

C L I F F O R D
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27TH EDITION

Introduction

Welcome to the 27th edition of the Clifford Chance Global IP Newsletter. After our previous publication focused largely on legal issues arising from COVID-19 pandemic, with this edition we take a step towards the new normal and hope to provide you once again with interesting insights on any and all current hot topics and developments in the world of Intellectual Property.

We will start with the **Milan** team taking a recent decision of the Court of Appeal of Milan as an opportunity to talk about **patent litigation** focusing on various remarkable interpretations by that Court regarding **disclosure, interface between Court and European Patent Office, contributory infringement and damages**.

This edition will then introduce the field of liability of online platform operators. Firstly, we will shine a light on the growing economic role of **e-commerce platforms** leading to a **potential evolution** and change in attitude in case law and legislation regarding their **liability in France** by our **Paris** team. This is followed by a take on **liability of platform operators** in respect to **trade mark infringements** by our **German** colleagues.

We will continue with an examination of **three-dimensional trade marks** by our **German** team, which particularly discusses their **distinctive character**. In the course of this edition, the trade mark topic is then revisited by our **Spanish** colleagues looking at **the use of modernised versions of a trade mark** and its implications for **trade mark use**. The subject area will later be completed by our **Milan** team giving an overview on the topic of **trade mark infringements caused by influencers**.

Thereafter, several European offices will present relevant national IP related developments in their respective countries. In this context, our **Düsseldorf** team will touch on a new attempt by German law makers to approve the **agreement on a Unified Patent Court** in Germany. The recent **introduction of specialised IP courts in Poland** with the aim of increasing the speed, expertness and efficiency in resolving IP-related disputes is then discussed by our **Warsaw** team. Finally, our Spanish colleagues provide us with an update regarding an **amendment to the Spanish Copyright Act** regarding **management agreements** between copyright holders and collective management organisations, as well as the **multi-territorial licensing of rights in musical works**.

Speaking of copyright law, our **London**-based IP team covers a recent **decision in the “Brompton Bicycle Case” by the CJEU** concerning **copyright protection for functional designs**, which suggests that there may be more intellectual property protection for product designers and creatives under European law than previously appreciated.

Finally, we do not wish to overlook the ongoing effects of the Coronavirus crisis entirely. Our **Hong Kong** team therefore bring the **issues** which **arise from contact tracing in the COVID-19 environment** into focus. The team discusses the mechanisms of contact tracing technology, its deployment in the APAC region and the legal concerns surrounding its use.

As always, we hope you enjoy reading this edition, and look forward to receiving your feedback.

Take Care!

Your Global CC IP Team

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MILAN

Andrea Andolina

PATENT LITIGATION: DISCLOSURE, INTERFACE BETWEEN THE COURT AND THE EPO, CONTRIBUTORY INFRINGEMENT, AND DAMAGES – THE COURT OF APPEAL OF MILAN RULES ON A NUMBER OF THORNY ISSUES

A recent decision of the Court of Appeal of Milan tackles many of the frequent issues which arise in patent litigation, providing some novel interpretations.

On 14 May 2020, the Court of Appeal of Milan handed down its decision on a complex but fascinating dispute between two producers of coffee-capsule technology. The case, which took seven years to be decided, included a number of the major issues which arise in patent disputes, some of which were settled in novel ways.

Relationship between judicial proceedings and EPO opposition proceedings

Very often in patent infringement proceedings before the Courts, a defendant counterclaims that the patent the subject of the dispute is null and void. Sometimes, such a claim may have already been brought as an opposition to the registration of the patent before the competent IP Office, and this claim is then repeated in the court proceedings as a defensive claim once an action has been started by the patent holder.

In the case at hand, both the court proceedings and the opposition to the patent registration were pending (and they were both at second instance, respectively before the Court of Appeal of Milan and the EPO Board of Appeal). For this reason, in the Court of Appeal of Milan proceedings, the defendant requested the suspension of the proceedings until the EPO Board of Appeal reached its decision.

Article 120, Section 1, of Italian Legislative Decree no. 30/2005 (the “**IP Code**”) provides that, pending a patent registration before the ‘*Ufficio Italiano Brevetti e Marchi*’ (“**UIBM**”, the Italian IP Office), the Court cannot settle a case on the validity or infringement of a patent until the UIBM has granted that patent. However, no similar rule is currently in force with regard to the EPO procedure.

For this reason the Court of Appeal of Milan rejected the suspension request. The Court found that under Italian law there is a ‘concurrent’ relationship, without any supremacy or preliminary link between Court and EPO proceedings. It held that EPO proceedings are not properly judicial in nature and are administrated by a ‘*sui generis*’ body, not comparable to the UIBM, so that article 120, section 1, of IP Code could not apply.

Key issues

- The relationship between judicial proceedings on patent validity and the EPO opposition to patent registration is of concurrency and the Court has discretion on whether or not to suspend proceedings;
- The disclosure of the invention before the patent filing to a limited number of persons does not cause the application to fail the novelty test if the recipient party is bound by non-disclosure obligations;
- The supply of infringing technology from the territory with the purpose of replicating the patented invention outside the territory constitutes a ‘contributory infringement’ unlawful under Italian law;
- The infringer’s profits can be disgorged to the patent holder even if the latter could have not make the same profits, because under Italian IP law (and pursuant to EU law) the damages can have ‘punitive’ and not only ‘compensative’ nature.

As a consequence, the Court retained full discretion in granting the suspension and, in the case at hand, decided not to grant it (the Court was also influenced by the fact that the opposition ended with a dismissal of the first instance opposition).

A confidential disclosure is not a disclosure for the sake of the novelty requirement

Generally the disclosure of an invention before the filing of a relevant patent precludes the necessary requirement for 'novelty' in the patent application, preventing the invention from being patented. But not all types of disclosure amount to the sort of disclosure which trips the novelty test wire.

In particular, as confirmed by the Court of Appeal of Milan, the disclosure of the invention to a limited number of persons does not destroy the novelty requirement, if the recipient party is bound by a non-disclosure obligation.

In the case at hand, some representatives of the inventor-company disclosed the invention to one of its customers, providing a test machine, before the filing of the patent application. The delivery was combined with proper confidentiality undertakings. Later, the defendant-infringer – a supplier of the same customer – saw the test machine, but in a meeting which was itself covered by non-disclosure obligations.

The defendant objected in Court that this constituted a disclosure of the invention which therefore lacked novelty. The Court of Appeal of Milan however found that all the persons involved in the reported disclosure were obliged to confidentiality, which prevented the disclosure from being made towards an unlimited and undetermined number of persons. The disclosure therefore was not in fact a disclosure from the patent perspective.

It shows once again the importance to consider secrecy and patenting as integrated tools of protection rather than as alternatives when it comes to protecting proprietary technology and innovation.

Contributory infringement and territorial scope of patent protection

A patent is an exclusive right to exploit and take benefit from an invention and prevent anyone else to do so *within the territory* of the country which grants that patent (article 66 of the IP Code). Based on that, the defendant tried to argue that supplying the infringing technology (or part of it) outside Italy (in this case, in Canada) did not constitute a violation of those rights to exclusivity.

The Court of Appeal disagreed with the defendant and based its interpretation on the notion of 'contributory infringement'. The defendant offered, from Italy, the tools to replicate the patented invention in Canada, and received the benefit of this action (*i.e.*, the profits) in Italy.

The defendant counterargued that the 'contributory infringement' has been introduced in Italian patent law only recently (with the Italian Legislative Decree no. 214/2016), after the alleged infringement occurred. Again, the Court of Appeal did not uphold the

argument, stating that the doctrine of ‘contributory infringement’ has been applied by Courts even before its codification in patent law and that, in any case, article 66 of the IP Code (fully in force at the moment of the infringement) generally prevents third-parties to ‘take benefit’ from the invention, encompassing the supply of the infringing technology abroad.

Based on this interpretation, the codification of ‘contributory infringement’ in 2016 did not extend the scope of the ‘ordinary’ perimeter of patent exclusive rights but rather specified it.

Damages: (punitive?) disgorgement of infringer’s profits even where there is no loss of profits by the patent holder

Lastly, the Court of Appeal overturned the first instance decision with regard to the quantum of damages awarded to the patent holder. At first instance, the Court of Milan excluded from the calculation of damages the profits that the infringer made in supplying the technology to its Canadian customers, because the patent holder would not have been able to realise any such profits itself, already having in place an exclusive agreement with another customer for the Canadian territory. In other words, according to the Court of Milan, the patent holder did not suffer a loss of profits in that regard and so damages could not be sought.

On this issue, the Court of Appeal of Milan upheld the appeal of the patent holder emphasizing that Italy, in implementing Dir. (EC) 48/2004, introduced the disgorgement of infringer’s profits among the items for the Court to consider in the calculation of damages, if the patent holder expressly requested such (article 125, section 3, of the IP Code).

This decision is particularly remarkable because it is one of the first decisions where the disgorgement of the infringer’s profits has been granted in calculating quantum even where such could have not been awarded as ‘ordinary’ loss of profits by the claimant. It is an application of article 125, section 3, of the IP Code which emphasizes the ‘punitive’ nature of the damages, rather the compensatory nature which governs ordinarily Italian tort law.

PARIS

Loïc Lemerancier / Tom Blanchet

THE POTENTIAL EVOLUTION OF THE LIABILITY OF E-COMMERCE PLATFORMS IN FRANCE

While e-commerce platforms play a major role in our economy, the basis for a change in the regulation governing them seems to be emerging both in case law and legislation.

The classical application of hosting provider status to e-commerce platforms

Hosting service providers are defined in Article 6-1-2 of the LCEN as *“All natural or legal persons who ensure, even free of charge, the storage of signals, writings, images, sounds or messages of any nature provided by the recipients of these services, for the purpose of making them available to the public via online communication services to the public.”*

The limited liability regime for hosting providers under the LCEN applies when an e-commerce platform is considered to have no knowledge of infringing content, or when it manages to quickly to remove it. This liability regime is favourable to the hosting service providers and most frequently applied so that they will not be held liable for such content.

Earlier this year², Lafuma, a company that specialises in outdoor equipment and clothing, accused Alibaba of infringement of its trade mark on the Alibaba online platform. The Paris Court of First Instance ruled that Alibaba could not be held liable in its capacity as a publisher because no editorial role, knowledge or control of the content of the advertisements had been demonstrated.

The main reasons were that the *“services that are offered (...) are inherent to online marketplaces, have only a technical and logistical purpose, to enable the operation of the site and guarantee that the Internet user (...) will find what he is looking for.”*

The Court also noted that Alibaba was not a party to the sales contracts and that Alibaba did not intervene in any way in the parties' transaction.

However, Alibaba was found liable as a hosting service provider, despite the much more limited liability regime normally in place for hosting service providers. Lafuma had served formal notice on the online platform to withdraw the disputed advertisements and Alibaba did not respond promptly - therefore, Alibaba was not able to benefit from the usual limited liability for hosts under the LCEN. Typically, the Courts seem to place less liability on online platforms in comparison to publishers, but in this instance the Court underlined that it is important hosting service providers meet their responsibilities if they wish to benefit from that more favourable regime.

Key issues

- Law n°2004-575 of 21 June 2004 for confidence in the digital economy (“LCEN”), transposing the e-commerce Directive¹, regulates among other things the liability of online platforms. It has created two different liability regimes for the publication of content on the Internet: (i) for hosting service providers and (ii) for publishers.
- Changes are underway with the transposition of the EU Copyright and Audiovisual Media Services Directives. France was the first Member State to transpose the new “neighbouring right” for publishers and news agencies enshrined in the Directive. The next step will be the transposition of Article 17 providing for the liability of “online content sharing service providers” in the event of publication of content without the authorisation of the right holder, which is due to occur by 7 June 2021 at the latest.
- Digital giants, including Google, Alibaba and Facebook, face new challenges as the case law regarding liability of publishers and hosting service providers continues to evolve. These digital giants have been relatively well protected up to now, and the interpretation of the French courts around the application of the LCEN and impending new regulations may shake up the industry.

¹ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce')

² Paris Court of First Instance, 3rd Chamber, 3rd section, 10 January 2020, No 18-00171

A potential reinforcement of the liability of online platforms when infringing intellectual property rights

The purpose of the Copyright Directive (2019/790 EU) is to modernise EU Copyright Law and take account of the increase in digital and cross-border use of protected content. Major stakeholders in the online content market such as Youtube, Dailymotion and Facebook will now be liable if they communicate copyrighted works to the public without prior authorisation. However, they will avoid liability if they:

- i. Make best efforts to obtain permission from rights holders,
- ii. Make best efforts to ensure the unavailability of the work, and
- iii. Promptly take action to remove or deny access to the work, after receiving sufficiently reasoned notification from the right holders.

Several factors seem to indicate that the legal framework of online platforms operating in France is likely to evolve in the near future.

In a report submitted to the Assemblée Nationale (French National Assembly), the Cour des Comptes³ (the French national audit office) recommended the reinforcement of the legal obligations of e-commerce platforms in the fight against counterfeiting.

The report highlighted the fact that the current regulatory framework does not encourage oversight by e-commerce platforms. The Court adopted 11 recommendations in this regard, which include the introduction of recognition tools, verification of the identity of sellers and more comprehensive consumer information.

On the jurisprudential side, on 5 June 2020⁴, the Paris Court of First Instance hardened its stance on the liability of digital platforms. In a decision issued against the well-known real estate rental online marketplace Airbnb, a tenant sublet her apartment without the landlord's consent, which is required under a law of 6 July 1989. For the first time, the judges found both the platform jointly and severally liable with its user, the sublessee, to pay compensation to the owner of the premises (equal to the amount of rents received during the two disputed years plus legal costs).

³ The Fight Against Counterfeit, an organization and tools to better protect consumers and industrial property rights, Communication to the National Assembly's public policy evaluation and control committee, February 2020.

⁴ *Paris Court of First Instance, 5 June 2020, No 11-19005405*

As a publisher, the Court found that Airbnb had a right of control over the content of the advertisements published and the activities carried out through it. Airbnb stated in its general terms and conditions that it could check whether the host had the right to offer a property for rental or not. Therefore, the judges ruled that the platform was guilty of misconduct by failing to verify that one of its hosts was carrying out an illicit activity through the platform. However, this decision is not final and could be subject to appeal. Although the decision does not directly concern the field of intellectual property, it establishes a general principle which may influence future intellectual property law decisions.

Clearly, French law is moving in a direction of potentially placing more liability on online platforms, and this could soon have impact in the context of intellectual property rights violations.

DÜSSELDORF

Judith Dany

LIABILITY OF PLATFORM OPERATORS FOR TRADE MARK INFRINGEMENTS

Although the European Court of Justice (“**CJEU**”) did not find Amazon, the platform operator, liable for trade mark infringement by a third-party seller using its platform in the recent case of *Coty Germany vs Amazon*, platform operators will not necessarily always escape accountability for such trade mark infringements. The CJEU has outlined further legal avenues to be considered against an intermediary platform provider when considering trade mark infringement.

The CJEU's concept of "use" with regard to physical storage of goods from third parties

The CJEU's recent judgment in *Coty Germany vs Amazon*¹, following a question referred by the German Federal Court of Justice (“**BGH**”), turned on whether Amazon had made “use” of an infringing trade mark sold on its platform in providing its platform services. “Use” in this case involved a platform operator providing a “marketplace” and storing goods in its warehouses for third-party sellers without becoming a party to any purchase agreement itself. In the event of a sale, the respective goods were dispatched to the purchaser via an external service provider (i.e. not by Amazon).

The CJEU issued a preliminary ruling stating that “*a person, who, on behalf of a third party, stores goods which infringe trade mark rights, without being aware of that infringement*” does not “use” the trade mark for the purposes of Article 9(1) and (2) of Regulation 207/2009, the substance of which is reproduced in Article 9(3)(b) of Regulation 2017/1001. In light of previous decisions, the court held that the mere act of storing goods for third-party sellers cannot be regarded as “*using*” the trade mark due to the absence of any active behaviour and necessary intention to offer the goods or put them on the market. Even if the platform provider creates the technical conditions necessary for the use of a sign and is being paid for that service, it is the third party alone who intends to offer the goods in the sense of the above provisions.

Accordingly, in *Coty Germany v Amazon*, the plaintiff's claim for injunctive relief based on the respective provisions had no prospect to succeed. However, the court's ruling did highlight additional legal avenues which may be pursued in future cases.

Claudia Milbradt

- *Clients say: "If we talk about doing something new, she will set her mind to it and let us know the risks and pitfalls and bring her experience to bear."*
(*Chambers 2020 Intellectual Property*)

Key issues

- The mere storage of trade mark infringing goods for third parties does not constitute the “using” of a trade mark, if the platform operator is not aware of the infringement.
- Liability of platform operators may also be assessed in the light of the European Directive on e-commerce and the enforcement of intellectual property rights.
- Gaps in liability under trade mark law may arise for corporate groups outsourcing certain services to external service providers.

¹ CJEU Ruling C-567/28, *Coty Germany vs Amazon*.

Liability in the light of E-commerce and Enforcement Directives

In an important, but passing, remark, the court recalled that “*where an economic operator has enabled another operator to make use of the trade mark*” its role must be considered in light of rules of law other than Article 9 of the 2007 and 2017 Regulations - such as Article 14 (1) of Directive 2000/31 on e-commerce (“**ECD**”) and the first sentence of Article 11 of Directive 2004/48 on enforcement of intellectual property rights (“**IPRED**”). While the interpretation of such provisions was not the subject of the German court’s order for reference, and therefore not addressed in this case, more detailed statements can be found in previous CJEU rulings.²

Article 14 of Directive 2000/31

The ruling also refers to Article 14 ECD which is intended not to give rise to, but to limit the liability of intermediary service providers with regard to the storage of customer data according to the so-called “notice and take down” principle. However, its implications may well be considered to further clarify the responsibility of platform operators. Accordingly, the liability exemption applies if the provider (i) does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or (ii) upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

Were a platform operator is to be held liable for the sale of trade mark infringing products by third-party sellers under Member State law, it would be necessary to consider whether Article 14 applies. As set out in the CJEU ruling in *L’Oréal vs eBay*, the following two prerequisites must be met for the Article 14 privilege to apply.

Firstly, the privilege may only apply to a service provider if it limits itself to providing its service neutrally by means of purely technical and automatic processing of the data entered by customers. Otherwise, corporate groups operating on the premise of a division of labour could circumvent trade mark law by outsourcing individual services to external service providers. Amazon offers the “*Fulfilment by Amazon*” scheme under which various Amazon companies are actively involved in the distribution of the third-party products, for example through advertising, labelling, and packaging. It is therefore questionable to describe the role of Amazon as purely “passive”.

Secondly, even if the role of the platform operator is considered to be passive, the privilege will be excluded if the platform operator, upon obtaining knowledge or awareness of an infringement, fails to take immediate and reasonable measures to end the infringement. This “*awareness*” can result from the operator discovering such facts or knowledge on its own initiative or being notified about an infringement. With regard to the level of involvement in the sale of infringing goods, settled case-law imposes stricter control obligations vis-à-vis third-party sellers if the platform operator plays a rather active role.

² See, inter alia, ECJ Ruling *L’Oréal vs eBay* C-324/09; ECJ Ruling *Google France and Google* C-236/08 to C-238/08; ECJ Ruling *Frisdranken Industrie Winters*, C-119/10.

Article 11 of Directive 2004/48

Article 11 IPRED places a general obligation on the Member States to ensure that *“where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement.”*

As clarified in *L’Oréal vs eBay*, the respective orders issued by the national courts can include preventive measures against platform operators as long as they are effective, proportionate and dissuasive and do not create barriers to legitimate trade. Such measures include, for example – the obligation to facilitate the identification of third-party sellers using their services.

Were a platform operator to be found guilty of trade mark infringement, the remedy provided for under Article 11 IPRED could apply.

Conclusion

The question referred to the CJEU by the BGH in *Coty Germany vs Amazon* was posed under the premise that Amazon itself did not pursue the aim of stocking infringing goods in order to offer them or put them on the market, and was limited to focusing on the effect of warehousing on the platform operator’s liability. Therefore, the underlying wider issue of platform operators circumventing trade mark law by operating on the basis of outsourcing the dispatching of goods to external service providers while still being actively involved in the distribution process was unfortunately not addressed. It remains to be seen how this business model will be assessed by national courts as well as the CJEU in the future.

DÜSSELDORF

Nicolas Hohn-Hein

DISTINCTIVENESS OF THREE-DIMENSIONAL TRADE MARKS – IMPACTS OF THE ‘COMMON PRACTICE’ COMMUNICATION OF THE EUIPN

A trade mark indicates the commercial origin of a product. As a consequence, the sign must be distinctive (i.e. it must serve to distinguish the product from those of other undertakings). Three-dimensional trade marks comprising the shape of the product itself or the shape of the packaging are not necessarily understood by the average consumer as an indication of origin, rendering the assessment of the mark’s distinctiveness in the context of a registration difficult. However, they may be combined with other distinctive elements. The European Union Intellectual Property Network (“EUIPN”) has recently elaborated on how examiners and users should tackle this issue through a ‘Common Practice’ Communication on the Distinctiveness of Three-dimensional Marks (shape marks) containing verbal and/or figurative elements when the shape is not distinctive in itself (the “Communication”). The Communication establishes criteria to assess whether these elements confer distinctiveness on the sign as a whole.

I. Protection of three-dimensional trade marks

1. What are three-dimensional trade marks?

According to Article 4 of the Union Trade Mark Regulation (“TMR”), an EU trade mark needs not to consist only of a sign such as a word or a figurative design, but may also be constituted by, for instance, the shape of the product or of its packaging. Corresponding provisions can be found in Article 3 of the Trade Mark Directive (“TMD”) and in Section 3 of the German Trade Mark Act (“**MarkenG**”). Thus, a three-dimensional sign can be protected as a trade mark if certain requirements are met.

2. Protection of the trade mark or the product?

Three-dimensional marks may consist, for instance, of the shape of the goods themselves, parts of the goods, or the packaging. However, the extension of trade mark protection to non-traditional marks such as shape marks tends to blur the line between the protection of the trade mark and the protection of the goods (e.g. its appearance and particular features). Trade mark law in principle protects the indication of commercial origin of a product, but not the product itself. Thus, protection of shape marks always bears the risk of granting an unintended exclusive right to that particular product, which would conflict with other parts of the system of IP-rights as product

Claudia Milbradt

- Ranked as one of the world's leading IP Strategists in IAM Strategy 300, 2020.

Key issues

- A sign must be distinctive to be protected under trade mark law, i.e. it must serve to distinguish the product from those of other undertakings.
- A careful assessment of the distinctiveness of three-dimensional trade marks is essential to prevent the unintended protection of the good or product itself, which should not ordinarily be within the scope of trade mark law.
- However, assessing distinctiveness of a three-dimensional trade mark is rather difficult since these trade marks consist of the shape of the product itself and the relevant public may not necessarily perceive the shape of a product as an indication of origin.
- Against that background, the Communication is an important step towards a more unified assessment of shape mark registrations throughout the member states by balancing the threshold in the member states and rendering the registration process (hopefully) more transparent and predictable for applicants.

protection is commonly granted under other IP rights such as patent law (regarding a certain technical solution encompassed in the product) or design law (regarding the particular appearance of an object or an interior design).

With respect to the period of protection, patent law provides a 20-year time limit to protection, which is considered necessary to balance the interest in exclusivity for the inventor on the one hand with the general interest in the use of the invention on the other hand. In contrast, as long as a trade mark owner makes genuine use of the trade mark, trade mark law protection is granted indefinitely (provided that the owner pays applicable renewal fees in case of registered trade marks). Therefore, due to the unlimited term of protection, exclusive trade mark rights in the shape of goods and/or their packaging may have far-reaching and unexpected effects on competition and trade mark offices must carefully assess whether the application of a shape mark meets registration requirements.

II. Distinctiveness of three-dimensional trade marks

According to the European Court of Justice ("**CJEU**"), for a trade mark to possess distinctive character, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings. The fact that a trade mark must serve to distinguish the product from others constitutes one of the main functions of a trade mark, namely its function to indicate the commercial origin of a product.

Meeting the test for distinctiveness can be rather difficult in the case of shape marks, as the relevant public does not necessarily perceive the shape of a product to be an indication of origin in the same way as it does words or figurative marks. In other words, the relevant public is generally not in the habit of making assumptions about the origin of products on the basis of their shape alone or the shape of their packaging.

In general, the CJEU applies rather strict criteria regarding the distinctiveness test. Although the CJEU explicitly states that the criteria for assessing the distinctive character of three-dimensional trade marks are not different from those applicable to other categories of trade marks, it also emphasises that shape marks only possess a distinctive character if their appearance departs significantly from the norm or customs of the sector and thereby fulfil their essential function of indicating commercial origin. In its judgment of 24 May 2012, C-98/11, *Lindt & Sprüngli AG v OHIM Golden Rabbit with Bells*, the CJEU had denied this, since neither the shape of a sitting rabbit, nor the gold foil in which the chocolate rabbit is wrapped, nor the red pleated band to which a little bell is attached, differs from the shapes commonly used in the industry and has no distinctive character. The European Court of First Instance decided the same for a Coca-Cola bottle without ripples (EuG, judgement of 24.2.2016, Az. T-411/1). In contrast, the CJEU decided differently for a stove whose shape is generally more or less reminiscent of the shape of a fireplace and therefore deviates considerably from the industry standard (Bullerjan, ECJ, judgment of 23.01.2019 - C-698/17 P).

However, the question remained whether, in the case of non-distinctive product shapes, distinctiveness may be achieved through the use of *other* elements attached to the shape (other than the product shape), such as graphics or other sign elements, and if these additional elements can confer distinctiveness on a three-dimensional trade mark which might otherwise not be registrable.

III. 'Common Practice' communication of the EUIPN regarding distinctiveness

The EUIPN brings together the national and regional IP offices of the EU, the EUIPO, international partners, and trade mark users. The 'Common Practice' Communication, the subject of this article, is the product of consultations between these stakeholders and serves the purpose of encouraging a uniform application of the definition of three-dimensional trade marks across the EU, thereby enhancing transparency, legal certainty, and predictability. The Communication should also reduce the risk that less distinctive shapes are registered as trade marks in EU member states and, therefore, maintain the unity of the market and coherence of the system of IP rights.

The Communication, based on the cooperation between EU intellectual property offices envisaged under Article 152 TMR, is only voluntary. Still, the Intellectual Property Offices of the member states generally apply the common examination standards resulting from such cooperation. The German Intellectual Property Office, for instance, put the Communication into practice in April 2020.

The Communication focusses solely on cases where the filed shape mark itself is not distinctive but contains further verbal and/or figurative elements, and provides criteria and practical examples when these elements confer distinctiveness on the sign as a whole.

The EUIPN Communication outlines that, in order to determine distinctiveness, the distinctiveness of the sign as a whole must be considered. If a non-distinctive shape contains an element that is distinctive, that element may suffice to confer distinctive character on the sign as a whole depending on the **element's size and proportion, contrast, position, the colours used**, the **combination** of signs and the particular circumstances of the market, in particular the **customs of the market**. Even the use of less contrasting colours may be sufficient unless the element cannot clearly be identified as distinctive due to a lack of contrast.

However, the availability of colours should not be restricted unreasonably through the grant of trade mark protection. Therefore, a three-dimensional sign does not become distinctive merely by adding individual colours to the shape of a product in the absence of any other distinctive word or figurative elements. Nevertheless, a *specific arrangement* of colours that is uncommon for the goods in a specific sector and creates an overall memorable expression may confer distinctive character on the sign as a whole. In the case of a combination of different elements, the distinctiveness depends on the overall impression produced by the combination of elements.

IV. Conclusion

According to the German Intellectual Property Office, the results of the Communication correspond to its previous practice. Therefore, the Communication does not establish a higher threshold for registration of three-dimensional trade marks in Germany.

The Communication of the EUIPN is an important step towards a more unified assessment of shape mark registrations throughout the member states by balancing the threshold for trade mark protection in the member states and rendering the registration process (hopefully) more transparent and predictable for applicants. Considering the far-reaching impact a three-dimensional trade mark can have on competition due to the potential monopoly on the shape or packing of the good, a reasonable pathway to trade mark protection in all member states is an essential means to foster competition while safeguarding the rights of the trade mark owner.

For right holders the Communication provides a useful and transparent “manual” on how to determine whether and how a shape should be designed to achieve distinctiveness and thus trade mark protection. However, in light of the still rather complex legal assessment and case law, shape mark applications should always be assessed by a trade mark attorney to ensure that the legal requirements of the distinctiveness test are met (and also of course that there are no existing conflicting trade marks already filed or registered).

BARCELONA

Fernando Cerdà Belda

THE SUPREME COURT RULES ON TRADE MARK MODERNISATION: A WORD MARK USED TOGETHER WITH OTHER MORE PROMINENT SIGNS MIGHT REMAIN CENTRE STAGE

A judgment of 28 May 2020 handed down by the Spanish Supreme Court has found that the use of a word trade mark in combination with other more prominent figurative elements may still satisfy the condition of genuine use.

Non-use of a trade mark as ground for revocation

Articles 39.1 and 54 of the Spanish Act 17/2001 on Trade Marks (dated 7 December 2001) (the "**Trade Mark Act**") provide that a trade mark shall be liable for revocation if, within a continuous five-year period, it has not been put to genuine use in Spain in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

Article 39.3.a of the Trade Mark Act indicates that when a trade mark is used in a form that differs from that in which it was registered, as long as the differing elements do not alter the distinctive character of the trade mark, it still constitutes use of the trade mark within the meaning of Article 39.1. This provision allows trade mark proprietors to modernise, revamp or change their trade marks, for instance to adapt them to new consumer tastes and trends.

In its recent judgment of 28 May 2020, the Spanish Supreme Court handed down a decision on the issue of trade mark modernisation, after analysing whether the use of a word trade mark in a modernised version, in which the word mark was used in combination with other more prominent figurative elements, fulfilled the requirements of Articles 39 and 54 of the Trade Mark Act.

Background to the dispute

The background to the case is as follows: American energy drink giant Rockstar INC. ("**Rockstar**") brought a claim against the Spanish entity Town Music S.L. ("**Town Music**") in which it asked the Court to declare the revocation of Town Music's Spanish word mark "*La Estrella del Rock*" ("*The Rock Star*" in Spanish), registered for the following goods: beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making drinks. On a subsidiary basis, Rockstar asked the Court to declare the partial revocation of "*La Estrella del Rock*" word mark with regard to those goods whose genuine use could not be proven by Town Music.

Josep Montefusco

- *Who's Who Legal 2020 Spain: Life Sciences – Patent Litigation (Recommended)*

Key issues

- Under Spanish law, a trade mark shall be liable for revocation if, within a five-year period, it has not been put to genuine use in Spain.
- Spanish law allows the use of variations of the registered trade marks as long as the differing elements do not alter the distinctive character of the trade mark.
- The Spanish Supreme Court has ruled on the issue of trade mark modernisation, stating that the use of a word trade mark in combination with other more prominent figurative elements might satisfy the condition of genuine use as long as such differing elements do not alter the distinctive character of the trade mark.

In its defence to the claim, Town Music argued that it had made genuine use of the word mark "*La Estrella del Rock*" in a number of variants. In the majority of those variants, the denomination "*La Estrella del Rock*" appeared on the label or the packaging of products together with a figurative sign consisting of the word "Rock" underlined and highlighted in a very singular typeface, and framed in a five-pointed star shape. In these variants, the sign "*La Estrella del Rock*" was significantly smaller than the additional and more prominent element consisting of the stylised word "Rock" and the star shape.

The Court of First Instance partly upheld the claim brought by Rockstar, declaring the revocation of the word mark "*La Estrella del Rock*" with respect to all registered goods with the sole exception of **energy drinks**, in relation to which the Court of First Instance considered that Town Music had proven the genuine use of the word mark. Rockstar appealed the judgment, but the Court of Appeal rejected the appeal and upheld the first instance decision. Finally, Rockstar lodged a cassation appeal before the Supreme Court.

In its cassation appeal, Rockstar alleged that the use claimed by Town Music did not just constitute a mere modernisation of the "*La Estrella del Rock*" trade mark, but instead the use of other signs and graphics went beyond the idea of modernisation and actually formed a new logo (i.e. a mixed trade mark) – thus, the registered word mark had not been put to genuine use and should be revoked. Rockstar argued that the font of the words, and the rest of signs and graphic elements used in combination with the denomination "*La Estrella del Rock*" played an important role in the overall impression of the final sign in the mind of the consumer.

Decision

Against this background, the Spanish Supreme Court was asked to decide whether the use of a registered word mark together with other words and graphic elements might be considered a genuine use of the registered mark within the meaning of Articles 39 and 54 of the Trade Mark Act.

First of all, the Supreme Court made it clear that, since the trade mark at stake was a word mark (i.e., a mark consisting of letters, numbers and other standard typographic characters reproduced in standard typeface, which does not claim any particular figurative element or appearance), the focus of the analysis should not be on whether the variants used by the trade mark proprietor were sufficiently similar to the trade mark as originally registered (as already pointed out, the denomination "*La Estrella del Rock*" was indeed used by the defendant, albeit together with other elements), but instead on whether such use was made in accordance with the essential function of the trade mark – which is to guarantee the identity of the origin of the goods or services of the marked product. In other words, the Supreme Court found that the problem to be resolved was whether the trade mark had been used "*in order to create or preserve an outlet for those goods or services, which does not include the token use for the sole purpose of preserving the rights conferred by the mark*".



Since both articles 39 and 54 of the Trade Mark Act were first introduced to the Spanish Trade Mark system through the implementation of Directive 89/104/EEC¹, and currently mirror the provisions of Directive 2015/2436² and Regulation (EU) 2017/1001³, the Supreme Court based the reasoning of its decision on the case law of the Court of Justice of the European Union ("**CJEU**") on the referred European Union legislation.

In short, the Supreme Court found that according to the doctrine of the CJEU (i) the use of a mark encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark⁴, (ii) the trade mark proprietor can rely on the fact that it is used in a form which differs from the form in which it was registered, without the differences between the two forms altering the distinctive character of that trade mark, even though that different form is itself registered as a trade mark⁵, and (iii) the condition of genuine use may be satisfied where the trade mark is used only through another composite mark, or where it is used only in conjunction with another mark, and the combination of those two marks is, furthermore, itself registered as a trade mark⁶.

Applying this CJEU jurisprudence to the matter, and taking a closer look at the circumstances of the case, the Supreme Court rejected the cassation appeal, concluding that even though the sign "*La Estrella del Rock*" – or simply "*Estrella del Rock*" without the definite article "*La*", which had low distinctive character – was used in combination with other more prominent graphic elements (mainly, the stylised word "*Rock*" framed in the star shape), and that in some of the variants used by the defendant the terms "*La Estrella del Rock*" were less clear, in the majority of the variants used by Town Music such denomination was perceived by the average consumer (reasonably well informed and reasonably observant and circumspect) of this type of products labelled with the mark (energy drinks) as an indication of the origin of the product.

Based on this analysis the Supreme Court found that the use of the denomination "*La Estrella del Rock*" was not symbolic and for the sole purpose of preserving the rights conferred by the mark, but rather constituted a genuine use in accordance with the essential function of the trade mark (*i.e.* to guarantee the identity of the origin of the marked product).

In short, under the approach taken by the Supreme Court, a word mark used in combination with other figurative elements might satisfy the condition of genuine use, even if such additional elements are more prominent than the trade mark element itself, as long as those differing elements do not alter the distinctive character of the trade mark.

1 First Council Directive 89/104/EEC of 21 December 1988, to approximate the laws of the Member States relating to trade marks.

2 Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015, to approximate the laws of the Member States relating to trade marks.

3 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017, on the European Union trade mark.

4 Judgement of the CJEU dated 18 April 2013, Case C-12/12 (Colloiseum Holding).

5 Judgment of the CJEU dated 25 October 2012, Case C-553/11 (Rintisch).

6 Judgment of the CJEU dated 18 July 2013, Case C-252/12 (Specsavers).

MILAN

Iolanda D'Anselmo

INFLUENCE OR ADVERTISING? THE COURT OF GENOA MARKS THE BOUNDARY BETWEEN COMMERCIAL AND NON-COMMERCIAL USE OF WELL-KNOWN TRADE MARKS BY INFLUENCERS

The Court of Genoa ruled on the requirements under national and European law as to the use of a well-known trade mark by third party influencers.

In its decision published on 4 February 2020, the Court of Genoa overturned its previous interim decision issued on 2 December 2019, ordering the eponymous German fashion house Philipp Plein to stop the unlawful use of the well-known "Ferrari" trade mark, and delete from the designer's Instagram profile posts published in violation of the Italian IP Code and the EU Regulation on trade marks.

Factual background and Ferrari's complaints

In July 2019, Ferrari (the famous Italian car manufacturer based in Maranello) filed an urgent petition before the Court of Genoa, seeking interim measures to prevent the German fashion house from engaging in the unlawful use of the Ferrari brand.

Ferrari's complaints concerned a video published on the designer's Instagram page, which depicted a limited edition pair of "Phantom Kick\$" sneakers created and marketed by the German designer sitting on the bonnet of his green "Ferrari 812 Superfast". The video recording involved a car wash with women in skimpy outfits and the sneakers placed on the bonnet of the car. In both cases the Ferrari "prancing horse" logo was evident in the foreground and a commercial caption was included on the side.

According to Ferrari, by featuring his products alongside Ferrari's highly famous trade marks, including the Ferrari name and logo, without Ferrari's authorization, Philipp Plein used Ferrari's well-known trade marks **for commercial and promotional purposes** of his brand and products and thereby unlawfully appropriated the goodwill related to them.

The Court of Genoa rules on how to identify a commercial use of a trade mark by influencers

In a preliminary remark, the Court of Genoa highlighted that the position of the sneakers on the car, both of which were green, may lead consumers to believe that the Ferrari brand was in some way connected to the Philipp Plein brand, **while no such affiliation exists**.

The Court recognised that the German designer's conducts breached article 20(1)(c) of the IP Code and Article 9(2)(c) and section 3(e) of EU Regulation no. 2017/1001

Key issues

- The IP Code and the EU Trade Mark Regulation provide for the protection of the rights of the owner of well-known trade marks (even in the case of dissimilar goods and services supplied by third parties).
- Commercial use of well-known trade marks by third parties must be authorised by the owner of the trade mark.
- The use of well-known trade marks by influencers for non-commercial purposes is lawful when the contents posted on social networks just described their everyday life.
- The criteria to verify (lawful) non-commercial use of trade marks by influencers are identified by Courts on a case-by-case basis.

(the “**EU Trade Mark Regulation**”), pursuant to which the owner of a registered trade mark has the right to prevent third parties from using in the course of trade, without his/her consent, any sign which is identical with or similar to the registered trade mark (even **in relation to goods or services which are not similar**) where the registered trade mark has a reputation in the territory and where the use of the sign (without due cause) takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

The Court rejected the designer’s arguments that, as an influencer, he merely exercised his right to post imagery featuring his cars in such a way that the photos were not commercial in nature, but instead, a reflection of his lifestyle.

The Court held that the use of third-parties’ well-known trade marks by influencers is lawful only when **(i)** it is expressly authorised by the owner of the well-known trade mark, or when **(ii)** the images are descriptive of life scenes of the influencer or of other people, but not merely being used for commercial or advertising purposes.

In this case, the Court stated that the purpose of the videos posted on Instagram by the designer and the designer’s use of Ferrari’s trade marks only pursued commercial purposes in the absence of Ferrari’s authorisation to do this.

According to the Court, the pictures – which depict Philipp Plein’s branded shoes with the Ferrari logo – and the corresponding marketing messaging in the captions alerting consumers of where the shoes could be purchased could only be explained as existing for the purpose of advertising. Placing shoes on the hood of a car does not describe a moment in life: *“there is no doubt that the image of some shoes displayed on the hood of a car does not describe a moment in the life of anyone (a moment that can be the act of eating, resting, walking, celebrating, talking, etc.), especially given that placing shoes on the hood of a car does not have any practical justification”*.

Moreover, the Court recognised that the posts of the designer constituted a type of dilution by tarnishment of Ferrari’s trade mark: this occurs when the use of the trade mark by third parties decreases the aura of luxury acquired on the market by the well-known trade mark.

DÜSSELDORF

Fabian Wild

UPDATE: NEW GERMAN DRAFT LEGISLATION ON UPC

Following a setback triggered by the German Federal Constitutional Court's decision regarding the UPC earlier this year (see June edition of this Global IP Newsletter), a new legislative attempt has been started in Germany recently.

Constitutional Court's decision

In the last edition of this Global IP Newsletter, we discussed the decision by the second senate of the German Federal Constitutional Court, dated 13 February 2020, (2 BvR 739/17) which found that the German legislation to ratify the agreement establishing a Unified Patent Court (the **"UPC Agreement"**) was unconstitutional.

In a nutshell, the Federal Constitutional Court found that the adoption of the German ratifying legislation would have required a two-thirds majority of all members of the legislative bodies given its impact on the constitution. That majority had clearly not been reached during the relevant vote in the *Bundestag*. Therefore, the domestic legislation to ratify the UPC Agreement was found to be void on formal grounds by the Constitutional Court. We expressed our concerns that the implementation of the UPC would at least be delayed due to this decision and the requirement to table new legislation. For more information on the UPC and the decision, see Issue 06/20 of the Global Intellectual Property Newsletter (pages 40 et. seq.).

New legislation tabled

On 10 June 2020, shortly after our last quarterly Newsletter has been published, the Federal Ministry of Justice and Consumer Protection (the **"Federal Ministry"**) published a new draft bill to overcome the judicial setback and to secure German ratification of the UPC Agreement. Apart from some minor textual updates to reflect the time that has passed since the previous attempt, substantively the draft bill has remained completely unchanged.

The fact that a materially identical draft has been used has more importance than may seem to be the case at first glance. As already discussed in our last Newsletter, since the United Kingdom voted to leave the European Union in 2016, Brexit has cast doubts on the future of the UPC. Recently, the United Kingdom has finally deposited its withdrawal notification.

However, the Federal Ministry has taken the view that Brexit, as a "not foreseeable event", does not affect the general implementation of the UPC Agreement by the remaining participants from a legal standpoint. The Federal Ministry's interpretation of the UPC Agreement was that the agreement did not require the joint participation of Germany, France and the United Kingdom. Rather, the UPC Agreement required that the UPC system should commence operation at the same time in those

Key issues

- New German legislation has been tabled to ratify the UPC Agreement.
- Draft bill remained unchanged in terms of content.
- Federal Ministry does not regard Brexit as a general legal obstacle to the UPC system.
- Consequences of Brexit on UPC should be dealt with on a political level.

States – provided that they were still participating States of the UPC Agreement at that point in time.

On the issue of London as one of the seats of the central divisions of the Court of First Instance, the Federal Ministry argues that the UPC framework would not allow a seat in a non-contracting state. The remaining divisions in Munich and Paris should therefore assume the competencies of the London division in the case of an ultimate withdrawal of the United Kingdom from the UPC system (or at least for an interim period).

As a general and final remark, the Federal Ministry has proposed to find a political solution to any of these open issues triggered by Brexit and the United Kingdom's now announced withdrawal from the UPC system. From a legal standpoint, however, it appears to see no clear obstacle to ratification of the UPC Agreement. The tabling of materially identical legislation reinforces that the Federal Ministry is confident in its opinion on the UPC Agreement post-Brexit, and Germany's support for the UPC.

Prospects

How quickly the legislative process will proceed remains to be seen. However, the speedy preparation of the draft by the Federal Ministry of Justice and Consumer Protection at least makes it clear that the Federal Ministry attaches great importance to the Unified Patent Court and, after more than seven years of ratification procedures, wants to finally reach a conclusion.

WARSAW

Katarzyna Kuchta

INTRODUCTION OF SPECIALISED IP COURTS IN POLAND

Specialised IP courts have been established in Poland as of 1 July 2020. This reform aims at increasing the speed, efficiency and expertise involved in resolving IP-related disputes.

Prior to this change, all civil cases pertaining to intellectual property were examined by commercial departments of common courts, except for disputes related to EU trade marks and Community industrial designs, where a special department of the District Court in Warsaw – the Court of EU Trade Marks and Community Designs – had exclusive jurisdiction.

This previous system was criticised as inefficient due to the general excessive workload in the Polish common courts. Additionally, many lawyers noted that judicial specialisation in IP/IT related cases would be strongly desirable. It was argued that, in general, the common court judges did not have the relevant expertise and in-depth IP/IT knowledge to examine disputes over often very technical matters. As a result, the proceedings were protracted and inefficient.

As of now, IP cases are heard by the specialised IP courts which are new specialised departments of five district courts of first instance (in Warsaw, Poznań, Gdańsk, Lublin and Katowice) and of two courts of appeal (in Warsaw and in Poznań).

The new IP courts will examine all cases concerning the protection of intellectual property rights including trade marks, copyright, related rights and any other moral rights, as well as any disputes regarding unfair competition (including trade secrets) and protection of other personal rights. Additionally, all the IP courts are to resolve disputes concerning EU trade marks and Community industrial designs, which previously only the Warsaw district court was competent to examine. In exchange, the IP court in Warsaw has exclusive jurisdiction over the most technically advanced issues – concerning software, topographies of integrated circuits, plant varieties, technical trade secrets and, in particular, inventions.

The reform has also introduced some new procedural measures. These are aimed at securing evidence and information to ensure effective enforcement of IP rights. Firstly, evidence being at the counterparty's disposal may be secured in order to prevent the loss of its probative value or destruction. The court may secure such evidence in any way it considers appropriate. In addition, it may grant the claimant the right to immediate review of such evidence.

Secondly, a party may be compelled to disclose or issue evidence. In practice, this can be particularly useful with respect to financial and bank documents which would support the Courts in determining the profits of the infringer and, as a result, the amount of compensation due to a successful claimant.

Key issues

- On 1 July 2020 a major reform of procedural law in the field of IP came into force in Poland.
- The reform includes entirely new rules of jurisdiction and establishes specialised IP courts to make enforcement faster and more efficient.
- In addition, there have been changes in the legal procedure itself, e.g. in the preservation of evidence, secrecy measures and by introducing new types of proceedings.

Thirdly, a party may request information concerning the origin and distribution networks of goods or services, if such information is required to pursue the IP claim.

Moreover, a non-infringement declaratory claim has been introduced. If there is a risk of a dispute over the infringement of an exclusive right, an involved party may apply for a court confirmation that certain action already taken or to be taken does not constitute an infringement of IP rights. Such a claim must be preceded by communication between the claimant and the holder of the exclusive rights indicating that a potential dispute in this respect may arise.

Additionally, in cases concerning infringements of registered trade marks and industrial designs, a counterclaim related to the invalidity or expiry of the exclusive right may be made. Previously, only the Polish Patent Office was competent to invalidate exclusive rights to registered trade marks and industrial designs. Now, while Polish Patent Office remains competent to invalidate such rights, as an alternative, the possibility of making a counterclaim during the civil court proceedings has been introduced.

This recent reform in Polish IP dispute resolution is a step in the right direction. The new organisation of the IP court system as well as the measures introduced should significantly speed up the proceedings, improve their efficiency and ensure a uniform rulings.

BARCELONA

Juan Cuerva de Cañas

NEW REGULATION OF MANAGEMENT AGREEMENTS BETWEEN COPYRIGHT HOLDERS AND COLLECTIVE MANAGEMENT ORGANISATIONS AND MULTI-TERRITORIAL LICENSING OF ONLINE RIGHTS IN MUSICAL WORKS

As reported in the last issue of the Global IP Newsletter, the Spanish Act 2/2019, dated 1 March 2020, ("the **Act 2/2019**") amends the Spanish Copyright Act¹, in order to transpose into Spanish law Directive 2014/26/EU of the European Parliament and of the Council². Said Directive concerns the collective management of copyright and related rights, and multi-territorial licensing of rights in musical works for online use in the internal market.

Among other changes, Act 2/2019 introduces in the Spanish Copyright Act new regulation of (i) the management agreements which copyright holders enter into with collective management organisations; and (ii) the multi-territorial licensing of rights in musical works for online use within the territory of the European Union. In this article we briefly analyse these two limbs of the new regulation.

I. Management agreement between copyright holders and collective management organisations

Typically, the holder of copyright in a work entrusts the management of their rights to a collective management organisation, acting as their representative, which in turn grants third parties authorisation to exploit the copyrighted work in exchange for the payment of a tariff (i.e. a royalty). The collective management organisation subsequently delivers the amounts collected on its behalf to the copyright holder³. The legal relationship between the holder of the copyright and collective management organisation is established in a "management agreement".

Prior to Act 2/2019, the Spanish Copyright Act regulated management agreements in a single article⁴. Act 2/2019 further develops the regulation of the management agreement and contains the following noteworthy changes:

- a) Firstly, it establishes a series of general principles which collective management organisations must always abide by when representing copyright holders:
 - 1) As a general rule, collective management organisations are obliged to manage the copyrights entrusted to them, unless – as an exception – there are objectively justified reasons to refuse to do so, which must be duly supported.

1. Royal Decree 1/1996, dated 12 April 1996.

2. Act 2/2019 also transposes Directive (EU) 2017/1564 of 13 September 2017 to Spanish law.

3. Deducting management costs and other costs that the collective management organisation may have.

4. Former Article 153 of the Spanish Copyright Act.

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- *Who's Who Legal 2020 Spain: Life Sciences – Patent Litigation (Recommended)*
- *WTR 1000 – 2020 Spain: Individuals - Enforcement and Litigation*

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Key issues

- Act 2/2019 further develops the regulation of the management agreement between collective management organisations and copyright holders.
- Act 2/2019 has introduced, for the first time in Spain, a specific regulation of the right of the copyright holders to terminate management agreements.
- The Spanish legislator has also taken advantage of Act 2/2019 to introduce in the Spanish Copyright Act a completely new regulation of the multi-territorial non-exclusive licences of rights in musical works for online use within the territory of the European Union.

- 2) Collective management organisations cannot impose obligations on copyright holders which are not objectively necessary to protect their rights and interests or to effectively manage their rights.
 - 3) Collective management organisations must give equal treatment to all copyright holders whose rights they manage and must not discriminate in any way, particularly with regard to the tariffs applicable to the use of the works, the management fees, the conditions for the collection of the rights revenue and the distribution and payment of the amounts due to the copyright holders.
- b) Secondly, with regard to the content of management agreements:
- 1) The copyright holder must give its explicit consent in writing with regard to:
 - i. each right of exploitation or type of work (or subject-matter) whose management it entrusts to the collective management organisation.
 - ii. the territories covered by such management, regardless of the nationality or place of residence of the copyright holder or the place of establishment of the collective management organisation.
 - 2) The provisions of management agreements cannot impose on the copyright holder the obligation to license (i) all types of use or exploitation of a particular work (or subject-matter), (ii) the entire works, nor (iii) the production of future works.
- c) Most notably, Act 2/2019 introduces, for the first time in the Spanish Copyright Act, the regulation of the right to terminate management agreements, in full or in part, as follows⁵:
- 1) It establishes a maximum term of the management agreement of three years, renewable for additional one-year periods.
 - 2) The copyright holder may terminate its management agreement upon giving reasonable notice to the collective management organisation, not exceeding six months⁶.
 - 3) Management agreements may be terminated in full or in part, affecting all or only some rights, types of works and/or territories in which the collective management organisation carries out the management activities entrusted to it.
 - 4) In the event of termination of the management agreement, rules are established to ensure the proper payment of any amounts due by either the copyright holder or the collective management organisation to the other party to the management agreement.

5. Vid. new Article 158 of the Spanish Copyright Act.

6. Act 2/2019 establishes that each collective management organisation will specify the notice period in its statutes.

- 5) Those collective management organisations which do not grant (or do not offer to grant) non-exclusive multi-territorial licences for online rights in musical works or do not permit other collective management organisations to represent those rights for that purpose, are obliged to permit copyright holders to partially terminate their management agreement with regard to those rights, so as to be able to grant such licences. Termination in this regard will not affect the rest of the online rights, other than the online rights in musical works for the purpose of granting non-exclusive and non-multi-territorial licences.

Since the new regulation of the right to terminate management agreements may affect agreements of this type which are currently in force, Act 2/2019 establishes a transitional regime according to which the new provisions related to the right to terminate *“will apply to management agreements in force or renewed”* as of 14 April 2018.

II. Multi-territorial non-exclusive licences of rights in musical works for online use within the territory of the European Union

In the previous section we briefly analysed the effect of Act 2/2019 on management agreements, the agreements entered into by copyright holders and collective management organisations.

Apart from the aforementioned changes, Act 2/2019 also (i) amends some provisions of the Spanish Copyright Act regarding the non-exclusive licences granted by collective management organisations to third party users for the use of the repertoire of works managed by such organisations; and (ii) introduces new regulations governing non-exclusive multi-territorial licences of rights in musical works for online use within the territory of the European Union⁷ (**“Multi-territorial Licences”**), which we will discuss further below.

The Spanish Copyright Act defines Multi-territorial Licences as *“those licences needed in order to attribute to the online music service provider the ability to exploit a right of reproduction and communication to the public, including the right of making available, of a musical work within the territory of several Member States of the European Union”*. This type of licence must as a minimum therefore (i) include the rights to reproduce and communicate (including the right to make the musical work available to the public); (ii) have a territorial scope greater than that of the Spanish territory, extending to the territory of one or more other EU Member States and (iii) authorise the use and exploitation of musical works in the online environment.

Although Multi-territorial Licences are designed for the exploitation of musical works in the online environment, the Spanish Copyright Act identifies two specific cases in which, despite exploitation taking place online, regulations regarding Multi-territorial Licences do not apply:

7. Vid. new Articles 170 to 174 of the Spanish Copyright Act.

- a) When collective management organisations grant non-exclusive multi-territorial licences for the online rights in musical works to radio broadcasting organisations to communicate and/or make available to the public their radio or television programmes *“when first broadcast or at a later time”*.
- b) In the same case as a) above, when the subject of the licence consists of any online content, including previews, produced by or for the radio broadcasting organisation, to complement the initial broadcast of its radio or television programme.

These two exceptions must be interpreted narrowly, and are restricted - according to the Spanish Copyright Act - *“to solely what is necessary so as to permit access to online radio or television programmes and to material that is clearly related to and dependent on the original broadcast and has been produced in order to enable the radio or television programme in question to be completed, previewed or watched again”*.

Further, the Spanish Copyright Act imposes the obligation upon collective management organisations granting Multi-territorial Licences to have sufficient capability to process electronically, efficiently and transparently, the data required to manage such licences, especially in order to be able to identify the repertoire of musical works and supervise their use, invoice users, collect the rights and distribute and pay the corresponding amounts to copyright holders. For this purpose, collective management organisations must meet several minimum conditions, as follows:

- a) Be able to determine with precision the musical works, in full or in part, which they are authorised to represent.
- b) Be able to determine with precision, in full or in part, in each territory in question, the rights and their corresponding holders, regarding each musical work or part thereof, which they are authorised to represent.
- c) Use unique identifiers to distinguish copyright holders and musical works, bearing in mind, insofar as possible, the norms and practices voluntarily applied in this sector, at the EU or international level.
- d) Use appropriate means to rapidly and effectively detect and resolve any inconsistencies in the data possessed by other collective management organisations granting Multi-territorial Licences.

With regard to the tariffs for the Multi-territorial Licences granted by collective management organisations, the Spanish Copyright Act states that the general rules do not apply to this type of licence. Instead, tariffs are to be determined through negotiations between the collective management organisations and the providers of online music services. These tariffs, which by law must be negotiated according to the principles of good faith and transparency, must also be reasonable and fair in relation to (among other factors) the economic value of the use of the negotiated rights, considering the nature and scope of use of the works, and the economic value of the service provided by the collective management organisation. The management organisations must inform their users of the criteria applied in setting tariffs.

Finally, to facilitate the online exploitation of the rights to musical works in the territory of the European Union, the Spanish Copyright Act establishes the possibility for a collective management organisation to entrust the granting of Multi-territorial Licences to another such organisation representing it. In this case, the representative organisation will have the following obligations, among others:

- a) Manage the rights entrusted in non-discriminatory conditions.
- b) Inform the collective management organisation represented of the main conditions according to which Multi-territorial Licenses will be granted, including: the nature of the exploitation, all provisions that refer to or affect licence payments, the licence's duration, accounting periods and territories covered.
- c) Manage the repertoire of musical works of the collective management organisation represented under the same conditions as those applicable to the management of its own repertoire and including it in all offers targeting the providers of online services.

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Alex Walker / Uche Eseonu

BROMPTON BICYCLE CASE: CJEU DECISION ON COPYRIGHT PROTECTION FOR FUNCTIONAL DESIGNS

The law on copyright protection unfolds

In its recent decision, the Court of Justice of the European Union (“**CJEU**”) has clarified that copyright protection does not extend to purely functional designs (Case C-833/18).

The claimant, Brompton Bicycle Limited (“**Brompton**”), is a well-known British manufacturer of iconic foldable bicycles which incorporate a hinged frame in their design in order to allow the bicycle to fold (Figure 1). The defendant, Get2Get Chedech (“**Get2Get**”), a South Korean company, began to market their own foldable bicycle in Belgium (Figure 2).



Brompton asserted that the Get2Get bicycle copied the shape and appearance of its iconic bicycle design and subsequently brought a claim against Get2Get for copyright infringement before the Belgian Court. In its defence, Get2Get claimed that the appearance of the Get2Get bike did not amount to infringement of copyright on the grounds that the bicycle designs were “dictated by the technical constraints involved in producing a foldable bike” and that the designs were “the most functional method” for creating a folding bicycle. In reply, Brompton asserted that its bicycle design was original since there was sufficient freedom of design and that this was supported by the fact that a number of other folding bicycles available on the European market did not bear substantial similarities to the shape and appearance of the Brompton bicycle.

The Belgian Court stayed proceedings and made a reference to the CJEU to clarify whether copyright protection under EU law (including the InfoSoc Directive (Directive 2001/29)) extended to products whose shape, at least in part, is necessary to obtain a technical result. The following questions were referred to the CJEU:

1. whether EU law must be interpreted as excluding from copyright protection works whose shape is necessary to achieve a technical result; and

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Key issues

- According to the CJEU's recent decision (Case C-833/18), copyright protection does not extend to purely functional designs; they must be “original” works.
- Works cannot be considered “original” where the realisation of the subject matter is dictated by technical considerations which have left no room for creative freedom by designers.
- To ensure that works are covered by copyright, creative businesses and designers should endeavour to keep a log of their design and creative process to demonstrate that artistic and design considerations have contributed to the design, shape and appearance of their final product.

2. in assessing whether a shape is necessary to achieve a technical result, should the following factors be considered:
 - (i) existence of other possible shapes that would allow the same technical result to be achieved;
 - (ii) effectiveness of the shape in achieving that technical result;
 - (iii) the intention of the alleged infringer to achieve that result; and
 - (iv) existence of an earlier, now expired patent on the process for achieving the technical result sought.

This reference was against the background of the CJEU's earlier decision in a designs case (*DOCERAM (C-395/16)*) in which it held that in order to determine whether the features of appearance of a product are exclusively dictated by technical function for the purposes of design protection law, it must be established that the technical function is the only factor which determined those features, the existence of alternative designs not being decisive in that regard.

CJEU decision

In its decision of 11 June 2020, the CJEU followed its earlier decision in *COFEMEL C-683/17*, in taking a broad view of what may be a work for the purposes of copyright protection. A work must be "identifiable with sufficient precision and objectivity" and be an expression of the author's own intellectual creation.

The Court held that copyright protection is, in principle, available to products whose shape is, at least in part, necessary to obtain a technical result, insofar as that product is "an original work resulting from intellectual creation, in that, through that shape, its author expresses their creative ability in an original manner by making free and creative choices in such a way that the shape reflects their personality". The CJEU further explained that a work would not be "original" where the realisation of the subject matter "has been exclusively dictated by technical considerations, rules or other constraints which have left no room for creative freedoms".

With regards to what factors should be considered by the Court when assessing whether a shape is necessary to achieve a technical result, the CJEU held the following:

- **Existence of other possible shapes:** the existence of other foldable bicycles, with different shapes that would allow the same technical result, was not a decisive factor in deciding whether the shape of the product was solely dictated by its technical function or whether the author had expressed "creative ability".
- **Effectiveness of the shape:** the effectiveness of a shape in achieving a technical result should "be taken into account only in so far as those factors make it possible to reveal what was taken into consideration in choosing the shape of the product concerned." Moreover, it will be a matter for the referring Court to take account of all the relevant aspects "as they existed when that subject matter was designed, irrespective of the factors external to and subsequent to the creation of the product."

- **Intentions of the alleged infringer:** the intentions of the alleged infringer are irrelevant when considering whether the shape of a product would be exclusively dictated by the technical function of the product.
- **Existence of earlier patent rights:** the existence of an expired patent was considered to be relevant but only to the extent that the expired patent could assist judges in determining why a specific shape was chosen by its creator.

Practical considerations

The CJEU's decision will be subject to the interpretation of national courts across the EU. The Belgian Court will now have to determine whether the Brompton bicycle design is primarily dictated by the bicycle's requirement to fold and if the design amounts to an "original work".

Following the *Brompton and Cofemel* cases, product designers should seek to include demonstrable creativity in their designs that can be clearly distinguished from functionality in order to increase the likelihood of certain elements of the design (e.g. the shape) being protected by copyright. This is a positive step for creative businesses, particularly early-stage businesses that may not have the capital required to pay the fees to apply for and maintain registered IP rights (e.g. patents; registered designs). In addition, sophisticated businesses that previously benefitted or currently benefit from the protection of registered IP rights, will now potentially have another form of protection to prevent unscrupulous third parties from misappropriating their designs.

In light of the above, companies should continually consider whether their product designs are solely governed by a particular function and keep a log of the design and creative process in order to demonstrate the artistic and design considerations that have contributed to the design, shape and appearance of the final product.

HONG KONG

Ling Ho / Iris Mok

ISSUES ARISING FROM USE OF TECHNOLOGY FOR CONTACT TRACING IN THE COVID-19 ERA

As part of their response to the rise of COVID-19 cases in the region, governments in APAC have raced to develop contact tracing technology to automate the process of tracing close contacts. This article discusses the mechanisms of the technology, its deployment in the region and the legal concerns surrounding the use of such technology.

As COVID-19 cases rise, the deployment of contact tracing technology has been an important part of governments' strategy to curb the spread of COVID-19. In this article, we discuss the increasing use of contact tracing technology in the APAC region and the legal concerns surrounding the use of such technology.

Background

In response to the rising number of COVID-19 cases, governments across APAC have raced to develop new technologies to accurately monitor the spread of coronavirus and to cut off transmission chains early on. Contact tracing has been historically used for identifying persons who may have come into contact with individuals infected by a contagious disease and was traditionally done by conducting interviews with infected individuals and then painstakingly processing the data to track down the infection chain. Contact tracing technology replaces that labour-intensive exercise, and the scale of the COVID-19 pandemic gives rise to an unprecedented need for governments across the globe to gather information on the spread of the virus more efficiently.

While the exact mechanism of contact-tracing technology differs depending on the app, the premise is similar. Firstly, real time location tracking is used to detect close contacts between individuals over a period of time, either using Bluetooth or GPS to collect the user's location data. In the case of Bluetooth, each device broadcasts a unique ID, when two mobile phones come into proximity, each app detects the other and records the other's unique key. In the case of GPS, the exact location of the user is recorded at all times. Secondly, when a person tests positive for coronavirus, they can use the application to advertise their locations or their Bluetooth ID. Persons who came into close contact with an individual who has tested positive will be notified via the app. Thirdly, the app can be used to collect information about a user's location, travel history, health and/or other personal information. Depending on the app, the users' information can be shared either voluntarily or automatically with the government. The government can then use this information to track down the history of any close contacts.

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Key Issues

- Contact tracing technology is being used across the APAC region to automate the process of tracing close contacts with confirmed and suspected cases.
- The use of contact tracing technology has led to concerns over possible data privacy breaches, particularly in respect of the collection of extensive personal, sensitive information and lack of specific guidance surrounding how data should be stored, protected and used.
- Governments in APAC have generally embraced the use of contact tracing technology and have issued guidance to mitigate the concerns surrounding data privacy breaches. Businesses and employers who intend to use contact tracing technology should ensure compliance with any data privacy regulations.
- Contact tracing technology is invariably developed by third parties and licensed to governments and health institutions, and outsourcing arrangements are common. Such licensing and outsourcing agreements should have clear stipulations as to ownership, the use and protection of improved technology and the data generated.

Rise of the contact tracing apps

In early February 2020, there was a large-scale launch of contact tracing technology in China to contain the spread of the virus. Various apps have been rolled out to support the QR health code system adopted in various cities and provinces in China. Citizens are asked to register on one of the platforms operated by either Alipay or WeChat, which requires users to provide their personal information, such as their user's name, ID card number and facial scans. The users' location is tracked to determine whether they have come into contact with infected individuals or have travelled to cities with high infection rates. Users are then allocated a QR "health code" based on the information gathered, which is colour-coded green, yellow or red to indicate the level of risk. Many cities in China now require citizens to scan their QR health code showing a green status (which indicate the user is of low risk) before they are granted access to transportation, shopping malls, offices, stores and other public places. Individuals with yellow codes (which indicate that the user requires self-isolation) would be denied entry and individuals with red codes (which indicate that the user is a confirmed COVID-19 patient) would be reported to the relevant authority.

In Hong Kong, a toned-down contact tracing regime exists whereby travellers from overseas subject to a mandatory quarantine are required to download an app which is paired with a wristband that uses geofencing technology to alert the authorities when the individual leaves their home. The government also announced in June 2020 that a health code system will soon be launched to certify the health status of residents returning from the Greater Bay Area, with the exact mechanism yet to be announced.

The Singaporean contact tracing app allows users to log their proximity and duration of such proximity to other users using Bluetooth. If a user tests positive, the Singaporean Government receives an encrypted list of the users they have had contact with, who can then be notified.

Other countries such as Australia, Korea, India, Japan and Indonesia have rolled out similar contact tracing applications to boost their efforts in containing the virus.

Shortcomings and legal concerns

While contact tracing apps are valuable tools for the containment of the virus, the technical concerns and legal issues that may arise should not be overlooked.

To begin with, contact tracing apps will only be effective if there is a sufficient uptake. As one study conducted by the University of Oxford suggests, in order to reduce the number of COVID-19 cases, it would require usage of such apps by 60% of the population¹. Such widespread usage would necessitate the wider population to have access to the internet and mobile phones, which is not always the case. In addition, many remain sceptical, particularly with respect to potential data privacy invasions as a result of using the apps.

1. University of Oxford, Coronavirus research , "Digital contact tracing can slow or even stop coronavirus transmission and ease us out of lockdown" (*University of Oxford*, 16 April 2020)
<https://www.research.ox.ac.uk/Article/2020-04-16-digital-contact-tracing-can-slow-or-even-stop-coronavirus-transmission-and-ease-us-out-of-lockdown> accessed 12 August 2020

Privacy concerns

To be effective, these apps will necessarily have to collect a substantial amount of personal information from the user, such as the user's geographical location and how long the user interacts with another user. Furthermore, most contact tracing apps may require users to provide personal information including personal sensitive information such as the user's name, address, travel history, medical history, smoking habits, etc.

In addition to the collection of data, how this data is stored, shared and used poses serious concerns. Some apps opt for a centralised model of processing information (e.g. China, India, Australia), while others opt for a decentralised model (e.g. Japan). A centralised model means that the data is sent to a centralised server, which uses the data to carry out risk analysis and send out alerts to users who may have come into contact with infected individuals. A decentralised model means that the data is stored locally on the user's mobile device. Each device will have an anonymous ID and users who have come into proximity will log each other's IDs. All users' anonymous IDs are uploaded onto a centralised database, and that database is downloaded on each user's device. The contact matching happens on the device, such that it will alert the user if any IDs on the user's phone have been tagged in the database as having been diagnosed with COVID-19. A decentralised model clearly offers more anonymity and privacy, but a centralised model has the obvious benefit of giving public health officials access to data to efficiently determine infection chains and virus hotspots.

It is the centralised model that has come under attack for potential infringement of user's privacy rights. Firstly, a centralised database is prone to cyber-attacks and cyber security issues. In China, there has been reports of leaked information about more than 6000 people who had entered a local hospital in Qingdao on WeChat. Whilst regulations concerning the administrative, technical and physical safeguards of users' data exist, tailor-made updates would be needed to take into account the significant privacy concerns arising from the massive scale and volume of data collection, including whether users have control of their data, how long the data will be stored for and whether the data will be deleted post-pandemic. Secondly, specific guidance is needed as to how information can be used, especially in a situation where the data collected is to be used beyond the pandemic. Given the information is highly sensitive and personal, it has potential to be used as a mass surveillance tool. Thirdly, where governments engage third party platforms to host the application (e.g. in China, Alipay or WeChat), it could mean that private enterprises will be able to amass enormous volumes of sensitive personal data.

Licensing and ownership concerns

The contact tracing technology used by governments is invariably developed by third parties and licensed to governments; in many cases, the operation of the contact tracing system is also outsourced to technology developers. The licensing and outsourcing agreements should properly regulate and govern issues relating to ownership, use and protection of any improved technology and data generated as well as risk allocation and enforcement of rights. As governments and health organisations race to deploy contact tracing tools in the global battle against COVID-19 and create an urgent market demand for the technology, it is not surprising that technology companies have begun an equally intense race to enforce their rights to that technology.

Blynscy, a Utah-based start-up, purports to have exclusive rights to the use of electronic devices for contact tracing for COVID-19². Blynscy has obtained a business method patent from the USPTO for “tracking proximity relationships and uses thereof”³ via determining the proximity relationship between an infected person relative to other persons, and has set up a website offering licences for its contact tracing method. There have already been heated discussions as to whether tech giants such as Apple and Google which also offer contact tracing tools would be taking actions in respect of Blynscy’s patent, especially in light of the limited patentability of software pursuant to a 2015 US Supreme Court ruling.

An additional layer to the debate is the patentability of the age-old skill of contact tracing, which has been made much more efficient thanks to the use of automated processes. Such potential litigation is made more complicated by public sentiment against attempts to enforce exclusive IP rights in technology considered necessary to fight the pandemic. Tying back to the privacy concern mentioned earlier, Blynscy has stated that its other major goal for the licensing regime is to make sure contact tracing is not used to expand government surveillance and violate individual privacy.

Government's response to privacy

Governments in APAC have generally embraced the use of contact tracing technology and have started rolling out guidance to mitigate the concerns around data privacy breaches. For example, in China, the Office of the Central Cyberspace Affairs Commission issued a Notification in February 2020⁴ stating that enterprises with capacity were encouraged to actively use big data to support joint prevention and control efforts under the guidance of relevant departments. However, such activity was only to be undertaken if personal information collected for contagion prevention and control would not be used for other purposes. Institutions collecting or controlling personal information were made responsible for protecting the security of that personal information and told to employ strict management and technical protection measures to prevent theft and leaks.

The Singaporean government has issued guidance for the collection of personal data for COVID-19 contact tracing and the monitoring of entrance into commercial premises. It has stated that the collection of data must comply with the relevant data protection legislation and provides a template notice that businesses can use to inform visitors that person data will be collected for contact tracing purposes⁵.

In Hong Kong, the Privacy Commission for Personal Data stated in a media statement in February 2020⁶ that the use of personal data must be consistent with or directly related to the original purpose for which the data is collected in the Personal Data

2. Start-up Blynscy risks clash with Apple, Google over coronavirus contact tracing app royalties, South China Morning Post / Bloomberg, 8 May 2020: <https://www.scmp.com/tech/big-tech/article/3083443/start-blynscy-risks-clash-apple-google-over-coronavirus-contact>

3. US Patent No. 10,198,779 B2

4. Original Chinese text of the Notification on Personal Information Protection and Using Big Data to Support Joint Prevention and Control Efforts: http://www.cac.gov.cn/2020-02/09/c_1582791585580220.html

5. *Personal Data Protection Commission*, “Advisories on Collection of Personal Data for COVID-19 Contact Tracing and Use of SafeEntry” <https://www.pdpc.gov.sg/help-and-resources/2020/03/advisory-on-collection-of-personal-data-for-covid-19-contact-tracing> accessed 12 August 2020

(Privacy) Ordinance. However, the right to personal data privacy is not absolute and should be balanced with other competing rights and interests such as public health. The statement concluded that there are sufficient legal bases on which the government may collect and use information obtainable with the aid of devices, applications, software or supercomputers with a view to tracking potential COVID-19 carriers or patients in the interests of both the individuals concerned and the public.

Implications

In the global race against COVID-19, all available resources are utilised to track and prevent the spread of the virus including the use of technology to automate the process. There will always be the constant battle between the right to privacy and other competing rights including the right to life and the public health need to put an end to a pandemic. Governments will need to promptly provide detailed guidance on the collection and use of personal data for contact tracing. For businesses that wish to use contact tracing apps to determine the health status of customers and employees, care should be taken to ensure compliance with data privacy regulations. Data subjects should be made aware as to what and when data is collected and how it will be used for public health purposes, with necessary consents sought. The retention period of the data should be limited such that the data should be deleted once the purpose is exhausted. It is also advisable for data users, be it health officials or private enterprises, to take extra measures to securely protect the data, given the number of data subjects and the extensiveness of the data involved.

As contact tracing technology fast evolves, the developers of the technology, as the owners and licensors, should also carefully review the relevant agreements governing the use of the technology to ensure clear stipulations on the ownership, use and protection of any improved technology and data generated. It also waits to be seen how any monopoly of the technology would fare in potential patent invalidation and infringement battles.

With appropriate measures in place and caution exercised by data users including the governments across the world, contact tracing technology would be an indispensable tool in the joint effort to combat and hopefully to eventually control or even eradicate the COVID-19.

6. Privacy Commissioner for Personal Data, Hong Kong “The Use of Information on Social Media for Tracking Potential Carriers of COVID-19” (*Privacy Commissioner for Personal Data, Hong Kong, 26 February 2020*) https://www.pcpd.org.hk/english/media/media_statements/press_20200226.html accessed 12 August 2020.

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