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IP Seminar

Catching up with recent case law

16 May 2017

Belgium | China | France | Germany | Italy | Netherlands | UK | US (Silicon Valley) | fieldfisher.com

Gautzsch case

CJEU, 13 Feb 2014, C-479/12

Vz. Kh. Brussel, 20 April 2016

16 May 2017

Facts

- MBM is a German company which markets a gazebo:



- MBM claims to have an (unregistered) Community design right in the gazebo
- Gautzsch markets a similar gazebo
- MBM starts design infringement proceedings before German court
- Gautzsch claims that MBM's (unregistered) design right is invalid

Community Design Regulation - Article 5 - Novelty

" 1. A design shall be considered to be new if no identical design has been made available to the public:

(a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public;

(b) in the case of a registered Community design, before the date of filing of the application for registration of the design for which protection is claimed.

2. Designs shall be deemed to be identical if their features differ only in immaterial details."

Community Design Regulation - Article 6 - Individual character

" 1. A design shall be considered to have individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public:

(a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public;

(b) in the case of a registered Community design, before the date of filing the application for registration."

Community Design Regulation - Article 7 - Disclosure

"1. For the purpose of applying Articles 5 and 6, a design shall be deemed to have been made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community."

Novelty in Intellectual Property

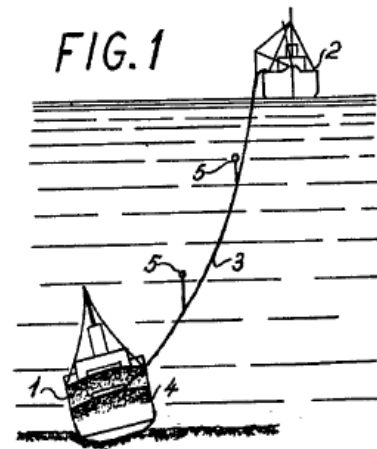
- Basic rule for any IP regime: no right if subject matter is not new
- But the novelty requirement is very different:
 - Absolute (patent law)
 - Depends on knowledge of the creator (copyright law)
 - Depends on knowledge of the relevant public (design right law)

Patent law - Absolute Novelty

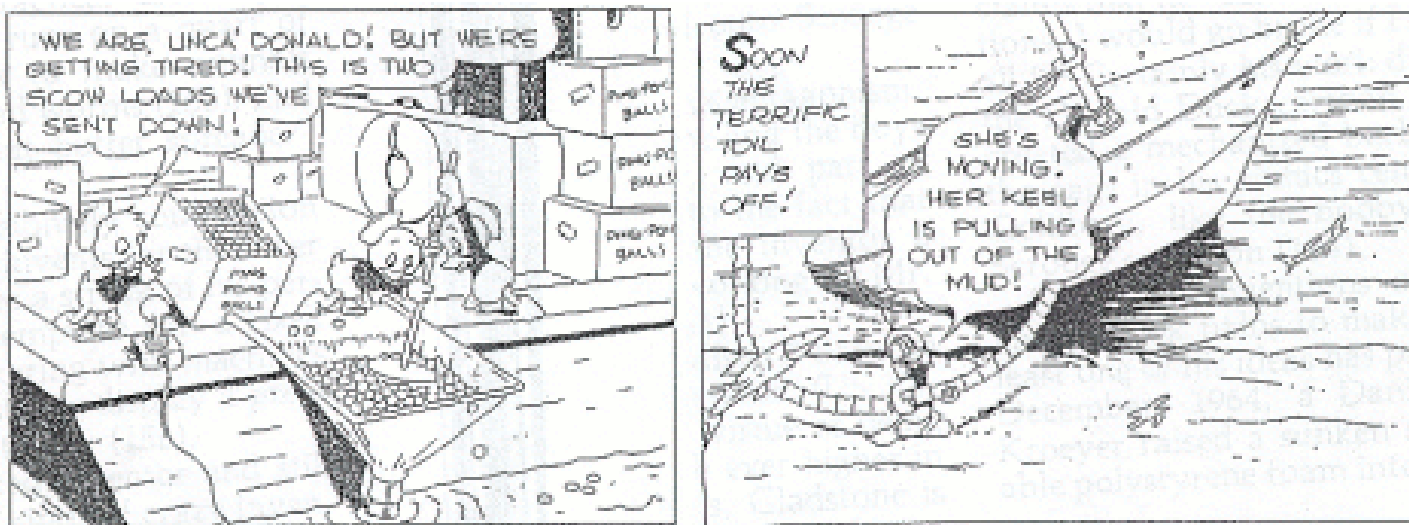
- *"An invention shall be considered to be new if it does not form part of the state of the art.»*
- *"The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the European patent application.»*
- Absolute condition:
 - Wherever in the world
 - Whatever language

Patent law - Absolute Novelty

- Example
- Dutch patent (NL 6514306): *"buoyant bodies 1 are inserted into a sunken vessel 4 through a tube 3 from a salvage ship 2"*



Patent law - Absolute Novelty



The Sunken Yacht, © 1949 Walt Disney

Copyrights law - Knowledge of the creator

"In those circumstances, copyright within the meaning of Article 2(a) of Directive 2001/29 is liable to apply only in relation to a subject-matter which is original in the sense that it is its author's own intellectual creation." (CJEU, 16 July 2009, C-5/08, Infopaq, par. 37)

Design rights law - Knowledge of the relevant public

"1. For the purpose of applying Articles 5 and 6, a design shall be deemed to have been made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community."

Issue

- Gautzsch claims that design right MBM is invalid because it is not new as its Chinese supplier has presented its gazebo in its showrooms in China before the date on which MBM's design right came into existence
- MBM replies that in the normal course of business the design shown in the showrooms of the Chinese supplier could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community

Answer CJEU

"33. In that regard, it should be pointed out that it can be seen from the wording of the first sentence of Article 7(1) of Regulation No 6/2002 that it is not absolutely necessary, for the purpose of applying Articles 5 and 6 of that regulation, for the events constituting disclosure to have taken place within the European Union in order for a design to be deemed to have been made available to the public."

34. However, according to Article 7, a design cannot be deemed to have been made available to the public if the events constituting its disclosure could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union. The question whether events taking place outside the European Union could reasonably have become known to persons forming part of those circles is a question of fact; the answer to that question is dependent on the assessment, by the Community design court, of the particular circumstances of each individual case."

Advocate-General

*"53. The persons concerned cannot therefore be asked to take special and far-reaching measures in order to become acquainted with an earlier design. As the Commission points out in its written observations, if the probability that the events were not known is greater than the probability that they were, they cannot be regarded as having become known in the normal course of business. In other words, it is appropriate to a certain extent to refer to the *quod plerumque fit*.*

54. In order to answer the question from the national court, it is therefore necessary to put oneself in the place of professionals operating within the territory of the European Union and to ask whether they could have acquired knowledge, reasonably and in the normal course of business, of the design in the manner claimed.

55. These various interpretative parameters lead me to the view that presentation of a design in a showroom of only one undertaking, which, moreover, is situated in China, is not sufficient to give rise, in the normal course of business, to knowledge of the design by specialised circles operating in the European Union. On the other hand, the position would be different if the design had been presented in China, for example, at a well-known international fair in which the main or most of the European protagonists in the relevant sector participated."

Gautzsch case

Application (Vz. Kh. Brussel, 20 April 2016)



Gautzsch case

Application (Vz. Kh. Brussel, 20 April 2016)



Application (Vz. Kh. Brussel, 20 April 2016)

68. In zijn conclusie bij dit arrest oordeelde de advocaat-generaal dat *"van de betrokken marktdeelnemers niet kan worden verwacht dat zij specifieke en verregaande initiatieven nemen om kennis van een eerde model te verkrijgen."* De advocaat-generaal oordeelde in de voormelde H. Gautzsch Grosshandel zaak dat *"de presentatie van een model in een tentoonstellingszaal van één enkele onderneming, bovendien in China, niet volstaat om er bij een normale gang van zaken toe te leiden dat de ingewijden van die in de Unie werkzaam zijn, kennis verkrijgen van het model. Dit zou daarentegen anders kunnen zijn indien het model weliswaar in China was voorgesteld, maar bijvoorbeeld ter gelegenheid van een internationaal befaamde beurs waaraan de voornaamste of de meeste Europese marktdeelnemers van de betrokken sector deelnamen."*

69. Uit de stukken blijkt dat mevrouw Barber haar producten op lokale marktjes verkocht. Deze lokale marktjes kunnen bezwaarlijk gekwalificeerd worden als een 'internationaal befaamde beurs waaraan de voornaamste of de meeste marktdeelnemers van de betrokken sector deelnamen'. Het is dan ook zeer aannemelijk dat het model redelijkerwijs niet ter kennis kon komen van ingewijden in de betrokken sector die in de E.E.R. werkzaam zijn.

Combit Software case Iron & Smith case

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CJEU, 22 Sep 2016, C-223/15

CJEU, 3 Sep 2015, C-125/14

16 May 2017

Facts - Combit Software

- Combit Software is a Germany company which owns EU word mark 'combit' for goods and services in the computer industry
- Commit Business Solutions is an Israeli company which sells (through its website) software in the EU under the 'Commit' word sign
- Combit Software invokes article 9.1.b of the Regulation on the EU trademark:

"The proprietor of that EU trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trade mark is registered, if there exists a likelihood of confusion on the part of the public."

Facts - Combit Software

- Combit Software seeks before the German courts an injunction throughout the entire European Union
- Rules on Jurisdiction (articles 96 and 97 of the Regulation on the EU trademark)
 - If you start proceedings against a EU (legal) person before courts where he has establishment or against a non-EU (legal) person in Member State where plaintiff has establishment, jurisdiction of the court is EU-wide
 - You can start proceedings against abovementioned (legal) persons before courts of Member States where infringement takes place but then jurisdiction of the court is limited to that State
- Action against Israeli company before German court: pan-European jurisdiction

Facts - Combit Software

- German court finds that there is no likelihood of confusion on the part of the average English-speaking consumer as:
 - he will readily understand the conceptual difference between, on the one hand, the English verb 'to commit' and, on the other, the word 'combit', as 'combit' is made up of the letters 'com' for computer and 'bit' for 'binary digit'
 - As such, the phonetical similarity between 'Commit' and 'combit' is, from the perspective of the aforementioned English-speaking consumer, called out by that conceptual difference

Issue - Combit Software

- Is the German court - when it finds that there is likelihood of confusion in German - speaking countries but not in English -speaking countries -
 - obliged to find infringement of the EU trademark?
 - If yes, obliged to issue a pan-European injunction?

Facts - Iron & Smith

- Iron & Smith files an application for a Hungarian national trademark for the sign 'be impulsive'
- Unilever opposes the application on the basis of its EU trademark 'impulsive' on the basis of a provision Hungarian Trademark Act which is implementation of article 4.3 of Trademarks Directive:
- *"A trademark shall not be registered if it is identical with, or similar to, an earlier EU trademark and is registered for goods or services which are not similar to those for which the earlier EU trade mark is registered, where the earlier EU trademark has a reputation in the European Union and where the use of the later trademark without due cause would take unfair advantage of, or detrimental to, the distinctive character or the repute of the earlier European Union trademark."*

Combit Software case - Iron & Smith case

Facts - Iron & Smith



merci
merci, dat jij er bent.



Facts - Iron & Smith

- Unilever EU trademark has a reputation in the EU:
 - *"Article 9(1)(c) of [the Regulation] must be interpreted as meaning that, in order to benefit from the protection afforded in that provision, a Community trade mark must be known by a significant part of the public concerned by the products or services covered by that trade mark, in a substantial part of the territory of the European Community, and that, in view of the facts of the main proceedings, the territory of the Member State in question may be considered to constitute a substantial part of the territory of the Community." (ECJ, 6 October 2009, PAGO, C-301/07)*
 - Based on market share in the UK and Italy Hungarian court accepts that Unilever trademark has a reputation in the EU
 - But Unilever trademark has no reputation in Hungary

Issue - Iron & Smith

- Can the Hungarian court refuse the registration of a Hungarian national trademark on the basis of the 'trademark with a reputation provisions' if and when that trademark does not have a reputation in Hungary?

Issue of both cases

- Can the principle of unitary character of the EU trademark be set aside?
- The exclusive right of a Community trademark proprietor extends as a rule to the entire area of the European Union:
 - “A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community.” (article 1(2) of the EU Trademark Regulation)

Answer CJEU - Combit Software

"28. It follows from the foregoing that a likelihood of confusion in the German-speaking part of the European Union, such as the referring court has found to exist in the present case, must lead the EU trade mark court before which the proceedings have been brought to conclude that the exclusive right conferred by the trade mark concerned has been infringed."

"30. In order to guarantee the uniform protection which EU trade marks are afforded throughout the entire area of the European Union, the prohibition on proceeding with acts which infringe or would infringe an EU trade mark must, as a rule, extend to the whole of that area."

"31. However, in a situation in which — as in the case in the main proceedings — an EU trade mark court finds that the use of the similar sign in question for goods that are identical to those for which the EU trade mark at issue is registered does not, in a given part of the European Union, create any likelihood of confusion, in particular for linguistic reasons, and therefore cannot, in that part of the Union, adversely affect the trade mark's function of indicating origin, that court must limit the territorial scope of the aforementioned prohibition."

Answer CJEU - Iron & Smith

"29. (...) assuming that the earlier Community trade mark is unknown to the relevant public in the Member State in which the registration of the later national mark is applied for, which it is for the referring court to ascertain, the use of the national mark does not, in principle, enable unfair advantage to be taken of it or of the distinctive character or reputation of the earlier mark and is not detrimental to them."

"30. However, even if the earlier Community trade mark is not known to a significant part of the relevant public in the Member State in which registration of the later national mark has been applied for, it is conceivable that a commercially significant part of the latter may be familiar with it and make a connection between that mark and the later national mark."

Conclusion

- EU trademarks less powerful than what was intended / anticipated



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Microsoft / Ranks case

CJEU, 12 Oct 2016, C-166/15

16 May 2017

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Facts

- Mr Ranks sold about 3.000 copies MS Windows and MS Office (generating about 265K)
- Criminal prosecution
- Not sure whether the copies were made by Ranks or by the “sellers” but the copies were allegedly single back-up copies of original licensed software
- Ranks invoked the UsedSoft/Oracle decision (C-128/11)

Principles

- Software Directive
 - Art. 4.1. : “the exclusive rights (...) include the right to do or to authorise: (...) any form of distribution to the public, including the rental, of the original computer program or of copies thereof.”
 - Art. 4.2. : “The **first sale** in the Community **of a copy** of a program by the rightholder or with his consent shall **exhaust the distribution right** within the Community **of that copy**, with the exception of the right to control further rental of the program or a copy thereof.”

Issue

- On that basis the user may :
 - Since always : resell the original CD
 - Since UsedSoft/Oracle : resell downloaded copy (resell a “perpetual” license on an original software downloaded from the Internet)
 - And now : also resell a back-up copy ?
 - Article 5.2. Directive : “*The making of a back-up copy by a person having a right to use the computer program may not be prevented by contract in so far as it is necessary for that use*”

Issue

- CJEU's answer is no :
 - *"a back-up copy of a computer program may be made and used only to meet the sole needs of the person having the right to use that program"*
 - *"that person cannot — even though he may have damaged, destroyed or lost the original material medium — use that copy in order to resell that program to a third party".*

Conclusion

- Resell of tangible or intangible copies: OK
- Resell of back-up copies : NOT OK (even if the original has been destroyed)
- Finally all has probably been said on exhaustion....
- At a time where SAAS/Cloud computing gradually becomes the norm...



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Genentech case

CJEU, 7 July 2016, C-567/14

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Facts

- Behringwerke (Sanofi-Aventis) granted a non exclusive license to Genentech for the use of the HCMV enhancer (facilitates the DNA transcription of sequences necessary for the production of a biotech drug for leukemia – Mabthera)
- Payments :
 - One-off fee : 10K EUR (paid)
 - Fixed annual (research) fee : 10K EUR (paid)
 - Royalty : 0.5% Net sales on licensed products (ie would infringe absent the license)

Facts

- After 16 years, Sanofi-Aventis made enquiries about royalties
- Genentech immediately terminates the license
- The EP patent had been revoked in 1999
- Sanofi-Aventis starts infringement proceedings in the US
 - US patents not infringed
- Sanofi-Aventis then starts arbitration (for the recovery of the unpaid royalties)

Facts

- Arbitrator ordered Genentech to pay 108 million EUR in past royalties (incurred before the termination)
- Genentech sought annulment of the arbitral award
 - Why should I pay for a license that my competitors do not need ?
 - Contrary to Article 101 TFEU (competitive disadvantage)
- The Paris Court of Appeal referred a question to the CJEU
 - Does Article 101 TFEU prevent a licensor from seeking royalties on a patent that has been revoked or is not infringed ?

Issue

- CJEU 12 May 1989 (Ottung) :
 - Obligation to pay royalties for an indefinite period of time (so also after expiration of the patent)
 - Acceptable if the licensee may freely terminate the agreement by giving a reasonable notice

Issue

- Works a fortiori in this case :
 - If true after the expiration, also true before expiration
 - You pay for the “guarantee that the licensor will not *exercise* its industrial property rights”
 - Crucial that Genentech was free to terminate the agreement
 - Important also that Genentech was not prevented from challenging the validity of the patents (which they did !)

Conclusion

- Important to expressly address the consequences on royalties of the revocation, expiration or non infringement of a licensed patent
- Royalties may be due even if there is no valid and infringed patent if the licensee may terminate the license on reasonable notice
- Bearing in mind that some terms may raise competition law issue :
 - Direct or indirect prohibition to challenge the validity of a patent (exclusion from exemption under the Regulation (EU) No 316/2014 on TTA)
 - Long notice periods for termination (esp. if the patent has expired, been revoked or held non-infringed).



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Heksenkaas cases

Rb. Gelderland, 10 June 2015

Rb. Den Haag, 4 May 2017

16 May 2017

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Facts

- Levola markets spread and dip under the Heksenkaas' brand:



- Huge success
- Several copies : Witte Wievenkaas / Magic Cheese
- Very similar taste



Issue

- What can Heksenkaas do to stop Witte Wieven Kaas / Magic Cheese ?
- Copyright?

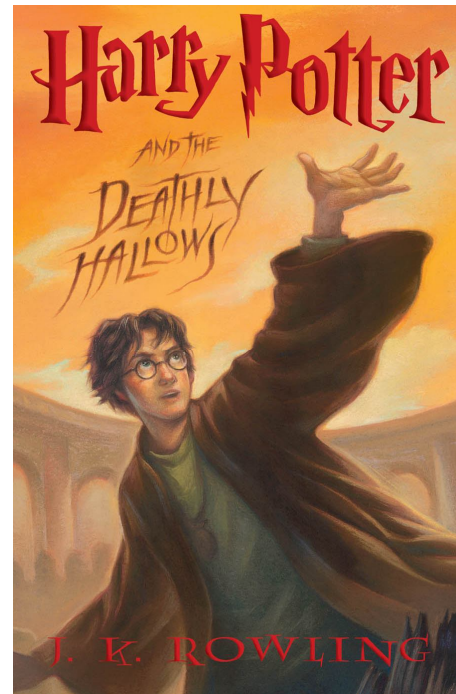
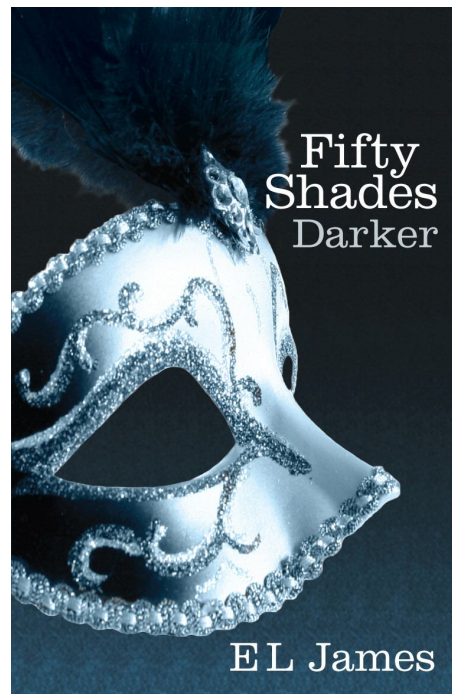
Issue

- Subject matter
- “*Literary and artistic works*” (article 1 Copyright Act)
- No definition
- Non-exhaustive enumeration in Berne Convention:

“The expression ‘literary and artistic works’ shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions ...; cinematographic works ...; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works ...; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.”

Literary works

- Books



Literary works

- Speeches

"I have a dream that one day the red hill of Georgia, sons of former slaves and sons of former slave-owners will be able to sit down together at the table of brotherhood.

I have a dream that one day, even the state of Mississippi, a state sweltering with the heat of injustice, sweltering with the heat of oppression, will be transformed into an oasis of freedom and justice.

I have a dream my four children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character. I have a dream today"

(M. L. KING, Lincoln Memorial, Washington D.C., August 28, 1963)

Literary works

- 'characters'



Literary works

- Titles and slogans



merci[®]
merci, dat jij er bent.

Literary works

- Formats and plots



Artistic works

- Paintings



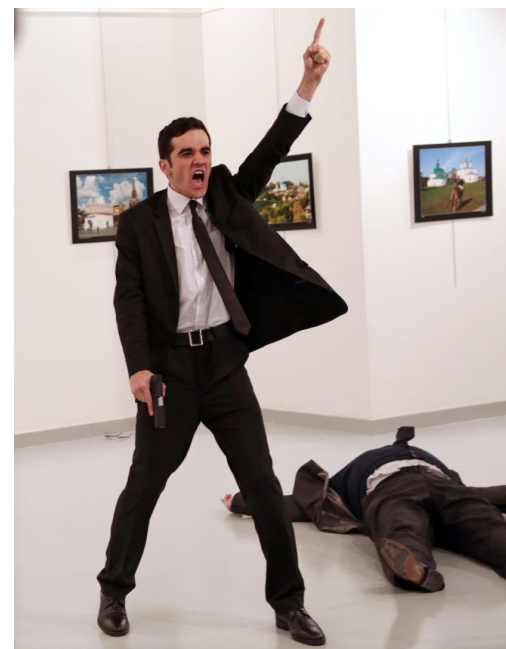
Artistic works

- Sculptures



Artistic works

- Photographic works



Artistic works

- Cinematographic works



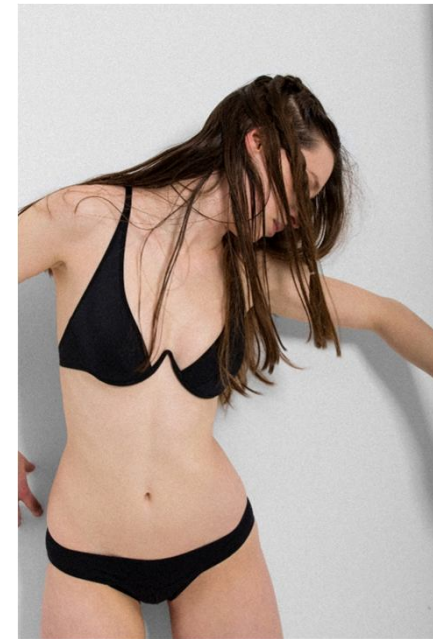
Artistic works

- Musical works



Artistic works

- Fashion



Artistic works

- Industrial Design



Can taste be subject matter?

- All examples on previous slides works which can be perceived visually or aurally
- What about scents, tastes?
- Hoge Raad, Lancôme, 16 June 2006:
 - Non-exhaustive enumeration of works
 - Any work which can be perceived by human senses and which can be protected by copyright if 'own intellectual creation' of author
- Contra: Cour de Cassation (France), 13 June 2006

Can taste be subject matter?

- Probably yes, but two court decisions have not decided on that issue
- Even if protectable subject matter, no proof that 'Own intellectual creation'
 - 'Own': not taken from someone else
 - 'intellectual creation': creative choices
- No creative choices; obvious to add garlic and herbs to creamy cheese
- Appeal: interesting debate on who has to prove what in copyright disputes

Can taste be subject matter?

- Heksenkaas:
 - We do not have to describe the taste.
 - Reducing perceptions by senses to words is impossible
 - Own creation: Sufficient that we state that we have not taken from someone else (up to other party to prove the contrary)
 - Intellectual creation: Sufficient that we make plausible that creative choices have been made
 - Infringement: tasting by court (expert)



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Ryanair case

CJEU, 15 Jan 2015, C-30/14

16 May 2017

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Facts



- PR Aviation (FlyLowCost.com) allows its users to compare cheap flights
- It obtains the information from the Ryanair website through automated means
- Classical case : Ryanair sues for infringement of
 - its database rights
 - its copyrights
 - its general terms and conditions

Facts

- Gerechtshof Amsterdam, 13 March 2012 :
 - No database right
 - Must show a substantial investment (qualitatively and/or quantitatively) in either the obtaining, verification or presentation of the contents.
 - It does not cover the resources used for the creation of contents which make up the contents of a database. (CJEU of 9 Nov 2004, C-444/02 (*Fixtures Marketing*))
 - Ryanair did not make any qualifying substantial investment

Facts

- Gerechtshof Amsterdam, 13 March 2012 :
 - No copyright
 - Flights data and prices are not original

Facts

- Gerechtshof Amsterdam, 13 March 2012 :
 - No contract infringement
 - Even if the general terms and conditions were accepted
 - PR Aviation may rely on Articles 6, 8 and 15 of Directive 96/9
 - Acts which is necessary for the purposes of access to the contents of the databases and normal use of the contents by the lawful user shall not require the authorisation of the author of the database
 - Any contractual provision contrary to Articles 6 (1) and 8 shall be null and void.

Facts

- Hoge Raad asked the CJEU :
 - Does the interdiction to contractually limit the rights of a lawful user of a database also apply to non protected databases ?
- CJEU
 - No (protection and interdictions are interlinked)
 - No protection, no interdiction → Ryanair is completely free to set its contractual terms

Conclusion

- Always include contractual terms on the reuse of your data (as fewer and fewer databases are protected)
- CJEU : the database protection remains attractive because it does not require any administrative formalities to be fulfilled or any prior contractual arrangement



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Syral case

Cass. 12 Sep 2014

16 May 2017

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Facts

- Roquette owns a European patent on maltitol crystals of particular forms, crystalline compositions containing them and processes for their preparation
- On 12 September 2008 Roquette files a seizure description application against Syral before President Ghent Commercial Court who rejects the application
- Roquette appeals and application is granted by Ghent Court of Appeal on 9 December 2008
- Seizure description is carried out on 28 January 2009
- On 27 February 2009 Syral starts third party opposition proceedings before Ghent Court of Appeal
- On 22 December 2009 Ghent Court of Appeal dismisses opposition because violation of legislation regarding use of languages

Facts

- Roquette files appeal to Supreme Court which quashed decision Ghent Court of Appeal (29 September 2011) and refers it to Antwerp Court of Appeal
- Syral argues that seizure description should not have been granted because the first condition (patent invoked must be *prima facie* (*at first sight*) valid) is not fulfilled
- Syral refers to proceedings in UK where UK part of Roquette patent has been revoked
- Roquette: decision in UK does not affect Belgian part of Roquette patent

Facts

- Antwerp Court of Appeal holds that revocation of UK part only has effect in the UK and that, as a consequence, Belgian Roquette patent is prima facie valid.
- Very formalistic view widely applied by Belgian courts (not only in seizure description proceedings but also in preliminary injunction proceedings)
- Syral appeals to Supreme Court on the basis that Antwerp Court of Appeal should have assessed the prima facie validity in concreto by taking into account all facts and circumstances

Supreme Court

- Decision of Antwerp Court of Appeal is quashed
- By not taking into account the decision of the UK court when assessing the validity of the Belgian patent, the Court of Appeal has erred in law

Conclusion

- Less easy than before to obtain seizure description / preliminary injunction because validity of IP right that is invoked should be looked at more thoroughly