent (validated in Spain and granted in 1997) for use of the active ingredient Raloxifene in the preparation of a medicinal product useful in the treatment and prevention of osteoporosis. It also holds a Supplementary Protection Certificate ("SPC") which extended the patent term to 5 August 2013.

The German company Daiichi Sankyo Europe ("Daiichi") is the exclusive licensee of the above patent and SPC and markets in Spain, through its Spanish subsidiary, the medicinal product Raloxifene under the trademark Evista®.

The Spanish subsidiary of the generic drug company Teva, after obtaining a marketing authorization from the Spanish Medicine and Health Product Agency, began marketing the generic Raloxifene medicine ("Raloxifene Teva") in Spain in May 2011, i.e., more than two years before the expiry of Eli Lilly's patent and SPC.

This meant that, in accordance with the regulatory standards of the pharmaceutical sector, a "homogeneous group" was created for Raloxifene medicines authorized in Spain, which comprised both the original product Evista® and the generic Raloxifene Teva. The creation of this "homogeneous group" meant, inter alia, that Daiichi was forced to reduce the price of its Evista® product by 40% to bring it into line with the generic Raloxifene Teva, in order to avoid the risk of losing its market share.

In light of this situation, Lilly and Daiichi brought proceedings against Teva for infringement of the aforementioned patent and SPC, seeking a declaration of infringement and the corresponding damages.

The court of first instance upheld the claim, but limited the amount of damages. Both parties appealed to the Madrid Court of Appeal, seeking the reversal of the judgment insofar as it was adverse to them.

02 · Findings

The judgment of the Madrid Court of Appeal dismisses Teva's appeal and accepts the appeal of Eli Lilly and Daiichi, upholding the claim in its entirety and removing the limitation on compensation that had been established in the first instance judgment.

The following are some of the most noteworthy findings of the judgment of the Madrid Court of Appeal:

- First, the judgment confirms the standing of the licensee, Daiichi, to bring an action for patent infringement: (i) acknowledging its status as exclusive licensee notwithstanding the existence of a stipulation in the licence agreement reserving exploitation rights in favour of the licensor (Lilly), inasmuch as this type of exploitation is permitted under the Patent Act; and (ii) despite the fact that the exclusive licence was not on record at the SPTO, inasmuch as Daiichi was

acting jointly with the patent holder.

- Secondly, the Court of Appeal declared that the defendant could not seek the invalidity of the plaintiff's patent, as this possibility was precluded by the fact that it had undertaken that action in a previous proceeding (between the same parties and relating to the same patent), which ultimately resulted in the dismissal of the action, despite the fact that the ground for invalidity invoked was different in the respective proceedings.

- And, thirdly, the judgment confirms the lower court's order for the defendant to pay the costs by virtue of the principle of objective defeat established in [Art. 394.1](#) of the Civil Procedure Act, given that, although the claim was not "fully" upheld by the Court, it was "substantially" or "essentially" upheld.

03 · Remarks

The Court of Appeal's ruling on the three issues outlined above was supported by earlier case law. In this regard, the following may be cited:

- With regard to the standing of the non-registered licensee: the Supreme Court judgment of 11 July 2000 ([ECLI:ES:TS:2000:5712](#)), the Supreme Court decision of 8 February 2017 ([ECLI:ES:TS:2017:735A](#)), or the Madrid Court of Appeal judgment of 18 July 2014 ([ECLI:ES:APM:2014:11772](#)).

- With regard to preclusion of arguments and *res judicata*: the Supreme Court judgment of 30 December 2010 ([ECLI:ES:TS:2010:7566](#)) or the Supreme Court judgment of 26 June 2006 ([ECLI:ES:TS:2006:4005](#)).

- And, with regard to the defendant being ordered to pay costs in the event that the claim is not upheld "fully" but "substantially": the Supreme Court judgment of 14 March 2003 ([ECLI:ES:TS:2003:1736](#)) or the Supreme Court judgment of 9 July 2007 ([ECLI:ES:TS:2007:5668](#)).

María CADARSO

09 · Amendment of a European patent during the course of invalidity proceedings. Judgment of the Supreme Court of 9 February 2023 (ECLI:ES:TS:2023:1133).

01 · Background

The judgment relates to an action for invalidity of a pharmaceutical patent concerning an “inhalation capsule” brought in Barcelona by Liconsa S.A. (“Liconsa”) against Boehringer Ingelheim Pharma GmbH & Co. KG (“Boehringer”) before the Barcelona Mercantile Court specialised in patent matters.

The action claimed that Boehringer’s patent EP 1.379.220, validated in Spain under number ES 2.236.590 (“ES 590”), was invalid due to lack of novelty and inventive step.

Boehringer responded to the complaint, limiting the patent by submitting a new set of claims before the Court and making a counterclaim seeking a declaration that the patent *“as limited in these proceedings, meets the requirements of novelty and inventive step”*. Liconsa contested the counterclaim.

Before the preliminary hearing, Boehringer requested the correction of what it described as typographical errors in limited claims 1, 2, 3 and 10. The Court rejected this request, holding that it was not possible *“to amend the wording of the claims as limited, once the limitation request had been filed”* and that *“the introduction of those supposed corrections would completely change the scope of protection of the claims”*.

The Mercantile Court substantially upheld the action brought by Liconsa against Boehringer, declaring that the contested patent, *“is devoid of effect with respect to the originally granted claims, having been limited by the proprietor”*. It also dismissed Boehringer’s counterclaim, declaring that the ten claims of the patent, *as limited*, are null and void and inadmissible on grounds of added subject matter.

During the appeal filed against the first instance judgment, Boehringer submitted that it had exercised the right to limit the patent at the Spanish Patent and Trademark Office (“SPTO”) and that the SPTO had published the new set of claims. Boehringer argued that, following publication of the new claims, the former specification had ceased to have effect *ex tunc* and, therefore, pursuant to [Article 22](#) of Spain’s Civil Procedure Act, the proceedings should be discontinued *on grounds that they had become moot due to supervening circumstances*.

The Court of Appeal, by means of an order, in addition to rejecting the motion to discontinue, declared that the new text of the patent 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 sought the requisite authorisation of the court hearing the case, as required under [Article 105.4](#) of the current Patent Act.

The content of the Court of Appeal’s judgment is varied: (i) on the one hand, it amends the decision of the Mercantile Court with regard to the corrections made by Boehringer before the preliminary hearing and holds that they should be admitted, in some cases because they are simply corrections of typographical errors that facilitate the understanding of the scope of protection of the patent, and in other cases because, while they constitute an amendment affecting the scope of protection of the patent with respect to the initial text of the limited claims, they were made in time for the other party to mount its defence; (ii) on the other hand,

it confirms that the *original patent is not invalid, but rather devoid of effect*, as its claims have been limited, which is equivalent to a *surrender* of the original patent, and the defendant has not *acquiesced* to the complaint; (iii) on the merits, the Court of Appeal dismisses the appeal filed, finding that the limitation filed in first instance entailed the addition of new subject matter and that the patent was in any case devoid of inventive step; and (iv) as regards the limitation filed before the SPTO in second instance, the judgment further finds that the order to be sent to the SPTO for the cancellation of the registration of the patent, which the judgment rules must be issued, shall also order the cancellation of the amendment of the patent carried out at the SPTO during the course of the appeal proceedings.

02 · Findings

The Supreme Court first analyses the appellant's claim of a breach of procedure by the Court of Appeal's judgment, in ordering the SPTO to cancel the registration of the administrative limitation of the patent, which entails a judicial review of a final administrative act, which is reserved for the courts of the contentious-administrative jurisdiction.

The Supreme Court rejects this ground of appeal. In this regard, the judgment begins by looking at the context in which the decision for which the Court of Appeal is considered not to have jurisdiction was made. The Court of Appeal's decision at issue was made in the context of legal proceedings in which the invalidity of a Spanish patent (validation of a European patent) had been sought and in the course of which the patent holder had requested, by means of a counterclaim, the judicial limitation of the patent (limitation of the patent in court proceedings).

At that time, the Patent Act currently in force ([Act 24/2015](#), of 24 July 2015) had not yet been passed and the request was made under Art. 138.3 EPC, which the courts of first instance considered to be directly applicable. Pursuant to Art. 138.3 EPC, in court proceedings concerning the validity of the European patent, the proprietor of the patent shall have the right to limit the patent by amending the claims, in which case, the patent as thus limited shall form the basis for the proceedings.

Once the court of first instance had rejected the validity of the judicial limitation of the patent and had upheld the claim for invalidity of the patent, Boehringer availed itself of the possibility provided under the current Patent Act, in [Art. 105](#), to request the limitation of the patent at the SPTO. Having obtained the publication of the limitation, Boehringer submitted it in the legal proceedings, which were at the appeal stage due to the appeal lodged by the patent holder, in order to petition discontinuation on grounds that the proceedings were moot due to supervening circumstances.

The Court of Appeal, which was the court that at that time had jurisdiction to rule on the matter, rejected the motion for discontinuation, finding that the limitation of the patent applied for at the SPTO was null and void, since the requisite authorisation of the court had not been sought, pursuant to [Art. 105.4](#) of the Patent Act.

The fact that the SPTO's decision to grant the application for limitation of the patent through publication was not the subject of a contentious-administrative appeal does not prevent the civil court hearing the patent invalidity action (before which authorisation should have been requested for that application for limitation but was not) from finding the limitation to be invalid in denying the intended effect of discontinuation of the proceedings. Nor does it prevent the court, when continuing and confirming the invalidity of the patent, in order for

the invalidity to have effect, from ordering the cancellation of the patent, including the subsequent publication of the text amended before the SPTO. In this regard, the decision of the Court of Appeal falls within its jurisdiction to hear a patent invalidity case and, since it concerns a registered right, rule on its effective cancellation on the register.

The Supreme Court then analyses the second ground of appeal of breach of procedure, which alleges violation of the right to effective judicial protection under [Art. 24](#) of the Spanish Constitution, because the judgment under appeal orders *“the cancellation of the administrative limitation without it having previously been the subject of legal proceedings and a decision on the merits”*, causing the appellant, the patent holder, to be deprived of the right to a defence. The ground is rejected.

It is in accordance with the *erga omnes* effects of the declaration of invalidity of a patent that, as now stipulated in [Art. 104.5](#) of the Patent Act, the SPTO is notified of the judgment declaring invalidity *“so that it can proceed to cancel its registration or amend the registered title”*. Unlike the patent invalidity action brought in legal proceedings, in the course of which the patent holder had used the counterclaim procedure to seek the judicial limitation of the patent, the effect of the subsequent limitation requested before the SPTO was dependent upon on the prior authorisation of the court hearing the patent invalidity action. Since the Court of Appeal did not recognise the validity of that limitation before the SPTO, because the requisite authorisation had not been sought, and it expressly denied any effect on the invalidity action against the patent, the acceptance of this invalidity action entails, in order for it to have effect, the cancellation of the patent registration and of that subsequent amendment accepted by the SPTO.

This decision does not deprive the patent holder of the right to a defence, because it is a consequent effect of the acceptance of the invalidity claim against the patent and, moreover, it presupposes that a response is given to the patent holder's claim in the proceedings on the effectiveness of the limitation of the patent, which is expressly rejected.

Finally, the Supreme Court's judgment analyses the ground of appeal relating to a breach of law, in the appeal judgment's finding that Boehringer required authorisation from the Barcelona Court of Appeal to limit the patent before the SPTO and that, since that authorisation was not sought, the administrative limitation cannot be recognised and must be affected by the declaration of invalidity of the patent.

The ground is rejected. The patent holder, after the entry into force of the current Patent Act, availed itself of the right recognised under [Art. 105](#) of the Act to file a request for limitation of its patent at the SPTO. Prior to the entry into force of this Act, that possibility did not exist. When this request was filed, legal proceedings were pending in which Liconsá had sought the invalidity of the patent and Boehringer had requested the judicial limitation of the patent by means of a counterclaim.

Once the Mercantile Court decided to uphold the patent invalidity claim and, rejecting the counterclaim, declare the ten claims of the patent, as limited, null and void and inadmissible on grounds of added subject matter, the patent holder appealed this decision and, later, after securing the limitation at the SPTO as provided for in [Art. 105](#) of the current Patent Act, it submitted it to the Court of Appeal with the motion that the proceedings be discontinued on grounds that they had become moot due to supervening circumstances. Paragraph 4 of Article 105 of the Patent Act stipulates that *“where there are pending legal proceedings on the validity of the patent, without prejudice to the provisions of Article 120, the request for limitation made to the Spanish Patent and Trademark Office will have to be authorised by the judge*

or court hearing the proceedings". The rationale of this rule is that the court's ruling on the invalidity of the patent cannot stand in contradiction to the possible limitation of the patent requested before the SPTO and accepted by the SPTO.

It is understood that, once the patent invalidity proceedings are under way, any amendment of the patent, insofar as it affects the subject matter of the ruling, must be accepted by the court itself ([Art. 120.3](#) of the Patent Act) or, with the court's authorisation, may be accepted by the SPTO ([Art. 105.4](#) of the Patent Act). There is yet another possibility, provided for in paragraph 4 of Art. 120, that "*due to supervening circumstances the patent is amended outside the proceedings*", in which case the patent owner may request that the patent thus amended serve as the basis for the proceedings, which in any case must be agreed by the court hearing the invalidity action.

In this context, and in light of the rationale behind the rule, use of the right provided for in [Art. 105](#) of the Patent Act to request the limitation of the patent before the SPTO is subject to the entire regime provided for in the article, including paragraph 4, which prescribes the necessary authorisation of the court hearing the patent invalidity proceedings at that time.

Art. 105 of the Patent Act is contained within Chapter X on invalidity, revocation and lapse of the patent, which pursuant to [Transitional Provision Two](#) of the current Patent Act, applies to patents granted under the regime of the 1986 Act, and the exercise of this right to limit the patent before the SPTO, with all its stipulations, is not affected by the provisions of [Transitional Provision Six](#), which refer directly to the fact that legal actions already commenced prior to the entry into force of the new Act shall follow the same procedure as that under which they were instituted.

According to the Supreme Court, the requirement of judicial authorisation is tied to and inseparable from this request for limitation of the patent while legal proceedings on the validity of that patent are pending, and it is irrelevant for these purposes that the invalidity proceedings had been initiated prior to the entry into force of the Act.

The appeal also questions who should have requested the authorisation. According to the literal wording of paragraph 4 of [Art. 105](#) of the Patent Act, what must be authorised by the court is the request for limitation made at the SPTO. The party entitled to seek the limitation of the patent, the patent holder, is the one who must request, in the legal proceedings in which its validity is contested, the authorisation of the court to request the limitation at the SPTO. Thus, in those cases in which legal proceedings on the validity of the patent are pending, the application filed with the SPTO should be accompanied by the requisite court authorisation.

The absence of this authorisation renders ineffective any possible decision by the SPTO to accept the limitation. And, in a case such as the present case, in which the court hearing the proceedings on the validity of the patent is aware of the publication of a limitation of the patent accepted by the SPTO without that court having authorised it, in addition to not taking that limitation of the patent into account in its ruling on the invalidity of the patent, it confirms the invalidity, by ordering the cancellation of the registration of the patent with respect to that limitation of the patent, which is devoid of effect.

03 · Remarks

The Supreme Court's judgment addresses for the first time the thorny issue of the limitation of a patent in the context of civil invalidity proceedings. The case arises, moreover, at a time of

regulatory uncertainty, when the legislative vacuum in Spain at the beginning of the proceedings made it necessary to invoke the direct application of Article 138 [EPC](#) and when later, during the course of the proceedings, the new [Patent Act](#) was enacted to fill that void. And the new legal regime was not without uncertainties.

It should be noted that the limitation of the patent by its proprietor occurred in this case on three different occasions: with the counterstatement and counterclaim (submitting the new set of claims to the Court), before the intermediate step of the preliminary hearing in first instance (submitting to the Court corrections to the previous text) and after judgment was delivered and on appeal (informing the Court of Appeal that a new set of claims had been filed at the SPTO and that the SPTO had published the same). One small detail cannot be overlooked in this strategy: in relation to the last limitation filed before the SPTO and not before the Court of Appeal, what was requested from the Court was not the “authorisation” for that limitation, but the discontinuation of the proceedings on grounds that they had become moot due to supervening circumstances.

Aside from matters of cassation practice and procedure, which are so crucial when it comes to determining the scope of the Supreme Court’s rulings, this judgment is of general interest in relation to a specific aspect of the issue of procedural handling of patent limitations. From now on it is clear that when the validity of a patent is contested before a court, any limitation must “go through” the court hearing the proceedings.

It also appears to have been clarified, by the findings of the Court of Appeal, that the effect of the limitation of a patent in the context of legal proceedings is that the original patent is without effect, not invalid, unless the patent holder acquiesces to the claim.

What remains in somewhat of a *procedural limbo*, however, is the question of determining to what extent it is possible to file successive limitations of a patent in the context of legal proceedings, with the debate and subject matter of the proceedings being reopened with each filing. In other words, if the patent holder, upon filing before the Court of Appeal the new set of claims filed at the SPTO, had sought the “authorisation” of the Court instead of the discontinuation of the proceedings, would the Court have admitted the limitation and opened a new debate with the resulting *mutatio libelli* or change of subject matter in the appeal?

Enrique ARMIJO

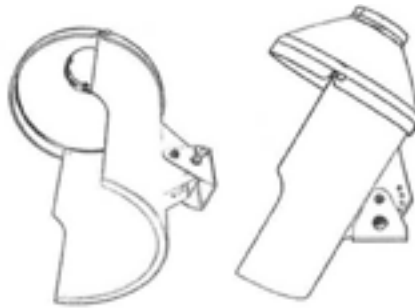


Designs

10 · Features of appearance of an industrial design dictated solely by its technical function. Judgment of the Court of Justice of 2 March 2023, Papierfabrik Doetinchem (C-684/21).

01 · Background

The company Papierfabrik Doetinchem BV, holder of Community design registration number 001344022-0006, relating to a packing device, brought an action before the German courts against the company Sprick GmbH Bielefelder Papier- und Wellpappenwerk & Co. ('Sprick'), which manufactured a competing product, for infringement of its registration.



By way of counterclaim, Sprick sought the cancellation of the registered design, arguing that all its features were dictated solely by the technical function of the product. The *Oberlandesgericht Düsseldorf* (Regional Court, Düsseldorf) submitted a request to the Court of Justice for a preliminary ruling, seeking guidance on the interpretation of Article 8(1) of [Regulation n.º 6/2002](#), according to which a Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function.

02 · Findings

The first of the questions referred by the *Oberlandesgericht Düsseldorf* to the Court of Justice concerned the significance, when ruling on the case, of the fact that the holder of the design also had a large number of alternative registered designs. In this regard, the Court of Justice reviews its previous rulings on the bar to registration laid down in Article 8(1) of [Regulation n.º 6/2002](#). According to that case law, account must be taken of all the objective circumstances relevant to the particular case, inter alia those dictating the choice of the features under examination and the existence of alternative designs which fulfil the same technical function.

However, with regard to this last circumstance, the judgment recalls that, as it has pointed out in previous decisions, it is not in itself decisive for concluding that Article 8(1) of the Regulation is not applicable. Similarly, the Court states that the fact that the proprietor of the design also holds a large number of alternative design registrations is irrelevant for the purposes of the application of the provision.

The second question referred to the Court of Justice sought to determine whether, when examining whether the features of appearance of the product in question are solely dictated

by its technical function, account must be taken of the fact that the design allows for the use of several colours, where that circumstance is not reflected in the registration itself.

The Court of Justice notes in this regard that the representation of the registered design must enable it to be clearly identified in order to determine the precise subject matter protected. Therefore, it states that, if the multicolour appearance referred to in the question raised does not form part of the registered design, it would not suffice as such to preclude the application of the exclusion from protection provided for in Article 8(1) of [Regulation n.º 6/2002](#).

03 · Remarks

This judgment provides additional elements for interpretation of the provision laid down in Article 8(1) of Regulation No. 6/2002. Indeed, the issue of exclusion from protection of features of a design solely dictated by the technical function of the product has given rise to several rulings, in particular as regards the possible existence of other alternative forms of design fulfilling that function.

In essence, in this judgment, the Court of Justice follows the same lines with respect to its earlier case law, and in particular its judgment of 8 March 2018, *DOCERAM*, [C-395/16](#). In this regard, the answer to the first question raised in this case is simply the logical consequence of the findings of that earlier judgment.

With regard to the answer given to the second question raised, it is entirely consistent with the principle of legal certainty, which is one of the foundations of the registration system for protection of industrial property rights. The existence of a public register through which market operators can determine with certainty the prior rights of third parties is an essential element of this system.

Carlos MORÁN

11

· Visibility of a component part of a complex product during normal use of that product by the end user. Judgment of the Court of Justice of 16 February 2023, *Monz* (C-472/21).

01 · Background

The German company Monz Handelsgesellschaft International mbH & Co. KG (hereinafter, 'Monz') filed an application for a national design at the German Patent and Trademark Office ('GPTO') for 'saddles for bicycles or motorcycles', which was registered on 3 November 2011 with the following representation showing the underside of the saddle:



Büchel GmbH & Co. Fahrzeugtechnik KG (hereinafter, 'Büchel') filed an application for a declaration of invalidity against said design with the GPTO on 27 July 2016, arguing that said design applied to a saddle, which is a component part of a complex product such as a bicycle or a motorcycle, is not visible during normal use of the product. In doing so, it relied on the provisions of the German Design Act implementing Article 3(3) and (4) of [Directive 98/71/CE](#).

On 10 August 2018, the GPTO dismissed the application for a declaration of invalidity finding that, although the saddle is a component part of a complex product, that component part remains visible during normal use of the complex product. The GPTO considered that normal use also covered the disassembly and reassembly of the saddle for purposes other than maintenance, servicing or repair.

Büchel appealed to Germany's Federal Patent Court, which declared the design invalid on 27 February 2020 on the grounds that it did not meet the requirements of novelty and individual character. The Court only considered the actions of riding a bicycle and getting on and off a bicycle to be 'normal use', and, in its view, during this type of use, the underside of the saddle is not visible either to the end user or to a third party.

Monz lodged an appeal on a point of law with Germany's Federal Court of Justice, which considered that the wording of Article 3(3) and (4) of [Directive 98/71/EC](#) was open to interpretation and therefore stayed the proceedings and referred the following questions to the CJ for a preliminary ruling:

1. *Is a component part incorporating a design a 'visible' component within the meaning of Article 3(3) of Directive 98/71 if it is objectively possible to recognise the design when the component is mounted, or should visibility be assessed under certain conditions of use or*

from a certain perspective of the observer?

2. *If the answer to the first question referred for a preliminary ruling is that visibility should be assessed under certain conditions of use or from a certain perspective of the observer:*

(a) In order to assess the 'normal use' of a complex product by the end user within the meaning of Article 3(3) and (4) of Directive 98/71, is it the use intended by the manufacturer of the component part or complex product that is relevant, or the customary use of the complex product by the end user?

(b) What are the criteria for assessing whether the use of a complex product by the end user is 'normal' within the meaning of Article 3(3) and (4) of Directive 98/71?

02 · Findings

The judgment examines the two questions together and states that Article 3(3) of [Directive 98/71](#) does not require that a component part which is incorporated in a complex product must remain fully visible at all times during the use of the complex product. The visibility of a component part incorporated in a complex product cannot be assessed solely from the perspective of the end user of that product. The visibility of the component part to an external observer must also be taken into consideration.

The judgment also indicates that 'normal use' within the meaning of Article 3(3) and (4) of Directive 98/71 cannot be based solely on the intention of the manufacturer of the component part or complex product.

It also points out that the fact that Article 3(4) of Directive 98/71 does not specify the type of use of the complex product and refers generally to the use of that product by the end user supports a broad interpretation of the concept of 'normal use'.

The judgment therefore concludes that Article 3(3) and (4) of [Directive 98/71](#) must be interpreted as meaning that the requirement of 'visibility' in order for a design applied to or incorporated in a product which constitutes a component part of a complex product to be eligible to benefit from the legal protection of designs, must be assessed in the light of a situation of normal use of that complex product, so that the component part in question, once it has been incorporated into that product, remains visible during such use. Moreover, the visibility of the component part of a complex product during its 'normal use' by the end user must be assessed from the perspective of that user and that of an external observer. That normal use must cover the acts performed during the principal use of the complex product and those that must be carried out habitually by the end user in connection with such use, with the exception of maintenance, servicing or repair.

03 · Remarks

The judgment broadens the scope of protection for component parts of complex products, even if they are not visible at first sight, as it interprets more broadly the concepts of 'visibility' and 'normal use' in Article 3(3) and (4) of [Directive 98/71](#).

It is important that 'normal use' is not only interpreted from the standpoint of the intention of the manufacturer of the component part or complex product, and that its interpretation

extends to other customary acts performed by the end user.

However, it should be borne in mind that although the ruling favours broadening protection for component parts of complex products, it relates to a specific component part (the saddle) of a specific complex product (a bicycle or a motorcycle). Therefore, each complex product and its component parts with their possible uses should be analysed on a case-by-case basis.

Pedro SATURIO



Anti-Counterfeiting

12

Legality and proportionality of criminal penalties for trademark infringement. Judgment of the Court of Justice of 19 October 2023, G.ST.T. (C-655/21).

01 · Background

Officials from the Bulgarian Interior Ministry carried out an inspection in 2016 at commercial premises leased by G. ST. T., a company engaged in the sale of clothing, in the municipality of Nesebar (Bulgaria) and seized goods that were offered for sale there. The expert opinion ordered by the court indicated that the signs affixed to those goods were similar to registered trademarks and estimated the total value of the goods at 1,404,590 BGN (approximately 718,000 EUR) “as originals” and 80,201 BGN (approximately 41,000 EUR) “as imitations”.

The Burgas District Public Prosecutor’s Office, Territorial Unit of Nesebar (Bulgaria), considered that the company had thus made use in the course of trade, without the consent of the holders of the exclusive rights, of trademarks covered by those exclusive rights and that said activity had caused “significant harmful effects”. The party concerned was therefore brought before the District Court of Nesebar (Bulgaria), the court that referred four questions for a preliminary ruling, for the offence of aggravated trademark infringement, as provided for in Article 172b(2) of the Bulgarian Criminal Code. That article provides that “1. A person who, without the consent of the holder of the exclusive right, uses in the course of trade a trademark ... shall be punished by a term of imprisonment of up to five years and a fine of up to 5,000 Bulgarian lev (BGN). 2. If the act referred to in paragraph 1 is repeated or causes significant harmful effects, it shall be punished by a term of imprisonment of five to eight years and a fine of 5,000 to 8,000 BGN. 3. The object of the criminal offence shall be confiscated and destroyed, irrespective of whose property it is”. Moreover, both the old and the new Bulgarian Law on Trademarks and Geographical Indications (ZMGO) provide for trademark infringements and the applicable administrative penalties.

02 · Findings

The first two questions referred for a preliminary ruling by the District Court of Nesebar (Bulgaria) concern whether the legislation and case law in accordance with which the harm suffered by the rightholder forms part of the constituent elements of the offences referred to in Article 172b(1) and (2) of the Criminal Code are consistent with the standards introduced by [Directive 2004/48](#) and, if so, whether the automatic presumption introduced by case law in the Republic of Bulgaria for determining the harm (in the amount of the value of the goods offered for sale, calculated on the basis of the retail prices of lawfully manufactured goods) is consistent with the standards of Directive 2004/48.

Both questions are rejected by the Court of Justice in the judgment on the understanding that “[Directive 2004/48](#) does not govern criminal procedures and penalties in respect of infringement of intellectual property rights, whilst at the same time granting Member States the option of legislating pursuant to national or international law in order to provide for penalties, in particular of a criminal nature, which they consider appropriate in respect of infringement of those rights”; adding that “as Directive 2004/48 does not apply to national rules relating to criminal procedures and criminal penalties where intellectual property rights have been infringed, the interpretation of that directive sought by the referring court by its first and second questions is not necessary for the resolution of the dispute in the main proceedings, which is a purely criminal procedure”, and recalling that the preliminary ruling

procedure is an instrument of cooperation between the Court of Justice and the national courts by means of which the former provides the latter with the elements of interpretation of EU law which they need in order to rule on the disputes before them, and these questions that have been raised are not necessary to enable the referring court to deliver its judgment in the dispute in which they have arisen.

With regard to the third question referred for a preliminary ruling as to whether legislation which does not distinguish between an administrative offence and the criminal offence defined in Article 172b(1) and (2) of the Criminal Code is compatible with the principle of legality of criminal offences, as enshrined in Article 49 of the [Charter of Fundamental Rights of the European Union](#), the Court of Justice answers that Article 49(1) of the Charter must be interpreted as meaning that the principle of legality of criminal offences and penalties does not preclude national legislation which provides, where a trademark is used in the course of trade without the consent of the holder of the exclusive right, that the same conduct may be categorised both as an administrative offence and as a criminal offence, without said legislation including criteria that allows a distinction to be drawn between administrative offences and criminal offences, the offences being described in similar, or even identical, terms in the criminal law and the law on trademarks. Therefore, the Member States may impose, for the same acts, a combination of administrative and criminal penalties, and the principle of legality of criminal offences does not give rise to a requirement that the national legislation contain criteria allowing a distinction to be drawn between the administrative offence and the criminal offence.

In ruling on the last question referred for a preliminary ruling (the fourth question) as to whether the custodial sentence of five to eight years and fine of 5,000 to 8,000 BGN provided for in Article 172b(2) of the Criminal Code are consistent with the principle of proportionality between the penalty and the offence, as established in Article 49(3) of the [Charter](#), it is recalled *“that, while leaving the choice and detailed rules of the criminal procedures and the applicable penalties to the discretion of the members of the WTO, Article 61 of the TRIPS Agreement requires those members to impose criminal sanctions on at least some infringements of intellectual property rights” and that “in the absence of internal EU legislation in the field of the sanctions applicable, the Member States have the power to determine the nature and level of those penalties, subject, inter alia, to the principle of proportionality”*. In order to assess the proportionality of penalties, account must also be taken of the possibility available to national courts to amend the categorisation as set out in the bill of indictment, which may lead to the application of a less severe penalty, and of the possibility to vary the penalty depending on the seriousness of the offence that has been proven to have been committed. Providing for a custodial sentence of a minimum of five years for all cases of unauthorised use of a trademark in the course of trade makes it extremely difficult for the competent authorities to set, having regard to all the relevant factors, a penalty with a degree of severity that does not exceed the seriousness of the offence that has been established. It is therefore concluded that *“Article 49(3) of the Charter must be interpreted as precluding a national legal provision that provides for a custodial sentence of a minimum of five years where a trademark is used, repeatedly or with significant harmful effects, in the course of trade without the consent of the holder of the exclusive right”*.

03 · Remarks

The judgment analysed here once again highlights the obligation arising from [Article 61](#) of the TRIPS Agreement to provide for criminal procedures which, at least in cases of wilful trademark infringement or copyright piracy on a commercial scale, can lead to effective, dissuasive and proportionate sanctions, which is binding on each of the members of the WTO, including the

EU and its Member States, and forms part of EU law.

The fact that a country imposes criminal and administrative penalties for the same acts, such as the use of a trademark in the course of trade without the consent of the owner of the exclusive right, does not breach the principle of legality of criminal offences and penalties as set out in Article 49(2) of the [Charter of Fundamental Rights of the European Union](#). Nor does the fact that the national legislation does not contain criteria allowing a distinction to be drawn between administrative offences and criminal offences. It follows that the existence of administrative/civil trademark infringements does not constitute an obstacle to or limit the existence of criminal offences.

Unlike the Bulgarian case, in Spain it could not be considered that the competent authorities are not able to moderate the penalty, in a specific case, to one which is proportionate to the seriousness of the offence committed. [Article 274](#) of the Spanish Criminal Code, as drafted in Organic Act 1/2015, provides for a graduation of penalties depending on the seriousness of each offence, ranging from 6 months to 4 years imprisonment and a fine, allowing for the substitution of imprisonment for a fine of 6 months or community service of 31 to 60 days in certain circumstances of street selling or occasional sale of counterfeit goods. Moreover, [Article 276](#) of the Criminal Code provides for aggravating circumstances punishable by imprisonment of 2 to 6 years and a fine of 18 to 36 months and special disqualification of 2 to 5 years from exercising the profession related to the crime committed. Therefore, there is broad scope for our judges to impose the penalties provided for in proportion to each punishable act.

Juan José CASELLES



Plant Varieties

13 . Minimum compensation and punitive damages in action for infringement of Community plant variety rights. Judgment of the Court of Justice of 16 March 2023, *Saatgut-Treuhandverwaltungs (C-522/21)*.

01 · Background

The judgment concerns a question referred for a preliminary ruling by a German court in the context of a dispute between MS and Saatgut-Treuhandverwaltungs GmbH ("STV"), regarding the calculation of the amount of compensation for the damage suffered by the latter as a result of the unlawful planting by MS of the winter barley variety 'KWS Meridian'.

STV is an association of holders of protected plant variety rights which has been entrusted by its members with defending their rights and, in particular, asserting rights to information and claims for payment in its own name.

MS is a farmer who planted, during the four marketing years from 2012/2013 to 2015/2016, the winter barley variety 'KWS Meridian', protected under [Regulation n.º 2100/94](#).

MS paid, for the marketing years 2013/2014 to 2015/2016, amounts corresponding to the fee charged for licensed use of seeds of the winter barley variety 'KWS Meridian', calculated in the same way as that for the marketing year 2015/2016, that amount corresponding to reasonable compensation within the meaning of Article 94(1) of Regulation No. 2100/94.

STV sought, for the three marketing years in question, payment of additional damages amounting to quadruple the said fee, as compensation under Article 94(2) of Regulation No 2100/94, read in conjunction with Article 18(2) of [Regulation n.º 1768/95](#) (hereinafter "the provision at issue"), deducting from that amount the amount of the fee already paid by MS for those three marketing years.

MS disputed STV's entitlement to that payment. In this regard, he argued, in essence, that the damage caused to STV had been made good by the payment of reasonable compensation within the meaning of Article 94(1) of Regulation No 2100/94, rather than payment of the planting fee, determined in accordance with Article 5(5) of Regulation No 1768/95. He also maintained that the imposition of general and additional punitive damages was not compatible with the case law of the Court of Justice.

02 · Findings

By its sole question, the referring court asks, in essence, whether the provision at issue is valid in the light of the first sentence of Article 94(2) of [Regulation n.º 2100/94](#), insofar as it provides, in the case of repeated and intentional infringement of the obligation to pay the equitable remuneration due under the fourth indent of Article 14(3) of that regulation, for compensation for the damage suffered by the holder, at least equivalent to a lump sum calculated on the basis of quadruple the average amount charged for the licensed production of a corresponding amount of propagating material of protected varieties of the plant species concerned in the same area.

The CJ begins by recalling the special legal framework for Community plant varieties, namely: (i) Production or reproduction (multiplication) of variety constituents or harvested material of

the variety requires the authorisation of the holder; (ii) however, for the purposes of safeguarding agricultural production, by way of derogation from the obligation to obtain the holder's authorisation, farmers may use, for propagation purposes in the field of their own holding, the product of the harvest they have obtained from having planted, on their own holding, propagating material of a protected variety included in the list of agricultural plant species, provided that certain conditions are met; (iii) these conditions include the payment to the holder of equitable remuneration in respect of that use (hereinafter, "equitable remuneration by way of derogation"), which must be sensibly lower than the amount of the fee for licensed production; (iv) a farmer who fails to pay to the holder the remuneration referred to in this Article cannot rely on the aforementioned derogation and the holder may bring an action against such a farmer for an injunction in respect of the infringement or for reasonable compensation to be paid; (v) in the case of intentional or negligent infringements, the farmer is also obliged to pay compensation to make good the damage suffered by the holder, in accordance with Article 94(2) of the same Regulation.

It is clear from the case law of the Court of Justice that Article 94 of [Regulation n.º 2100/94](#) establishes an entitlement to compensation for the holder of a Community plant variety right which is not only full, but also rests on an objective basis, that is, it covers only the damage sustained as a result of an infringement of that variety, although that article cannot serve as a basis for imposing a flat-rate infringement supplement.

Therefore, Article 94 of Regulation No 2100/94 cannot be interpreted as meaning that it can provide a legal basis, to the benefit of the rightholder, for the infringer to be required to pay punitive damages, established on a flat-rate basis.

Rather, the extent of the compensation due under Article 94 must reflect, as accurately as possible, the actual and certain damage suffered by the holder as a result of the infringement.

On the other hand, Article 94(2) of Regulation No. 2100/94 concerns the "*further damage*" for which the infringer is obliged to compensate the holder where the infringer has acted '*intentionally or negligently*'. In this case, it is up to the holder of the infringed variety to provide evidence that his or her damage goes beyond the elements covered by the reasonable compensation provided for in paragraph 1 of this article.

In this regard, the amount of the licence fee cannot in itself serve as the basis for determining that damage. Indeed, such a fee enables the reasonable compensation provided for in Article 94(1) of [Regulation n.º 2100/94](#) to be calculated and does not necessarily have any connection with the damage which has yet to be compensated.

In any event, it is for the court hearing the case to assess the extent to which the damage alleged by the holder of the infringed variety can be precisely established or whether it is necessary to set a lump sum amount which reflects the actual damage as accurately as possible.

On the basis of these premises, the CJ then examines the validity of the provision at issue, setting out the following considerations:

Firstly, the judgment notes that, although the provision at issue sets a minimum lump sum calculated by reference to the average amount of the licence fee, the amount of that fee cannot *per se* serve as the basis for determining the damage under that provision.

Secondly, the establishment of a minimum lump sum as compensation for the damage suffered by the holder means that that holder is not required to prove the extent of the damage suffered,

but merely the existence of repeated and intentional infringement of his or her rights. The CJ points out that the compensation must reflect, as accurately as possible, the actual and certain damage suffered by that holder, who must provide evidence establishing that the damage referred to in Article 94(2) goes beyond the elements covered by the reasonable compensation provided for in Article 94(1).

The establishment of a minimum lump sum by way of compensation also means that there is a non-rebuttable presumption as to the minimum extent of that damage and limits the court's discretion, as the court can only increase the minimum lump sum established by the provision at issue, but not reduce it, even if the actual damage can easily be determined and is lower than that minimum lump sum.

Finally, the compensation provided for in Article 94(2) of [Regulation n.° 2100/94](#) may be set as a lump sum only on the basis of an assessment by the court hearing the case. Therefore, by establishing a minimum lump sum to compensate for the damage suffered by the holder, the provision at issue also limits the discretion of the court in that regard.

Thirdly, although the extent of the compensation due under Article 94 of Regulation No 2100/94 must reflect, as accurately as possible, the actual and certain damage suffered by the holder without amounting to punitive damages, the provision at issue, by establishing the amount of compensation for such damage at a minimum lump sum calculated on the basis of quadruple the average amount of the licence fee, can lead to punitive damages being awarded.

It follows from the foregoing considerations that the provision at issue is invalid in the light of the first sentence of Article 94(2) of Regulation No. 2100/94.

The CJ concludes by declaring that Article 18(2) of [Regulation n.° 1768/95](#), insofar as it provides, in the case of repeated and intentional infringement of the obligation to pay the equitable remuneration by way of derogation due under the fourth indent of Article 14(3) of Regulation No 2100/94, for compensation for the damage suffered by the holder at least equivalent to a lump sum calculated on the basis of quadruple the average amount charged for the licensed production of a corresponding quantity of propagating material of protected varieties of the plant species concerned in the same area, is invalid.

03 · Remarks

This ruling, taken out of context, may cause some turbulence regarding compensation for damages in patent and trademark matters. The CJ sets out certain considerations on the burden of proof of damage, compensation based on fees or royalties, establishment of minimum compensation or punitive damages that may contrast with the current reality of compensation claims in those other areas.

The explanation seems clear: plant varieties are subject to a special and very much atypical legal regime due to the need to safeguard agricultural production. Thus, in that context, any compensation that, without just cause, goes beyond the limits of the actual damage suffered, may not be admissible, to the point of rendering invalid the provision of Community regulations governing the same.

Alessandro PELLICIONI

Acronyms

CJ	Court of Justice of the European Union
EUIPO	European Union Intellectual Property Office
EUTM	European Union Trade Mark
GPTO	German Patent and Trademark Office
SPC	Supplementary Protection Certificate
SPTO	Spanish Patent and Trademark Office
TRIPS Agreement	The Agreement on Trade-Related Aspects of Intellectual Property Rights
WTO	World Trade Organization





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