

C L I F F O R D
C H A N C E

28TH EDITION



GLOBAL INTELLECTUAL PROPERTY NEWSLETTER
IP TOPICS FROM AROUND THE GLOBE
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28TH EDITION GLOBAL IP NEWSLETTER INTRODUCTION

Welcome to the 28th edition of the Clifford Chance Global IP Newsletter.

To begin with, we would like to introduce to you our new colleague Ronny Amirsehhi who joined the Düsseldorf IP team as a patent attorney on November 1. Ronny has a Bioengineering technical background and brings more than 16 years of experience with prosecuting and litigating patents before the European Patent Office (EPO), United States Patent Office (USPTO), the Patent Trial and Appeal Board (PTAB), and European national courts – welcome to our Global IP Team, Ronny!

With Holiday season just around the corner, we would like to shed some light on a variety of recent IP-related topics one more time in this eventful and – for all of us – clearly challenging year 2020.

We will start with the discussion of a recent decision of the Barcelona Court of Appeal in the field of trademark law, dealing with **dinosaur-shaped lookalike foodstuffs** (Who doesn't like dinosaurs?) following-up on case law discussed in the 22nd Global IP Newsletter. Keeping your secrets safe, we continue with case law on how German courts interpret and apply the **2019 German Trade Secrets Act** with respect to the trade secrets definition in a public law-context, the range of protectable subject matters and the nature of appropriate secrecy measures.

Staying in the realm of trade secrets protection, our Hong Kong team looks into the **Chinese Supreme Court's** recent issuance of various judicial interpretation such as the "Application of Law in the Trial of Civil Cases of Trade Secrets Infringement" as well as other IP topics such as the update of the "Catalogue of technologies prohibited and restricted from export".

Back in Europe, our Milan colleagues report from **WIPO's virtual exhibition** on artificial intelligence ("AI") and IP which took place on 18 September 2020. One of the topics discussed was the phenomenon of "deep-fake" technology, i.e. the manipulation of audio, photos and videos with the aid of AI applications, which is at the centre of an ongoing heated debate on copyright, data protection and security issues.

Further, Clifford Chance had the opportunity to be part of the national working group for the **2020 Study Question** for copyright given by the AIPPI regarding "IP Rights in Data?", while our Spanish team analyses a decision of the Barcelona Court of Appeal on the **compatibility of copyright and industrial design** protection. Our German IP team presents a "tasty" topic: **IP protection of food creations** in Germany under the German Copyright Act, German Law on Unfair Competition and Patent Law.

Turning to patent litigation, our French colleagues shed light on a current decision by the Paris Court in the case of **Eli Lilly vs. Fresenius** which is of particular importance for patent owners faced with infringers who make small changes to their products in order to attempt to avoid infringement in France. Finally, we would like to provide you with an overview regarding typical legal issues arising from advertising, promoting and endorsing products/services in the field of **influencer marketing** from a UK Law perspective.

As always, we hope you enjoy reading this latest edition of the Global IP Newsletter and look forward to receiving your feedback.

With the approaching end of the challenging year 2020 in which the Corona Pandemic has affected us all, we wish you all the best for 2021 and hope that you stay healthy.

Your Global CC IP Team

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INTRODUCING RONNY AMIRSEHHI

Clifford Chance adds experienced patent attorney to its global Intellectual Property practice and Tech team

Ronny Amirsehhi, the highly respected expert in patent law, joined Clifford Chance's Intellectual Property practice on November 1st as counsel in its Dusseldorf office.

Ronny brings more than 16 years of experience with prosecuting and litigating patents before the European Patent Office (EPO), United States Patent Office (USPTO), the Patent Trial and Appeal Board (PTAB), and European national courts. In addition, to being dual qualified before the EPO and the USPTO, he has a diploma in patent litigation in Europe from CEIPI and has a Master of Laws in intellectual property. Although Ronny has a Bioengineering technical background, throughout his career he successfully has represented clients in various technical fields including Biotechnology, Pharmaceutical, Chemistry, medical devices, computer technology, Internet of Things, and cryptography. He continuously develops his technical background, for example, by studying machine learning as it is growing at a rapid pace and is spreading across many industry sectors.

At Clifford Chance, Ronny will be the choice for clients with respect to their most challenging patent disputes in opposition and appeal proceedings before the European Patent Office. Ronny will together with IP partner Dr. Claudia Milbradt and all other IP partners and counsels of the global network further strengthen and expand Clifford Chance's patent litigation practice. Ronny will also enable the global IP group to provide additional impact with respect to Freedom to Operate Analysis and evaluation of patent portfolios in IP and IT driven transactions.

Ronny is joining Clifford Chance from the European Intellectual Property law firm, Hoyng ROKH Monegier. His work there included advising major international tech companies on patent infringement and invalidity proceedings.

He will be working as part of the German IP team at Clifford Chance. The team is mainly based in Dusseldorf and is headed by partner Dr. Claudia Milbradt, who also heads up the Tech Group Germany. The German team works closely with the firm's global Healthcare and Tech teams and its M&A and Private Equity transaction teams.

Dr. Claudia Milbradt, IP partner and Head of Tech Group Germany at Clifford Chance:

"Our strategy of providing integrated multidisciplinary advice on tech issues has been very well received by clients and has filled a real gap in the market. These issues are also becoming increasingly important for investors and the private equity sector. This is therefore an area we are keen to pursue and we are in the process of expanding our strategic tech advice and tech patent litigation in particular. Ronny Amirsehhi is an excellent addition to our German and European team, in terms of both expertise and personality."

Added Ronny: "I am extremely excited to be able to join a firm with such a high-quality legal team. Their vision of an integrated multi-jurisdictional and multi-disciplinary law firm, as well as their commitment to diversity and mentoring is something I share. I welcome the opportunity to contribute to the firm's patent practice growth. I look forward to working with colleagues from across the firm."

Clifford Chance intends to expand its patent infringement litigation team to meet increasing demand. Ronny joining the firm is an important step in the right direction. The other most recent addition to the Clifford Chance IP practice was counsel Loïc Lemerancier who previously worked for a French IP law firm in Paris.

BARCELONA

Fernando Cerdà Belda / Adrián Crespo Velasco

DINOSAURS II: THE BARCELONA COURT OF APPEAL RULES ON LOOKALIKE PRODUCTS IN THE FOOD INDUSTRY

The Judgment of 3 April 2020 handed down by the influential Barcelona Court of Appeal in a case concerning a highly popular brand of dinosaur-shaped biscuits provides useful guidance on trade mark infringement for practitioners and industry professionals.

Infringement of trade marks with a reputation

Last year, in the 22nd edition of the Global IP Newsletter, we reported on two judgments – one from Barcelona Commercial Court No. 8, the other from the Alicante Court of Appeal – that provided a contradictory picture as to the current position under Spanish trade mark law in relation to "lookalike" products. While Barcelona Commercial Court No. 8 took a narrow view on the assessment of a trade mark's reputation and dismissed a trade mark infringement action in a case concerning dinosaur-shaped biscuits, the Spanish Community Trademark Court of Appeal of Alicante found trade mark infringement in the marketing of gin in a lookalike of the classic Beefeater® bottle¹.

Now, the sequel to the dinosaur battle has been released. In its judgment dated 3 April 2020, the influential Barcelona Court of Appeal (Section 15) set a lower standard for establishing a sign's reputation. It held that the trade marks in the aforementioned dinosaur biscuits case were infringed pursuant to Article 34.2.c) of the Spanish Trade Mark Act, which governs the **infringement of trade marks with a reputation even in the absence of a likelihood of confusion**.

Article 34.2.c) of the Spanish Trade Mark Act was first introduced in the Spanish trade mark system through the implementation of European directives and currently mirrors Article 9.2.c) of the European Trade Mark Regulation. It provides **enhanced protection to trade marks with a reputation**, in the sense that it does not require the classic likelihood of confusion requirement to be met. Rather, a finding of infringement only requires that the use of an identical or similar sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Brief description

In a high-profile trade mark case, the influential Barcelona Court of Appeal provided important guidance on infringement for players determining their brand and packaging strategy in the food and beverage industry.

Key issues

- In the first instance decision, Barcelona Commercial Court No. 8 took a strict view on the evidence required to prove the reputation of a trade mark in Spain, relying heavily on academic opinion.
- The influential Barcelona Court of Appeal emphasises the importance of empirical market data in order to establish whether a trade mark can benefit from enhanced trade mark protection.
- This decision provides relevant guidance on the importance of packaging and the related brand and graphic elements on said packaging when assessing the confusion created by specific signs.

Adrián Crespo Velasco

IP Stars: Rising Star Intellectual Property 2020

Miquel Montañá Legal 500 EMEA – Patents –

- *Tier 1: Hall of Fame,*
- *IP Stars: Patent star 2020,*
- *IP Stars: Trade mark star 2020*

Josep Montefusco Legal 500 EMEA – Patents –

- *Tier 1: Next Generation Partner,*
- *IP Stars: Patent star 2020,*
- *IP Stars: Trade mark star 2020, Legal 500 EMEA – Copyright – Tier 1: Next Generation Partner*

¹ Crespo, A., Dinosaurs and gin – *Developments in Spanish case law in "lookalike" products in the food and beverage sector*, Clifford Chance Global IP Newsletter, 22nd edition, June 2019. Also available at <https://talkingtech.cliffordchance.com/en/ip/trade-marks/dinosaurs-and-gin-.html>.

Background to the dispute

Claimant Artiach, one of Spain's leading confectionary companies, brought trade mark infringement and unfair competition proceedings against its competitor Florbu. Artiach held various trade marks protecting its highly popular dinosaur-shaped biscuits: (i) the word mark "*DINOSAURUS*", (ii) mixed marks protecting the "*DINOSAURUS*" logo in a very distinct coloured typeface, and (iii) a series of figurative (but not three-dimensional) marks protecting each of the dinosaur biscuit shapes (i.e. the shapes of a brontosaurus, stegosaurus, triceratops, diplodocus etc.). Florbu sold dinosaur-shaped biscuits under the brand name "*GALLE SAUROS*" ("*galle*" refers to the first two syllables of the word *galleta*, which means biscuit in Spanish), albeit in a significantly different format: smaller bite-sized cookies that are meant to be eaten from a bowl with milk, much like a breakfast cereal.

In the first instance decision, Barcelona Commercial Court No. 8 dismissed both the trade mark infringement action and the unfair competition action on the basis that (i) there was no likelihood of confusion between the Claimant's word and mixed marks protecting the "*DINOSAURUS*" logo and the "*GALLE SAUROS*" brand name used by Florbu, and (ii) the drawings of the dinosaurs in the Claimant's figurative marks were not distinctive and lacked any particular distinguishing features. Barcelona Commercial Court No. 8 also found Artiach's trade marks not to have a reputation in Spain by taking a strict view of the evidence required for proving the reputation of a sign. The Court of first instance rejected the data and market research studies submitted by the Claimant and instead relied on the Defendant's academic expert report aimed at criticising the relevance of such data and the methodology of the market research studies.

Decision

In its judgment dated 3 April 2020, Barcelona Court of Appeal (Section 15) partially sided with the Claimant Artiach and concluded that their word and mixed marks did have a reputation in Spain and were indeed infringed by the use of the "*GALLE SAUROS*" brand name. However, the Court confirmed that Artiach's figurative marks (the two-dimensional dinosaur-shaped biscuits) were not infringed, since there was no likelihood of confusion, and the finding on reputation only applied to the word and mixed marks, not the figurative ones.

The Court's findings on the assessment of the evidence needed to establish a sign's reputation are relevant for trade mark practitioners. The Court analysed the empirical evidence submitted by the Claimant regarding the reputation of its trade marks in Spain and concluded that the mark "*DINOSAURUS*" is indeed widely known by the relevant sector of the public for which the goods are intended (customers buying children's biscuits). In doing so, the Court of Appeal took into account the sales volume (although the Claimant had only provided absolute figures and not market share values), the investment in advertising and, most especially, the market research studies that proved the knowledge of the product amongst target consumers. Unlike the first instance decision, the Court paid no attention to the methodological weaknesses of the market research studies claimed in the Defendant's academic expert report, but instead relied upon those market research studies.

Although the Court accepted that there was **no likelihood of confusion** between Artiach's reputed trade marks and Florbu's sign, it also concluded that the degree of similarity between the reputed mark "DINOSAURUS" and the brand name "GALLE SAUROS" was sufficient for the public to establish a link between both signs. For instance, on a conceptual level, the Court considered that while the term "GALLE" was merely descriptive (*galleta* meaning biscuit in Spanish), the term "SAUROS" clearly evoked the word dinosaurios (dinosaurs) and Artiach's reputed trade mark "DINOSAURUS".

Based on this analysis, the Court found that there was a natural and inevitable **association** between the reputed mark "DINOSAURUS" and the product for which it was used (dinosaur-shaped biscuits), and thus **Florbu had tried to benefit from the association and take unfair advantage of this reputation** by intentionally approximating Artiach's reputed trade mark "DINOSAURUS" with its "GALLE SAUROS" sign. Therefore, the Court found infringement under Article 34.2.c) of the Spanish Trade Mark Act.

However, the Court of Appeal upheld the first instance finding on the non-infringement of the figurative trademarks protecting the dinosaur biscuit shapes. In doing so, the Court highlighted, among other things, that the various other graphic and text elements displayed on the Defendant's packaging alongside the pictures of the dinosaurs (including *inter alia* the Defendant's own brand name) also lessened the likelihood of confusion. In fact, the first instance decision had gone even further, ruling that the actual physical format of parties' respective packaging (bag vs flowpack) reduced the likelihood of confusion. The Court of Appeal did not overturn that finding.

In conclusion, the approach taken by the Barcelona Court of Appeal should be considered carefully by players in the food industry.

DÜSSELDORF

Nicolas Hohn-Hein / Franziska Ruppert

RECENT GERMAN CASE LAW CONCERNING THE GERMAN TRADE SECRETS ACT

A new German Trade Secrets Act ("**GTSA**") came into force on 26 April 2019, implementing a joint effort by EU member states to harmonise trade secret protection in the EU. Trade secret protection provides for relatively easy-to-access legal protection of any valuable secret information (including business and technical information such as manufacturing processes or source code) with no registration requirement and should therefore be a cornerstone of every company's IP protection strategy.

While we have already shed some light on the novelties of the GTSA and subsequent German Court decisions on several occasions (see the 23rd and 24th editions of the Global IP Newsletter), the number of court decisions in Germany related to the interpretation and application of the GTSA remains limited. This article provides an update on three important recent decisions handed down by the Federal Administrative Court and the Regional Labour Court of Düsseldorf, which continue the work of fleshing out the legal framework of the GTSA.

1. The GTSA as minimum standard of protection under public law

Facts of the Case

The Claimant, a pharmacist, requested that the Defendant, a public health insurance company, disclose information on the discount for a specific drug agreed between the Defendant and a drug manufacturer (the joined party) (German Federal Administrative Court, decision dated 17 June 2020, 10 C 22/19).

The Defendant argued that discount information was a trade secret since, *inter alia*, its amount allowed competitors to draw conclusions about the profit margin of the invited parties and, together with other findings, about their cost base. Further, the discount was not obvious and was only known to the parties to the discount agreement.

The German Federal Administrative Court had to decide whether the amount of the agreed discount constituted secret information under the second sentence of Section 6 of the Freedom of Information Act ("**IFG**") and, in particular, to what extent the new definition of "trade secret" in the GTSA – which is rooted in German civil law - applies in the area of public law, i.e. the IFG.

Legal Analysis

The Court confirmed that, according to Section 1 (2) GTSA, the Trade Secrets Act (including Section 2 (1) GTSA) does not apply to public law provisions (such as the IFG)

Brief description

Despite the fact that the German Trade Secrets Act (GTSA) has been in force since 26 April 2019, the number of German Court decisions ruling on the GTSA's provisions is still limited. We discuss three recent decisions by the Federal Administrative Court and the Labour Court of Düsseldorf that provide further guidance as to how to interpret the GTSA.

Key issues

- The second sentence of Section 6 IFG protects business secrets in accordance with Section 2 (1) GTSA, setting a minimum standard of protection under the IFG too (public law).
- The GTSA does not only prohibit unauthorised access to the contents of files containing the trade secret but also extends to external characteristics of files (such as file name, file extension, file type, file size), which is deemed information from which the trade secret can be derived.
- A contractual agreement will likely be regarded as an appropriate security measure as long as it does not extend to all matters and processes that become known in the course of the activity, even if not related to the concept of a trade secret. Additional security measures may be required if non-compliance with the contractual confidentiality obligation becomes known.

on the secrecy, acquisition, use or disclosure of trade secrets. Therefore, the concept of trade secrets developed under the second sentence of Section 6 IFG (i.e. "all facts, circumstances and processes relating to an enterprise which are not obvious but are only accessible to a limited circle of persons and whose non-disclosure is in the legitimate interest of the legal entity") needs to be understood independently from the GTSA definition, but can be subject to further development of the law by the jurisprudence if necessary.

Hence, the Court clarified that the interpretation of the second sentence of Section 6 IFG must be based on the conceptual understanding of competition law (the legal foundation of the GTSA), holding that, in any case, the scope of what is protected as a trade and business secret under the second sentence of Section 6 IFG must not provide less protection than the protection given to a trade secret under the GTSA and the underlying Trade Secrets Directive (on which the GTSA is based).

The protection conferred by the GTSA or the EU Trade Secrets Directive may not be undermined by an obligation of the authority to provide information and therefore provides a minimum standard of protection in the context of a public law provision such as the second sentence of Section 6 IFG too. Nevertheless the Court further clarified that the second sentence of Section 6 IFG may go beyond the protection guaranteed under Section 2 (1) GTSA if required to in a specific case.

The Court therefore rejected the request disclose the discount information as it was deemed to be a trade secret.

2. The external characteristics of files can benefit from trade secret protection, too

Facts of the Case

In injunction proceedings, the Claimant, an engineering office, requested under the IFG that the Defendant, a scientific and technical federal authority of the German Federal Ministry of Economics and Energy, grant access to documents concerning an approval procedure for speed measuring devices performed by one of the joined parties (a car manufacturer) (German Federal Administrative Court, decision dated 5 March 2020, 20 F 3/19). One of the joined parties issued a suspension declaration against the IFG request under sentence two of Section 99 (1) German Rules of Administrative Procedure ("**VwGO**") and invoked the protection of business and trade secrets.

Under Section 99 (1) VwGO, authorities are obliged to submit documents or files, to transmit electronic documents and to provide information. However, if the disclosure of the contents of such documents, files, electronic documents or information must be kept secret by law or by their nature, the competent supreme supervisory authority may refuse to produce the documents or files, transmit electronic documents or provide information. The obligation to make a submission serves the purpose of fulfilling the information and legal discovery activities of judges in accordance with the principle of public law investigation. Therefore, it is generally assumed that a strict standard is to be applied to the confidentiality requirement.

Nicolas Hohn-Hein

IP Stars: Rising Star 2020

Claudia Milbradt

IP Stars: Patent Star and Trademark Star 2020

Against that background, the Court had to rule on the question of whether the declaration to withhold certain documents under Section 99 (1) VwGO was justified as they contained trade and business secrets.

Legal Analysis

The Court found German trade secret protection law does not only protect the content of files containing a trade secret, but also the external characteristics of files from which the trade secret can be derived.

The knowledge of the file names (and the programme libraries behind them) alone could allow conclusions to be drawn about the content of the know-how. The risk of such conclusions is increased if the programming language can be deduced from knowledge of the file extension. The more files that are disclosed, the more information can be linked, and hence conclusions drawn. Information regarding the size of the files in combination with the file name provides an indication of the time and effort the manufacturer has invested into adding the functionality designated by the file name.

3. On contractual provisions as appropriate security measures under the GTSA

Facts of the Case

The Claimant, owner of a company for the production and distribution of packaging materials, sought injunctive relief against its former employee pursuant to Section 6 GTSA, claiming that after termination of his contract of employment, the ex-employee continued to use certain customer sales lists that he had not returned in violation of his contractual duties, enabling him to determine the price paid by each customer for the Claimant's product and the particular product quality the customer demanded (Regional labour Court of Düsseldorf, decision dated 03 June 2020, 12 SaGa 4/20).

The Claimant further argued that the confidentiality clause contained in the employment contract constituted an appropriate protective measure under the GTSA. In contrast, the Defendant alleged to have been aware of the information without recourse to the lists due to its previous work for the Claimant. Although the Claimant knew that the Defendant still had access to the sales lists, it had not specifically asked him to return them.

In its decision the Court addressed the question of whether the sales lists alleged to be trade secrets were subject to appropriate security measures, specifically whether contractual agreements can constitute an appropriate means of protecting confidentiality.

Legal Analysis

Only information that is subject to active measures of protection enjoy legal protection under the GTSA. Whoever does not make any efforts to protect information or merely trusts that the secret information will not be discovered and remains hidden, may not invoke trade secret protection. Thus, the Court ruled that while contractual agreements can generally be considered as appropriate security measures, they do not meet the legal prerequisites if they generically, and without specific meaning, extend to all

matters and processes that may become known in the course of the activity without any further definition of or reference to trade secrets as defined in the GTSA.

In addition, the Court stated that a person knowing that secret information is still accessible to another person who is in fact contractually obliged to return such secret documents, does not actively express an interest in keeping the information confidential. The Court further clarified that only if the person knew about the other person's non-compliance with the confidentiality obligation under the contract while still having access to secret information, further security measures should have been taken.

Due to the lack of trade secret protection, the Court therefore rejected the Claimant's request to seize the information in dispute and force the Defendant to desist from its use.

Conclusion

The decisions mark further important developments under German trade secrets law. In relation to information requests under the IFG, the parties (in particular the owner of the trade secret) should always keep in mind that the trade secret protection standard of the GTSA sets a minimum standard for the IFG too (and possibly other public and civil law protection regimes), which must be taken into consideration when assessing whether certain information may be disclosed or not. It is expected that the Court will further flesh out this principle going forward to promote an overarching trade secret definition throughout national law (which is in line with the EU Directive's goal to create a uniform understanding of "trade secret").

The second decision demonstrates that large amounts of information may fall under the protection of the GTSA. However, it remains a case-by-case decision and subject to diligent legal analysis as to the extent that the external characteristics of files can be used to determine the contents of the files and whether such external characteristics thus enjoy trade secret protection.

Finally, the Düsseldorf Court further specified the requirements for the appropriateness of security measures, which is seen as one of the main challenges when implementing the new GTSA. Therefore this decision is another important piece of the puzzle for trade secret owners when setting up a comprehensive and efficient trade secret protection regime within their businesses.

HONG KONG

Ling Ho / Iris Mok / Justin Luo

JUDICIAL INTERPRETATIONS FROM CHINA'S SUPREME COURT TO TACKLE INFRINGEMENT AND THE LATEST RESTRICTIONS ON THE EXPORT OF AI TECHNOLOGY

The scale of economic activity in China has presented both opportunities and challenges to traders in the West. Whilst IP protection is now more than ever recognised as a driving force in stimulating innovation and enhancing international competitiveness, rampant infringement in China remains an issue. In response to, and in light of, the increasing pressure to address the situation, China has ramped up its efforts in criminal and civil IP enforcement, including through the issuance of various judicial interpretations by the Supreme People's Court of China (the "SPC"). In this article, we provide an overview of the latest judicial guidelines from the SPC, in addition to looking at the technology export catalogue update relating to AI, and consider the implications for right owners and practitioners.

1. SPC Opinions on Intensifying Punishment for IP Infringement

In September 2020, the SPC issued *Opinions on Intensifying Punishment for IP Infringement* (the "Opinions"). The Opinions will be welcomed by IP owners as they stipulate several provisions for alleviating the burden of proof on IP owners and intensifying the punishment of infringement covering both procedural and substantial aspects, including through act preservation (temporary injunctions), evidence preservation, obstruction to the burden of proof, cessation of infringement, punitive damages, destruction of materials for manufacturing infringing commodities, and non-application on probation for repeat infringers.

IP litigation normally consists of two major issues, namely infringement and damage compensation. **Preliminary judgments** empower rights holders to request that a court examines infringement issues first and issues a preliminary judgment for cessation of infringement, prior to considering damages. The damage compensation issue will then be examined at a later stage. However, a preliminary judgment is still subject to appeal; in other words, preliminary judgments have not been enforceable unless the defendant gives up its right of appeal, and so it has not always provided a timely remedy for infringement claims as intended.

Key issues

- The Supreme People's Court of China's judicial interpretations increase the range of punishments for IP infringement and improve enforcement efficiency by allowing preliminary judgment on infringement issues and temporary injunctions.
- The judicial interpretations are issued following the trade agreement between China and the USA with the goal of balancing the interests of IP owners, alleged infringers, and internet service providers, where applicable.
- However, recent updates to tech import and export catalogues have imposed restrictions on the export of AI-related technology and any intended export will require approval by government authorities.

Ling Ho Chambers Global 2020 China:

Ling Ho has over two decades of experience in handling disputes and non-contentious IP matters spanning portfolio management and issues arising from corporate transactions. "Ling Ho impressed me deeply with her sharp insights into IP values and potential risks in the context of transactions," enthuses one client, while another reports: "Her risk assessment is sensible, and she's commercial."

The Opinions offer a solution to this by allowing rights holders to apply for both preliminary judgment and a temporary injunction at the same time so courts may now grant a **temporary injunction** before a preliminary judgment is made. Temporary injunctions are not subject to appeals and can be enforced in a timely manner. To balance the risk of a wrongful injunction order, the Claimant is required to provide a guarantee. The Opinions effectively tackle the issues of procedural exploitation by infringers who previously could file an appeal to delay the enforcement of judgment.

2. Trial Guidance on Civil Cases Involving Network Infringement and IP on E-commerce Platforms

In September 2020, the SPC issued the *Official Reply on Several Issues concerning the Application of Law to Disputes over Network-related IP Infringement* (the "**Official Reply**") and the *Guiding Opinions on the Trial of IP Civil Cases Involving E-commerce Platforms* (the "**Guiding Opinions**"). Both the Official Reply and the Guiding Opinions were announced in the wake of the Economic and Trade Agreement Between the PRC and the USA (the "**PRC – USA Trade Agreement**") signed at the beginning of 2020. They both regulate and strengthen key areas that the E-commerce Law (2019) and the current laws and regulations fail to fully address, providing guidance for local courts. The key points from the **Official Reply** are as follows:

- a) The E-commerce Law (2019) stipulates that an alleged infringer may make a non-infringement declaration (aka counter-notification) against an IPR holder's infringement claim, and the relevant network service provider should promptly lift all the "remove-from-the-shelf" measures that it has put in place if it does not receive a notice that the IPR holder has made a complaint or brought a lawsuit within 15 days after the non-infringement declaration. The Official Reply provides allowance for special delays such as notarisation procedures not exceeding 20 working days with such special delay not to be included in the 15-day period.
- b) While the E-commerce Law (2019) does not stipulate any liability for malicious submission of non-infringement declarations, the Official Reply states that if such declarations result in damage to the IPR holder, the Court may grant punitive damages.
- c) On the other hand, if the notification from an IPR holder is erroneous, but said IPR holder proves that the notification was submitted in good faith, the holder can be exempted from liability in relation to the erroneous notification.

In essence, the Official Reply helps to ensure the validity of takedown notices and counter-notifications in IP infringement complaints and better protects IPR holders' rights under E-commerce Law (2019).

The **Guiding Opinions** cover IP protection rules and governance on e-commerce platforms, and the legal responsibilities of e-commerce platform operators. Whilst the E-commerce Law (2019) stipulates joint liability for e-commerce platform operators who "should know" the existence of infringement, it was not clear what constituted such supposed knowledge. The Guiding Opinions provide for a presumption that the operator "should know" about the existence of infringement if it fails to take certain actions, such as formulating IP protection rules or adopting effective technical means to filter links to infringing goods that are put on the shelves again after complaints against

them have been established. Operators who fail to follow the guidance or take any preventive measures will be deemed liable for supporting infringement. In other words, the Guiding Opinions provide practical guidance for, and encourage e-commerce platform operators to be proactive in tackling infringement.

Both the Official Reply and Guiding Opinions are formulated to balance the interests of IPR holders, network service providers and alleged infringers, to assist the fair adjudication of IP cases involving e-commerce platforms and to promote the robust development of anti-counterfeit measures in e-commerce.

3. SPC and SPP's Judicial Interpretations for Criminal Cases of IP infringement

The SPC and the Supreme People's Procuratorate ("**SPP**") have jointly released the *Interpretations (III) on Certain Issues Relating to Specific Application of Law in the Handling of Criminal Cases of IP Rights Infringement* (the "**Interpretations**"), effective since September 2020, to strengthen criminal protection of IP rights. The Interpretations include the following measures:

- a) Stipulating the conviction standards for the misappropriation of trade secrets. If the amount of loss caused or the amount of illegal benefits exceeds CNY 300,000 (formerly CNY 500,000), it reaches the threshold of "causing a significant loss to the trade secret right holder" and the offender could face up to 3 years' imprisonment. Where the amount exceeds CNY 2.5 million, it shall be considered as "causing particularly serious consequences" and the offender could face the more severe punishment of 3 to 7 years' imprisonment.
- b) Escalating punishment for IP infringement. If a party who was subject to administrative punishment for infringement of IP rights commits any further infringement that constitutes a criminal offence, said party could be subject to heavier punishment, and probation would not be granted.

IP enforcement via criminal sanctions is considered the most successful deterrent to IP infringement in China. The Interpretations resolve certain practical judicial issues and strengthen the force of IP enforcement by reducing the threshold of certain offences and enhancing the severity of penalties for IP infringement.

4. SPC's Judicial Interpretation for Protecting Trade Secrets

The SPC issued a judicial interpretation, namely the *Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases of Trade Secrets Infringement* ("**Provisions**") in September 2020.

Improving the legal protection granted over IP rights contributes to creating a fairer business environment. With the rapid development of new technologies and new business formats, the ability to protect trade secrets determines the competitiveness of a business and encourages technological innovation.

In China, trade secrets are protected under the Anti-Unfair Competition Law. The first judicial interpretation in relation to this Law was released in 2007. In light of the

revisions to the Anti-Unfair Competition Law in 2017 and 2019, and dramatic technological advancements in the past decade, the new Provisions aim to respond to those changes. The Provisions provide clear interpretation for the scope of protection for trade secrets, civil liability, burden of proof, and relevant procedural matters. The Provisions strengthen the guidance in a number of ways, including by the following:

- a) incorporating algorithms and data into the scope of trade secrets;
- b) expanding the definition of "secrecy" (a condition for information to qualify for trade secret protection) to cover improvement or re-work over the known information;
- c) providing detailed guidance on measures relating to the requirement for rights holder to implement "appropriate confidentiality measures", such as requiring departing employees to return or destroy trade secrets, and continue to assume the obligation of confidentiality; and
- d) the obligation of confidentiality, in relation to which the Court can rule, even if the obligation of confidentiality is not stipulated in a contract, that the alleged infringer should assume the obligation of confidentiality as per the principle of good faith and in light of the nature and purpose of the collaboration and trade practice.

The expansion of the definition of "secrecy" lowers the threshold for trade secrets to attract protection and encourages the creation of value through the improvement and re-working of existing information. It is also encouraging that the Court is more willing to make a finding of confidentiality even in the absence of an express contractual provision. However, we still strongly suggest that non-disclosure and confidentiality clauses or agreements are put in place when collaborating with or employing individuals, for certainty and clarity in stipulating each parties' rights and obligations.

5. Updates to the Tech Export Catalogue

When contemplating transactions involving the creation or transfer of technologies with a Chinese party, it is crucial to review *China's Administrative Regulations on Technology Import and Export* (the "**TIER**") to consider whether the relevant technology is subject to any prohibition or restriction from transfer under it. The term "technology export" refers to acts of transferring or licensing patent rights, patent application rights, technical secrets and technical services from China to any foreign state, and vice versa, for "technology import".

In August 2020, a new revision of the *Catalogue of technologies prohibited and restricted from export* ("**Catalogue**") was unveiled. Notably, new restrictions relating to AI technology have been introduced, covering:

- a) information processing technology, with the addition of sub-categories including personalised information push (recommendation) service technology based on data analysis;
- b) password security technology;
- c) high-performance detection technology;
- d) information defence technology; and
- e) information countermeasure technology.

Whilst the export of such technology outside of China is not banned, exportation is only possible after approval is received from the Chinese authorities. It is believed that the addition of further categories was due to the rapid development of AI technologies in China over recent years, where big data has great strategic importance in assisting with analytical decisions from personal services, corporate decisions or even governmental decisions, giving rise to a national interest to regulate trade and any potential exports. If any parties conclude and execute deals to export restricted technology without approval, there will be criminal and administrative liabilities.

Note that government approvals may take up to 45 business days and it is advisable that the parties to intended transactions seek early approval, bearing in mind the commercial risk of potential refusal by the government, which would necessitate alternative transaction models to avoid any transfer of technology outside of China, such as by transferring the technology to a joint venture vehicle within China instead.

Despite the recent expansion of restrictions on AI technology exports, the Ministry of Commerce has commented that it may shorten both the import and the export catalogues in the future. More measures may be taken to facilitate technology trade and promote international exchanges and cooperation in the technology trade. Whilst parties to transactions should take heed of the potential restrictions on the export of AI technology, there may potentially be less stringent regulations after the maturation of the technology and the regulatory mechanism.

The foregoing developments are beneficial and give greater certainty to rights owners enforcing and protecting their IP rights, and to IP right users when exploiting IP rights too. The measures give confidence to rights owners locally and overseas and strengthen China's role and importance as a major global manufacturer and trader of commodities and as a service provider. It waits to be seen what the impact of the expansion of regulatory scrutiny in relation to the export of AI technology will be but it seems likely that there will be more clarity going forwards on the extent of the restrictions.

MILAN

Iolanda D'Anselmo

WIPO'S VIRTUAL EXHIBITION ON ARTIFICIAL INTELLIGENCE AND INTELLECTUAL PROPERTY: THE ADVENT OF DEEPAKES AND RELATED LEGAL ISSUES

On 18 September 2020, the World Intellectual Property Organisation (WIPO) launched "*AI and IP, a virtual experience*", the world's first online and interactive exhibition on the relationship between AI and IP.

Introduction

On 18 September 2020, the World Intellectual Property Organisation (WIPO) launched "*AI and IP, a virtual experience*", the world's first online and interactive exhibition aimed at fostering a more comprehensive understanding of the relationship between AI and IP. The exhibition also aims to help develop a practical approach that policymakers could implement in relation to developing AI. The exhibition offers visitors the opportunity to explore some of the many ways AI is shaping art, music, entertainment and technology and focuses on the following crucial question: Do AI-generated works and inventions fit into current IP systems?

The "*AI and Entertainment*" section of the exhibition is dedicated to the well-known phenomenon of "deepfake" technology, which is at the center of ongoing and heated debates involving IP, privacy and security issues, which is what this article focuses on.

What is a "deepfake" and how is one created?

A "deepfake" is created using human image synthesis techniques based on an AI algorithm that generates realistic face-swaps. The AI algorithm captures common characteristics, such as shape, colours and style, from real images (so-called "source images" or "source actors") to enhance other images with the captured characteristics. Deepfakes are created through generative adversarial networks (GANs) that use two competing neural networks in order to generate data that can be almost indistinguishable from real data. The most common form of deepfake involves the generation and manipulation of human imagery.

The exhibition offers an example of AI technology used to create deepfakes called "*HeadOn*", a reenactment system for portrait videos recorded with a commodity RGB-D camera launched in 2018 by research scientists. According to their report issued on 29 May 2018, "*reenactment approaches aim to transfer the motion of a "source actor" to an image or video of a "target actor". Very recently, facial reenactment methods have been successfully employed to achieve highly-realistic manipulations of facial expressions based on commodity video data*". Rather than animating a virtual, stylised avatar (as done in video games), these algorithms replace a person's face with a synthetic re-rendering, or modify the target image/video under the guidance of a 3D face model. This enables the expression of the target person to

Key issues

- The first virtual exhibition on AI and IP by WIPO offers an overview of benefits and issues involved with the use of AI technology.
- The impact of deepfakes on IP and data protection matters.
- A legal framework is lacking for AI-based technology.

change and create a manipulated output video that suggests different content (for example, a person who is sitting still could appear as if he/she is talking).

IP and Privacy Concerns

Following the video explaining *HeadOn*'s technology, the exhibition continues with a voice overlay asking the following questions:

- Should the current copyright system include the protection of deepfakes? If not, is copyright the appropriate instrument to regulate deepfakes?
- To whom should the copyright belong?
 - **To the "source actor"**, who inspired the deepfake?
 - **To the "target actor"**, who may have a similar hairstyle and face shape to the source actor?
 - **To the author** of the deepfake?

Answering these questions (and others) requires one to make a preliminary distinction between legitimate and illegitimate use of deepfakes. Such a distinction could also help policymakers in assessing an adequate level of legal protection for the people involved in the deepfake process, in particular, the author of deepfake materials and the "source actor".

The underlying technology has been used for many legitimate creative purposes, for example film and TV producers have used similar technology for some time. More recently, major digital effects studios have used AI to reproduce a famous actor's likeness and overlap this figure on a real performer, which has not only added value to their stories, but also cut down production time and costs. For example, *Guardians of the Galaxy vol. 2* (2018) showcased a de-aged, 1980s version of Kurt Russell, while in *Rogue One* (2016), AI technology was used to recreate Peter Cushing's character, Grand Moff Tarkin, from the 1977 *Star Wars* film, despite the fact that Mr Cushing died in 1994.

However, it is worth noting that the most popular use of deepfakes is the creation of manipulated videos for malicious purposes. In fact, advanced machine learning technology was used in 2017 to create face-swapped pornography, pasting real actors' and pop stars' faces over existing performers in explicit movies.

Despite the above, policymakers should not impose a blanket ban on this technology, but instead target cases that pursue malicious purposes and structure a legal framework to protect people whose rights are infringed by deepfakes. In Italy, and the rest of Europe, there is no specific legislation governing this phenomenon. However, some legal and technical experts have recommended adapting current laws covering libel, defamation, identity fraud, copyright and data privacy to include this phenomenon.

Focusing on IP and data laws, on the one hand, the author of the invention could invoke **copyright** protection. On the other hand, AI-based technology could be used to infringe publicity and personality rights. In such cases, the injured party could in

theory invoke the **right of publicity** (i.e. the individual's right to control the commercial use of his/her identity, such as name, image, likeness, or other unequivocal identifiers). At the same time, the unlawful usage of third-party personal data (such as images) could give rise to **data privacy** concerns, which is what happened in recent investigations commenced by the Italian data protection authority involving a popular messaging application.

Conclusion

Deepfakes can be either extremely useful or extremely dangerous depending on their use. Therefore, managing this phenomenon requires legislative bodies and legal and technical experts to work closely together to monitor and study the underlying technology to ensure adequate protection of the relevant subjects involved.

Links and bio

- WIPO exhibition: <https://wipo360.azurewebsites.net/>
- Report issued by Justus THIES (Technical University of Munich), Michael ZOLLHÖFER (Stanford University), Christian THEOBALT (Max-Planck-Institute for Informatics), Marc STAMMINGER (University of Erlangen-Nuremberg) and Matthias NIESSNER (Technical University of Munich) on "*HeadOn*": <http://128.84.4.18/pdf/1805.11729>
- Jackie Snow, Deepfakes for good: Why researchers are using AI to fake health data, FAST COMPANY (Jul. 22, 2020, 11:44 PM), <https://www.fastcompany.com/90240746/deepfakes-for-good-why-researchers-are-using-ai-for-synthetic-health-data>.
- Robin Pomeroy, This iconic filmstar will star in a new movie - from beyond the grave, WORLD ECONOMIC FORUM (Jul. 22, 2020, 11:47 PM), <https://www.weforum.org/agenda/2019/11/james-dean-cgi-deepfakes/>.

MILAN

Andrea Andolina

IP RIGHTS IN DATA? AIPPI SAYS NAY FOR MERE DATA, YEA FOR DATABASES

During its annual congress, the International Association for the Protection of Intellectual Property ("**AIPPI INT.**") approved an important resolution in relation to the 2020 Study Question that focused on IP rights in data.

Introduction

AIPPI INT. is a well-known organisation in the field of intellectual property, bringing together professionals and experts from all over the world and promoting the awareness and development of intellectual property, at both a global and local level.

Each year, AIPPI INT. poses a Study Question concerning the main fields of intellectual property to each of AIPPI's national groups. The topic of the Study Question is debated and explored by the national groups, who are requested to advise on the current legal framework and propose any possible improvements to be implemented to foster international harmonisation (if any is possible). The outcomes of the national reports are aggregated in a summary that becomes the base for a draft resolution to be discussed, amended and approved by a restricted committee (formed by a representative from each national group and from the AIPPI executive committee) at the annual congress of AIPPI INT. This year, the congress was held between 5 to 14 October 2020, and was, of course, virtual. All documents relating to the annual Study Question, including the guidelines on the topic, the national reports and final resolutions, are freely available on AIPPI INT.'s website.

The 2020 Study Question for copyright: rights in data?

I had the opportunity (and the honour) to attend the national working group for the Study Question for copyright and represent the Italian group within the restricted committee in preparing the draft resolution and again later at the annual congress when the resolution was approved.

The 2020 Study Question for copyright related to a hotly debated topic amongst IP practitioners: "IP rights in data?", with the question mark testifying to the uncertainties in this territory.

In particular, AIPPI requested answers to the following questions:

- (i) analyse the current legal framework regarding mere data / unstructured data – meaning any information of any kind, not structured and not arranged in a systematic or methodical way – on the one hand, and databases (even non-original) / structured data – meaning a collection of information arranged in a systematic or methodical way and individually accessible by electronic or other means – on the other hand. The scope of this first analysis included IP regulations

Key issues

- The 2020 AIPPI Study Question on copyright addressed IP rights in data.
- The final resolution approved by AIPPI INT. recommends international harmonisation (but not a *sui generis* right) for unstructured data and the introduction of *sui generis* right on structured data.
- Europe has a leading role as a model for lawmakers and in the maturity of its data market.
- Contracts remain important as the most common legal instrument to tackle legal issues on data.

and any other legal instruments (e.g. unfair competition or contracts) that give some form of protection to the two subject-matters; and

- (ii) advise on the sufficiency / adequacy of the current legal framework, suggesting improvements (if any) or instead elaborating on the reason why no adjustments are necessary. In particular, the national groups were required to take a position on the possibility of introducing a specific *sui generis* right to protect unstructured data and/or structured data.

The resolution

The final resolution, approved last October, concluded that:

- (i) harmonisation at an international level on the legal definition of unstructured data / mere data is desirable, but there is no need for a further layer of protection, such as a *sui generis* right;
- (ii) the introduction of a *sui generis* right for structured data / databases is instead recommended, on the model of the Directive (EC) 96/9; and
- (iii) the proposed *sui generis* right should include a set of exceptions and limitations to ensure access to and use of health data and public sector information to facilitate research, development and innovation based on such data and public accountability and comment.

Some key takeaways

The final outcome of the resolution is remarkable and offers the occasion for some policy reflections. It will be particularly interesting to see how (and if) lawmakers take inspiration from this position.

These are the preliminary takeaways based on my experience with the working groups:

- There is a widespread, though amorphous, perception that "something is missing" in the legal framework when it comes to considering data from a legal perspective: particularly notable is the fact that, for example, both the US and Chinese groups called for the introduction of a *sui generis* right in relation to mere data rather than just structured data (the position favoured by the majority of European groups).
- There is also the perception, though still amorphous, that there is under-protection. The tendency is to look at the European experience, seen as the system that has paid the greatest attention to data regulation over the past few years. I refer to the GDPR certainly, but also to the various legislation on Open Data and the jurisprudence on the Database Directive, which are increasingly scrutinised by non-European countries. I believe this confirms the maturity and centrality of the European data market and the key role that Europe is playing and can potentially further play in this sector. Europe has a sort of moral leadership that can even encourage other countries to emulate legislation, such as Directive (EC) 96/9, which was a European experiment 25 years ago, and which Europeans themselves view without great enthusiasm (many reports from European countries in fact suggested improvements/amendments to the database regulation) and even with scepticism regarding its capacity to resolve or at least efficiently tackle the legal issues posed by data.

- In this uncertain and evolving situation, the central importance of contracts as a major (if not the sole) legal instrument used by stakeholders to balance the various interests and find satisfactory solutions has been confirmed. This was a common understanding confirmed by the national groups of the majority of jurisdictions: contracts are certainly the first and most effective layer of protection currently on hand for companies and players in the data market worldwide.

Links

- AIPPI 2020 annual congress: <https://aippionlinecongress2020.com/auth/login?returnUrl=%2F>
- 2020 AIPPI study questions <https://aippi.org/3339-2/>
- AIPPI website <https://aippi.org/>

BARCELONA

Juan Cuerva de Cañas

THE FIRST EFFECTS OF THE "COFEMEL" DOCTRINE OF THE COURT OF JUSTICE OF THE EUROPEAN UNION IN SPAIN: CHANGE OF DIRECTION BY SPANISH COURTS REGARDING THE CUMULATION OF PROTECTION BY MEANS OF INDUSTRIAL DESIGN AND COPYRIGHT

The aim of this article is to address how, as a result of the doctrine of the Court of Justice of the European Union ("**CJEU**") handed down in the Cofemel case (CJEU judgment of 12 September 2019; C-683/17; Cofemel), Spanish courts are now departing from the position historically adopted by the Spanish Supreme Court with regard to the cumulation of protection by means of industrial design and copyright, accepting - as the CJEU seems to have decided - that in order to benefit from copyright protection, an industrial design does not need to have qualified originality, as it is sufficient for its originality to be the same (no more nor less) as that required of other copyrightable works.

1. Introduction

The "Barcelona chair" by Mies van der Rohe and Lilly Reich, the "Laccio table" by Breuer¹, the "Disa lamp" by Coderch, the Vespa², the "Ferrari GTO"³, (and perhaps even the "Brompton folding bicycle")⁴ are, among many others, examples of works applied to industry whose suitability to merit protection under copyright, notwithstanding the protection granted by legislation to them as industrial designs (drawings and models), could be questioned due to their utilitarian and functional nature, as well as the possibility of them being the subject of industrial mass production.

Despite the fact that the Spanish Copyright Act⁵ includes plastic artworks, applied or otherwise, within its range of examples of copyrightable works, the fact that many of

1 CJEU judgments of 13 May 2015 (C-516/13; *Dimensione*) and 21 June 2012 (C-5/11; *Donner*) are based on the assumption that the furniture in the respective disputes was protected by copyright as original works.

2. Judgment of the Turin Ordinary Court dated 17 March 2017 (publ. 6/4/2017), available on-line: https://www.giurisprudenzadelleimprese.it/wordpress/wp-content/uploads/2017/07/20170406_-_RG13811-2014-1.pdf

3. Vid. the following website: www.dirittodautore.it/news/sentenzenews/la-ferrari-250-gto-e-opera-darte-protetta-dalla-legge-sul-diritto-dautore/

4. CJEU judgement dated 11 June 2020 (C 833/18).

5. Royal Legislative Decree 1/1996, of 12 April (the "**Spanish Copyright Act**").

Brief description

This article analyses how, as a result of the "Cofemel" doctrine of the CJEU, Spanish courts are departing from the position historically adopted by the Spanish Supreme Court with regard to the cumulation of protection by means of industrial design and copyright, accepting that, in order to benefit from copyright protection, the level of originality required in an industrial design has to be the same as that required for other copyrightable works.

Key issues

- As a result of the CJEU's "Cofemel" judgment, Spanish courts are changing their direction and moving away from the traditional position of the Spanish Supreme Court, which required "qualified" or enhanced originality for an industrial design to benefit from copyright protection.
- The judgment of the Barcelona Court of Appeal (Section 15) of 6 March 2020 is the first judgment in Spain where the "Cofemel" doctrine has been applied.
- According to the Barcelona Court of Appeal, cases in which, in addition to the design functionality elements, there is space for the author's creation - i.e. a creative activity that reflects his/her personality - the design will also be able to benefit from copyright protection (double protection).
- The level of originality required for a design to benefit from copyright protection is now the same originality that is required of any "work" protected by copyright. No more, no less.

these works may gain industrial design protection had generated debate in Spain as to what conditions the industrial designs had to meet in order to be able to benefit, cumulatively, from protection under copyright. In this debate, the judgment of the Spanish Supreme Court (Civil Chamber) dated 27 September 2012⁶, which is considered the landmark case in this area, decided that industrial designs are required to have enhanced originality with respect to the rest of copyrightable works. Only those "especially creative" designs or those with "*a degree of creativity and originality necessary to be protected as a work of art*" could receive double industrial design and copyright protection. This path marked out by the Spanish Supreme Court was the one followed by Courts of Appeal, as lower courts, including the Barcelona Court of Appeal (Section 15).

However, as of the CJEU judgment of 12 September 2019 (C-683/17; Cofemel), Spanish courts - as demonstrated in the recent Barcelona Court of Appeal judgment of 6 March 2020 - are changing their stance and moving away from the position of the Spanish Supreme Court and, as is inevitable under the principle of "conforming interpretation" in Community Law, applying the CJEU's "Cofemel" doctrine.

Before going on to address the new direction being taken by Spanish courts as a result of the "Cofemel" judgment, we should take a brief look at the solutions traditionally proposed by different legal systems in relation to the cumulation of protection or double industrial design and copyright protection.

2. Absolute cumulation versus restricted cumulation

It has been noted many times before that in considering the question of double protection of an industrial design by copyright, the solutions adopted by various legal systems have been different, ranging from absolute cumulation systems (cumulation of protection systems) to separation systems (non-cumulation of protection systems), with the restricted cumulation systems constituting a halfway house between the two.

Absolute cumulation of protection systems, with the protection granted by industrial design and copyright, are based on the principle of "*l'unité de l'art*". These systems assume that art is a unitary concept that can be expressed in different ways and be in any medium, without it being possible to distinguish artistic creations according to the form of expression, artistic merit, aesthetic interest or use to which they are put. As such, an artistic creation incorporated into an industrial object or product cannot be excluded from copyright, provided the design is original. Thus, an industrial design will be protected by copyright from the moment of its creation, notwithstanding the protection it may receive from the rules on industrial design. The bastion of this model has traditionally been, and continues to be, France⁷.

At the other end of the scale, we have the separation, exclusion or non-cumulation of protection systems, in which copyrighted works do not qualify for protection as industrial designs and vice versa. These systems are founded on the principle of "separation" or "dissociation", according to which the purely aesthetic or artistic

6. Judgment number 561/2012.

7. This same approach is proposed in the Model Law for Developing Countries on Industrial Designs of the World Intellectual Property Organisation (WIPO) (WIPO, Geneva, 1970, publication number 808 (S), article 1.2).

function of the work should be separated or dissociated from the industrial function. Thus, depending on the purpose of the work, one type of protection or another will be granted: if the work is for purely artistic purposes, disregarding the practical function of the product, the protection will come from copyright. If, on the other hand, the industrial product is destined for a practical role, which is given a specific appearance, industrial design protection comes into play. Essentially, it is a question of "separating" or "dissociating" the artistic object from the industrial object. This is the system followed in the USA and was applied in Italy until the introduction of Directive 98/71/EC⁸, by virtue of which the cumulation of protection system was introduced into the European Community. At present, Italy follows a restricted cumulation system.

Finally, we have the restricted or partial overlap cumulation according to which an industrial design can benefit from the protection provided by specific legislation and copyright protection, provided the design has a certain degree of originality. According to these systems, followed in Germany, Portugal, Denmark, Switzerland and Spain, not all designs (which meet the requirements of the legislation on industrial designs) will merit copyright protection, but only those designs that have a degree of originality. But what degree of originality? In Spain, as we will discuss, the Spanish Supreme Court demanded a special, higher degree of originality or, to put it another way, a "qualified" originality.

3. The Spanish model of restricted cumulation

In Spain, Article 3.2 of the Spanish Copyright Act, which proclaims the compatibility and possible cumulation of copyright with industrial property rights (including industrial designs) that can exist over the work, confirms that the Spanish system constitutes a cumulation of protection system. However, the aforementioned article of the Spanish Copyright Act does not answer the question of whether it is an absolute cumulation or restricted cumulation.

Since the passing of the Industrial Design Act (*Ley 20/2003 del Diseño Industrial*), it has been broadly accepted, including by the Spanish Supreme Court⁹, that the Spanish model is a restricted cumulation system. The main argument in favour of this conclusion can be found in the Industrial Design Act itself: its Preamble envisages that *"industrial design is conceived as a type of formal innovation concerning the characteristics of the appearance of the product in itself or its decoration. This is not an obstacle to the original or particularly creative design also benefitting from the protection provided by intellectual property, as both forms of protection are, as we know, independent, cumulative and compatible"*.

And, reflecting what is envisaged in the Preamble, Additional Provision 10 of the Industrial Design Act states:

8. Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (Official Journal number L 289, of 28 October 1998, pages 28 to 35).

9. Judgment 561/2012, of 27 September 2012 (Judge Rapporteur: Mr Gimeno Bayón-Cobos).

"Additional provision ten. Compatibility of protection.

The protection recognised in this industrial design act will be independent, cumulative and compatible with that derived from copyright when the design in question possesses a degree of creativity and originality necessary to be protected as a work of art, according to the provisions governing copyright."

Thus, in line with the wording of Additional provision ten of the Industrial Design Act, Spanish courts have understood that the Spanish system is a restricted cumulation system, which makes it possible to differentiate between purely artistic works (protected exclusively by the Spanish Copyright Act), ordinary industrial designs (protected exclusively by industrial design legislation) and artistic ordinary designs or art works applied to industry (which can enjoy cumulation of protection from copyright and industrial design).

However, what degree of originality should an industrial design have in order to also enjoy copyright protection (double protection)?

From the terms "*degree of creativity and originality necessary to be protected as a work of art*" used by Additional provision ten of the Industrial Design Act, the Spanish Supreme Court and the majority of Courts of Appeal had, up until now, reached the conclusion that only industrial designs with a creative or high artistic merit over and above the standard concept of originality could benefit from the double copyright-industrial design protection. In essence, the double protection required that the industrial design have enhanced originality.

This was the solution widely adopted, following the guidelines set down by the Supreme Court judgment of 27 September 2012, by the Courts of Appeal, including the Barcelona Court of Appeal (Section 15)¹⁰, with some notable exceptions¹¹. It was the Barcelona Court of Appeal (Section 15) in its judgment of 26 April 2019, which decided that, in order for a design to benefit from double protection or cumulation of protection, it needed to have enhanced originality or reach greater creative heights. In particular, that judgment of 26 April 2019 stated that:

"16. [...], the design can have double protection (as copyright and as industrial property), although not just any design, because in order to merit protection as copyright it is necessary that it reach greater creative heights than that required in Article 10 of the Spanish Copyright Act, so that it constitutes a "work of art". This is what has been termed partial or restricted cumulation which must lead to a distinction between designs as such or formal creations and those others that constitute "works of art applied to industry". This means that only the latter will have the dual protection".

10. *Vid.* Barcelona Court of Appeal (Section 15) judgments, number 357/2011, of 15 September 2011 and number 29/2011, of 27 January 2011.

11. Such as Madrid Court of Appeal (Section 28^a) judgment number 401/2017, of 15 September 2017, Vizcaya Court of Appeal (Section 4) judgment number 97/2008, de 5 February 2008 and Asturias Court of Appeal (Section 7) judgment number 426/2005, de 22 September 2005.

And on originality, it went on to say that:

"[...] the concept of originality that must be required of a work in the case of creations suitable for application in the sphere of industry is not that which we have seen in the foregoing section [referring to the traditional distinction between subjective and objective originality in the sphere of copyright], that is, a slightly raised level of creativity. As we have stated in the previous point of law, in order for an industrial design to benefit from the protection envisaged for authors in the copyright legislation, it is necessary that the creative level be far higher, even overwhelming, to the extent that it can be considered a work of art."

4. The "Cofemel" doctrine of the CJEU (CJEU judgment of 12 September 2019; C-683/17)

In its judgment of 12 September 2019 (Cofemel case), the CJEU answered the request for a preliminary ruling from the Portuguese Supreme Court as follows:

"29 The concept of 'work' that is the subject of all those provisions constitutes, as is clear from the Court's settled case-law, an autonomous concept of EU law which must be interpreted and applied uniformly, requiring two cumulative conditions to be satisfied. First, that concept entails that there exist an original subject matter, in the sense of being the author's own intellectual creation. Second, classification as a work is reserved to the elements that are the expression of such creation (see, to that effect, judgments of 16 July 2009, Infopaq International, C 5/08, EU:C:2009:465, paragraphs 37 and 39, and of 13 November 2018, Levola Hengelo, C 310/17, EU:C:2018:899, paragraphs 33 and 35 to 37 and the case-law cited).

30 As regards the first of those conditions, it follows from the Court's settled case-law that, if a subject matter is to be capable of being regarded as original, it is both necessary and sufficient that the subject matter reflects the personality of its author, as an expression of his free and creative choices (see, to that effect, judgments of 1 December 2011, Painer, C 145/10, EU:C:2011:798, paragraphs 88, 89 and 94, and of 7 August 2018, Renckhoff, C 161/17, EU:C:2018:634, paragraph 14).

31 On the other hand, when the realisation of a subject matter has been dictated by technical considerations, rules or other constraints, which have left no room for creative freedom, that subject matter cannot be regarded as possessing the originality required for it to constitute a work (see, to that effect, judgment of 1 March 2012, Football Dataco and Others, C 604/10, EU:C:2012:115, paragraph 39 and the case-law cited).

32 As regards the second condition referred to in paragraph 29 of the present judgment, the Court has stated that the concept of a 'work' that is the subject of Directive 2001/29 necessarily entails the existence of a subject matter that is identifiable with sufficient precision and objectivity (see, to that effect, judgment of 13 November 2018, Levola Hengelo, C 310/17, EU:C:2018:899, paragraph 40).

[...]

47 Accordingly, Directive 2001/29 preserves the existence and scope of the provisions in force relating to designs, including the principle of 'cumulation' referred to in paragraph 45 of the present judgment.

48 Having regard to all those provisions, it must be held that designs are capable of classification as 'works', within the meaning of Directive 2001/29, if they meet the two requirements mentioned in paragraph 29 of the present judgment.

It thus seems that the CJEU considers that an industrial design can benefit from the protection offered by copyright when the drawing or model meets the two requirements established by the CJEU in order for an intellectual creation to qualify as a "work", in the sense of Directive 2001/29/EC: (i) originality, and (ii) expression in an object that is identifiable with sufficient precision and objectivity.

Essentially, the CJEU's answer to the referred question is two-pronged:

- a) First of all, it expressly confirms - even if it could be deemed obvious - that a drawing or model can only be considered a "work" if it meets the two case law requirements to merit that status. In this regard, the same is required of industrial designs - nothing more - as is required of other original intellectual creations.
- b) Secondly, in concluding that one of these requirements is "originality", but without anything added, it seems to tacitly accept that an industrial design, in order to benefit from the double protection under copyright, should not have a qualified or enhanced originality. It must be as original as any other "work" must be, but not any more original than a non-applied work.

Basically, the answer from the CJEU to the first question (when the industrial design is a "work") indirectly reveals what degree of originality is required for a drawing or model to benefit from copyright protection: the same originality that is required of any "work" protected by copyright. No more, no less.

5. The Court of Appeal judgment of 6 March 2020: the Spanish courts change direction with regard to cumulation of protection by copyright and industrial design as a result of the CJEU's "Cofemel" doctrine

According to the "Cofemel" doctrine, the originality required of an industrial design in order to benefit from copyright protection must be the same (no more, no less) as that required of any other "work". Requiring enhanced or qualified originality, as Spanish courts had been doing, would be contrary to Community Law. The CJEU judgment of 12 September 2019 (Cofemel case), therefore, marked the end of the position maintained by the majority of Spanish courts until now.

And this has already been reflected in subsequent Spanish judgments.

The Barcelona Court of Appeal (Section 15), which had hitherto followed the criterion of the Spanish Supreme Court in all its previous decisions, in its judgment of 6 March 2020:

- a) accepted without reservation that a creation that constitutes an industrial design - the case in point involved a lamppost - can benefit from copyright protection (double protection). However, it confirmed that *"not just any design deserves that double protection, in order to merit the protection as copyright it is necessary to have a degree of creativity and originality necessary to be protected as a work of art"*; and
- b) recognised that the crux of the debate was, therefore, in determining *"what that degree of originality is"*. And, on this point, the Barcelona Court of Appeal accepted that it had to qualify and correct its previous doctrine in view of the CJEU's "Cofemel" judgment¹².

Referring precisely to the CJEU's "Cofemel" judgment, the Barcelona Court of Appeal (Section 15) asserted that the essential question submitted to the European Court was whether, in order to be able to obtain copyright protection, it was acceptable for the Member States to demand a particular level of creativity/originality in their internal legislation. The reply from the CJEU was that, in order for an industrial model to hold copyright protection, it is not necessary for it to attain a special level of creativity, that is, a higher degree of creativity than any other works, it is sufficient that they be considered a "work". Therefore, *"in the Cofemel case, the European Court is affirming, with clarity we find, that the idea that each Member State can establish a different concept of work characterised by a greater or lesser degree of creativity is not compatible with Union law. It is sufficient to analyse whether the design warrants being classed as a work, in the context of copyright protection, that is, that the original object constitutes an intellectual creation by the author, wherein it merely has to reflect the author's own personality, expressing his/her free and creative choices."*

In essence, according to the Barcelona Court of Appeal, the "Cofemel" doctrine leads us to the classic conception of originality, that the CJEU had already expressed in the Painer case¹³: a work is original when it reflects the author's personality and this occurs when the author has been able to express his/her creative ability in making the work, making free and creative choices. In those cases in which, in addition to the elements of the functionality of the design, there is a margin or space for the author's creation - i.e. a creative activity that reflects his/her personality - the design will also be able to benefit from copyright protection.

6. Conclusion

The CJEU judgment of 12 September 2019 (Cofemel Case) marked a sea change in terms of double industrial design-copyright protection in Spain. The "Cofemel" doctrine obliges the Spanish courts to alter their course: forcing them to abandon what had traditionally been the position of the Spanish Supreme Court (a restricted protection system that required qualified originality) and accept that double protection when the industrial design has originality in a traditional sense (a reflection of the personality of the author expressed in free and creative choices). The judgment of the Barcelona Court of Appeal (Section 15) of 6 March 2020 is an example of this. We have full confidence that it is the first of many such judgments to come. Many thanks, CJEU.

¹². In fact, the Court of Appeal admitted that it had delayed its decision until the judgment of the CJEU in the "Cofemel" case was handed down.

¹³. *Vid.* judgment of CJEU of 1 December 2011 (C-145/10).

DÜSSELDORF

Florian Reiling

THE PROTECTION OF FOOD CREATIONS IN GERMANY

Gordon Ramsay, a famous British chef, presented a dish that looked similar to one created by an Australian chef, which has led to some news reports in relation to food imitations. In this article, we present the legal problems that are likely to arise in this context under German law.

Introduction

Gordon Ramsay, the gastronome made world-famous through the British cooking show *Ramsay's Kitchen Nightmares*, posted a serving suggestion for pork head carbonara with an egg yolk on his Instagram page. This did not go unnoticed by Australian chef Mitch Orr who commented that the dish looked rather familiar to him. In a newspaper interview with the Sydney Morning Herald, he expressed his displeasure that he was not credited at all in Ramsay's post. He said he was aware that recipes did not really belong to anyone, but that etiquette would demand that credit be given to the person who deserves it.

We take this statement as an opportunity to report on what the legal position in Germany would be in this scenario. Are food creations and recipes really in the public domain? Or could individuals expose themselves to liability if they follow Ramsay's example?

Is a dish protectable?

The recipe, the specific arrangement, as well as the presentation of a dish may in principle be protectable. Copyright law is a relevant consideration for both recipe and dish, and the unfair competition law regime may play an important role, too.

Protection of the recipe

Various considerations are important in determining if a recipe (rather than the dish) may be protected under copyright, although this will not lead to the protection of the food creation itself. If the recipe exists as a simple idea in the mind of a chef, it is not protected by copyright. The prerequisite for a creation under copyright law is that the work must be perceptible. It must therefore be possible in some form – at least potentially – for a party to grasp it, whether by writing it down, by giving a lecture or simply by allowing someone to watch it being prepared. If perceptibility is established, further factors are important for protection.

Copyright protection may arise in the case of written recipes (for instance, produced in a cookery book or posted online). If a written recipe includes pictures, these pictures generally benefit from copyright protection if they reach the necessary level of creativity (*Gestaltungshöhe*) according to Section 2 (I) No. 5 German Copyright Act

Key issues

- German copyright law does not protect a mere idea.
- A recipe is not immediately copyright protected and does not protect against 'imitation'.
- Although recipes might theoretically meet the criteria for patent protection, this will hardly ever be the case.
- Copyright protection and protection by competition law can be granted if the dish is outstanding in an artistic way, or in a way that it indicates its origin.

Claudia Milbradt:

*Chambers Global 2020 Germany,
WIPR Leaders 2020*

*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)*

("UrhG") as a photographic work (*Lichtbildwerk*). At the very least, it will be protected as a photograph (*Lichtbild*), 72 UrhG.

The situation differs with regard to the text of the recipe. It may be protected as a linguistic work (*Sprachwerk*) under Section 2 (I) No. 1 UrhG; however, this requires it to be a personal intellectual creation (*persönliche geistige Schöpfung*), Section 2 (II) UrhG. A recipe will therefore only reach the required level of creativity if it is supplemented with, for example, anecdotes, garnishing suggestions, explanations about the origin, history and composition of the food or other descriptive information. A mere description of the ingredients involved and the preparation method will generally not reach the required level of creativity. This might be different if a collection of (simple) recipes is given. The arrangement and selection of the curated recipes can also be regarded as a personal intellectual creation under German copyright law if the required level of creativity is achieved, Section 4 UrhG.

It should be noted, however, that even if copyright protection is given to a written down recipe, this only means that the recipe itself may not be reproduced. German copyright law does not protect the content, but only the work itself. Accordingly, the scope of protection does not extend to the product created by following the instructions. In this respect, the protection of the recipe does not offer protection against a dish being replicated.

In theory, recipes can be patented – but, in reality, this is unlikely

Theoretically, recipes constitute a method of preparing food which could be eligible for patent protection. However, the requirements for a patentable process must be respected and the devil is in the detail. According to Section 1 to 5 of the German Patent Act ("PatG"), an invention must: (i) represent a novelty; (ii) be based on an inventive step; and (iii) be commercially applicable.

While the commercial application of recipes should be unproblematic in most cases and a novelty can already lie in a new combination of known process steps, the existence of an inventive step is highly problematic. As the German Federal Supreme Court ("BGH") already decided in 1965 (BGH, decision dated 23 November 1965, Ia ZB 210/63), a new taste nuance as an aesthetic effect can in principle be seen as technical progress (in order to do justice to the patent as a technical property right). However, for this to be the case it would be necessary to make use of a new technical procedure. It is not enough to create a new taste by traditional means; it would be necessary, for example, for a process to give a previously foul tasting ingredient a new, surprisingly pleasant taste, or to give the product a particularly long shelf life. These requirements will not be met for most recipes, and, even if they are, patent protection will only be obtained upon registration. However, if a recipe becomes known before registration, it no longer constitutes a novelty and is therefore no longer patentable.

Copyright protection of the dish itself only under exceptional conditions

The dish itself may also be copyright protected in certain circumstances and there have been occasional claims that an article intended for daily use may be a work of applied art under Section 2 (l) No. 4 UrhG if it is presented and designed in a particularly creative way. Such a work is considered to be a work of applied art if an artistic component is added to the existing intended use of a work. Due to the existence of an intended use, which is not an expression of the author's personality, the BGH previously assumed that special requirements for the level of creativity are necessary. The BGH, however, departed from this case law in its so called "Geburtstagszug" decision (BGH, decision dated 13 November 2013, I ZR 143/12), in which it ruled that the "standard" level of creativity is sufficient for works of applied art as well.

However, it is difficult to argue that food is an article intended for daily use. In order for an object to be considered as of daily use, it would have to be actually and conceptually usable. For example, a chair is used to sit on, a cabinet is used to store things and a lamp is used to provide light. Foodstuffs, on the other hand, are primarily intended for nourishment and enjoyment, which distinguishes them from the aforementioned recognised objects of everyday use.

Only the existence of a work of "pure" fine art pursuant to Section 2 (l) No. 4 UrhG can, therefore, be eligible for copyright protection. A work of fine art is deemed to be a work of art if the work is an aesthetic expression of the creator's own personal traits. To this end, the aesthetic expression of the work must be the focus of attention. This may be the case if the dish is presented in a particularly creative and aesthetic way, for example, at a cooking event that did not involve any tasting and only stimulated the audience's visual perception. In general, however, the taste of food is deemed more important than its presentation, so the label of fine art is unlikely to be given in the majority of cases.

Protection against counterfeiting under competition law also hardly conceivable

German competition law also protects against unfair imitations (see Section 4 No. 3 German Unfair Competition Act ("UWG")), even though the demarcation between the protection under UWG and under other regimes of intellectual property law is heavily disputed. In any case, since the principle of freedom of imitation applies, there is a high bar to meet in order to succeed in an unfair imitation claim.

First, there must be a commercial act (*Geschäftshandlung*) under Section 2 No 1 UWG. This is the case for behaviour in favour of a business, e.g. for sales promotion, and will usually be the case if the counterfeiting takes place in connection with any type of business undertaking. Further, the counterfeit product must have a so-called competitive originality (*wettbewerbliche Eigenart*), which requires the counterfeit product to have a specific design or feature which indicates its commercial origin. In order to have this, it must be distinguishable from competing products so that the general public attributes and links it to a certain manufacturer. Although this does not require the product to be well-known, it is questionable whether a food product

could have such a high degree of distinctiveness that it is immediately attributable to a certain producer or chef. Since dishes usually have a certain spread, this can only be assumed in the case of outstanding creations that have reached such a high level of exoticism that they can only originate from a single producer or chef. Conversely, however, the outstanding reputation of a product with special characteristics can lead to a competitive originality. Thus, if a particular soup with certain special essential characteristics is so well-known that the soup could be easily attributed to a specific chef, competitive originality might well be found.

However, the product must have been imitated. This requires, first of all, the presence of the essential elements of the original. An imitation, on the other hand, already conceptually presupposes that the imitator knows the original and deliberately copies it.

Finally, even if all of the above conditions are met, the German courts still ask for an additional "unfair element" to be given in order to satisfy and serve the principle of freedom of imitation. Such additional element may be given if the counterfeit: (i) is causing avoidable deception of customers as to the commercial origin of the goods; (ii) leads to undue exploitation or impairment of the reputation of the counterfeited goods or services; or (iii) is based on the improper acquisition of the knowledge and documents necessary for counterfeiting.

It follows from this that unfair imitation will usually not be available when considering a recipe or dish. In most cases, there will be no product with competitive originality unless it is an outstanding creation which, for that very reason, is attributed to a certain producer. Furthermore, even in the case of an imitation, the chef can be said to have been inspired by the original without having acted unfairly. Therefore, competition law does not provide a satisfactory level of protection for food creations either.

Conclusion

As shown above, from a German law perspective, Mitch Orr would probably be right (in most cases) in saying that a food recipe is not owned by anyone. From a legal point of view, the respective "re-creator" must however be careful if a food creation bears the recognisable signature of a certain chef. In such cases, there might be a legal basis to bring a claim against the chef who has reproduced the dish. Yet, in the vast majority of cases, re-creating a known recipe will generally be legal. Whether re-creating a dish without giving credit to the original chef will do the re-creator's reputation any good is another question.

PARIS

Loïc Lemerrier / Tom Blanchet

PARIS COURT OF FIRST INSTANCE, 11 SEPTEMBER 2020, ELI LILLY AND COMPANY & LILLY FRANCE V FRESENIUS KABI FRANCE & FRESENIUS KABI GROUPE FRANCE, DOCKET NO. 17/10421

Background

Eli Lilly and Company (hereafter "**Eli Lilly**"), an American pharmaceutical company created in 1876, developed a drug for the treatment of two types of lung cancer (malignant pleural mesothelioma and non-small cell lung cancer), whose active ingredient is a compound called pemetrexed, a type of antifolate.

On 10 December 1990, **Eli Lilly patented "pemetrexed disodium", EP 677, an anti-cancer agent, under the name Alimta®**. However, it was not marketed heavily because this agent is toxic and has significant side effects.

Later, on 15 June 2001, **Eli Lilly patented a new invention, EP 1 313 508 ("EP 508"), which relates to a cancer combination therapy based on the administration of pemetrexed disodium, the main active substance, in association with the vitamin B12**. The co-administration of these two substances lowers the level of methylmalonic acid (a predictor of toxic events in patients) without impairing the efficacy of the pemetrexed.

Lilly France, a subsidiary of Eli Lilly, is the entity responsible for the marketing of the drug Alimta® in France.

On 22 July 2016, **before the expiration of Eli Lilly's patent rights, Fresenius Kabi marketed a generic version of Alimta® in France, called "Pemetrexed Fresenius Kabi**. Fresenius Kabi's generic employed pemetrexed diacid, whereas the above-mentioned patents of Eli Lilly covered pemetrexed disodium (essentially, in Fresenius Kabi's product, sodium cations were replaced by hydrogen cations). Fresenius Kabi Oncology Plc was granted marketing authorisation by the European Medicines Agency.

In March, 2017, **Eli Lilly and Lilly France sued Fresenius Kabi France and Fresenius Kabi Groupe France for the infringement of the French part of their European patent EP 508**. The Claimants had already been granted injunctions on the sale of infringing pemetrexed products in various other European countries on the basis of their patents.

Brief description

The Paris Court of First Instance has awarded Eli Lilly €28,000,000 in damages (€8,000,000 for infringement and €20,000,000 for unfair competition) and prohibited Fresenius Kabi from selling a generic pemetrexed product in France. The amount of damages awarded is a new record in France.

Key issues

- The scope of the patent extended to all pharmaceutically acceptable forms of pemetrexed (salts or others) used in combination with another agent.
- Whether infringement was direct infringement within the marketing, selling and use of said products, or indirect infringement, meaning a contributory infringement, both either by reproduction or equivalence.
- The amount of damages to be considered in consideration of the evidence provided by the parties.

Loïc Lemerrier

*IP Stars: Rising star Patent,
Trademark 2020/2021*

Proceedings

On 11 September 2020, the Paris Court of First Instance issued a decision on Eli Lilly's pemetrexed saga, which followed the reasoning of the majority of European countries.

In a nutshell, the Paris Court of First Instance held that Eli Lilly's patent protecting the combined administration of pemetrexed disodium (marketed under the brand Alimta®) and vitamin B12 for the treatment of lung cancer, was valid.

Fresenius Kabi was found to have infringed Eli Lilly's patent by commercialising a type of Alimta®, called "Pemetrexed Fresenius Kabi".

The Paris Court of First Instance ordered Fresenius to pay €28,000,000 in damages, the highest amount ever ordered by a Court in Europe for damages in relation to patent infringement.

On the scope of the patent

The Defendant claimed its product was outside of the scope of Eli Lilly's patents.

Recalling Article 69 of the European Patent Convention and its 1973 protocol on the extent of protection, the judges found that "*the extent of the protection conferred by a European patent or a European patent application shall be determined by the claims. Nevertheless, the description and drawings shall be used to interpret the claims*".

The Court stated that the technical part of the patent lay in the combined use of an antifolate drug, specifically "the antifolate pemetrexed disodium", with vitamin B12.

A skilled person in this field would know that the active part of pemetrexed is the anion (which causes both the therapeutic effects and the adverse side effects), which is combined with vitamin B12 (and optionally folic acid). They would further understand that beyond the literal wording of the claims, the invention lies in the combined administration of the active ingredient, regardless of its form, with the other substances claimed in the patent.

In conclusion, the Court held that the scope of the patent is extended to all pharmaceutically acceptable forms of pemetrexed (salts or otherwise) used in combining the antifolate and vitamin B12.

On direct or indirect infringement either by reproduction or equivalence

The second question posed to the Court was whether or not the marketing, selling and use of said products constituted direct or indirect infringement (indirect infringement meaning a contributory infringement or "contribution par fourniture de moyens" in French) either by reproduction or equivalence.

In this case, the Court found direct infringement (i.e. infringement by reproduction) because the product marketed by Fresenius Kabi reproduces all of the essential aspects of the invention (i.e. that which is necessary and sufficient to ensure the

primary function of the invented method). Infringement is present when the essential characteristics of a patent are reproduced, notwithstanding secondary differences.

In view of the scope of the patent, the essential characteristics of the invention here consisted of the combined administration of the active ingredient pemetrexed, regardless of its form, vitamin B12, and sometimes folic acid or its other derivatives.

Fresenius' generic drug is composed of the same active ingredient, pemetrexed, and its administration must be combined, as provided for by Patent EP 508, with vitamin B12 and folic acid. It matters little that the allegedly infringing compound uses a diacid solution to administer this combination since this does not produce any particular technical effect.

A specialist in formulation was capable of proposing a certain number of possible counterions other than sodium, in the form of free acid or a certain number of well-known pharmaceutically acceptable salts. The selection of the form of the salt is therefore of no importance and the only thing that matters is the therapeutic effect of the pemetrexed anion combined with other substances.

The lack of obviousness alleged by the Defendants with respect to the use of this particular salt, the tenth most frequently used salt, which is a criterion of validity of an invention and not that of infringement, and the fact that the company Fresenius obtained patents (EP 768 and US 9,421,207) for this form of salt, are irrelevant.

The Court did not consider the option of contributory infringement because once direct infringement was established, there was no reason to rule on infringement by equivalence.

In conclusion, **the Court established a direct infringement by reproduction.**

With the same active ingredient, pemetrexed, administered with vitamin B12 and folic acid, Fresenius Kabi infringed the very essence of Eli Lilly's patent, which consists in the combined administration of the active ingredient pemetrexed, regardless of its form, with vitamin B12 or its other derivatives, and optionally, with folic acid or its other derivatives.

On the validity of the patent

In relation to the description and the disclosure of the patent, the contents of the patent (described and documented by tests) including those relative to the combination referred to in Claim 1[SR(1)[OJ(2) (pemetrexed and vitamin B12 alone), allow the invention to be implemented. So, according to the Court, the description of the patent was sufficient.

On obviousness, two earlier works were examined: the [Jackman document](#) SR(3)[OJ(4), which is a reference work on folate biochemistry, and the [Scott document](#), SR(5)[OJ(6) which describes the role played by folate and vitamin B12. It is not possible to conclude from analysing these documents that the person skilled in the art, seeking to solve the specific problem of the patent, in its two branches, could have used one of the documents cited, either alone or in combination, and have obviously arrived at the solution provided for by the patent. It was emphasised that

the invention came after several decades of unsatisfactory scientific research in order to meet a long-held need and that it constitutes an undeniable technical advance.

In a nutshell, **the Court held there was no case to be made for the invalidity of the patent, and that in relation to the description of the patent, the invention could be implemented, and constitutes an undeniable technical advance.**

Damages and costs awards

The Court ordered Fresenius Kabi to pay €28,000,000 in damages, the highest amount ever awarded by a European court for damages in relation to patent infringement.

Of this total, Eli Lilly obtained damages of €8,000,000, in compensation for the infringement.

The economic damage to Eli Lilly, the patent holder, was evaluated on the basis of the licence fee, plus what it could have expected to have earned if it had granted an authorisation to its competitors. Considering the number of 100 mg and 500 mg vials sold (20,742 and 46,862 respectively), as shown by the public data available from the Groupement pour l'Élaboration et la Réalisation des Statistiques [Group for the Compilation and Preparation of Statistics] (GERS) and the sales revenue thus generated, and applying an uplift of 25% on top of the original licence fee, a provisional order of €8,000,000 in compensation seemed reasonable.

Lilly France, the French distributor of Alimta®, was further awarded damages of €20,000,000, on the grounds of unfair competition.

In France, the distributor of a patented product that is not a licensee may claim damages from the infringer on the basis of unfair competition. Infringement is considered a tort that should be compensated by damages equal to the loss suffered by the distributor.

Indemnification for the economic damage to Lilly France resulting from the acts of unfair competition were limited to lost profits, taking into account the differences between the face value published in the Official Gazette and the price granted after conventional and commercial discounts, and the price erosion of Alimta®. The latter was independent of any marketing of the generic drug and the Defendants were only partially responsible for this. The indemnification was provisionally set at €20,000,000.

With regard to costs, the judgment ordered the Defendants to pay €350,000 to cover the Claimant's legal fees, which may be the highest amount ever ordered by the Paris Court of First Instance for costs in patent infringement proceedings.

Confidentiality club

The **Court has further ordered that Fresenius Kabi France and Fresenius Kabi Groupe France communicate a certain amount of information to Eli Lilly and Lilly France, within a confidentiality club**, such as:

- the names and addresses of manufacturers, importers, exporters or holders of the infringing products;
- the quantities stored, produced, imported, exported, transshipped, marketed, delivered, received or ordered, as well as their delivery dates and prices;
- the names of the relevant products along with all product identifiers such as designation, name and serial number;
- the gross margin realised on the sale of Pemetrexed Fresenius Kabi as well as any other preparation that reproduced patent EP 1 313 508; and
- the names and addresses of the clients of the Fresenius Kabi France and Fresenius Kabi Groupe France from July 2016 until the day the judgement was delivered.

After this information has been shared, the parties will be able to make a decision on the final amount of damages incurred.

Practical considerations

This French decision is in line with the findings of previous related decisions in Europe. In that respect, the French judges are aligned with the vast majority of European judges.

This is good news for patent owners faced with infringers who make small changes to their products in order to attempt to avoid infringement in France.

The decision makes it clear that assessing the scope of protection of a patent is a two-stage process. Firstly, the jurisdictions should work out what the patent claim means, and secondly, they should consider whether any variant infringes by equivalence.

At a European level, this outcome is a further step towards a harmonised European approach to equivalence.

The decision was subject of an appeal lodged on 9 October 2020 under case number 20/14324. To be continued...

Loïc Lemerrier / Tom Blanchet

LONDON

Alex Walker / Laura Hartley

INFLUENCER MARKETING: ADVERTISING AND MARKETING ON SOCIAL MEDIA IN THE UK

In 2016, the UK regulatory authorities published guidance requiring influencers to take measures to ensure that their online and promotional activities were transparent by disclosing any existing commercial relationships or arrangements with brand owners. Despite the guidance, some of the biggest influencers continue to fall foul of UK advertising and marketing regulations, which can have adverse consequences for both the influencer and the brand. This article seeks to explain the relevant rules and how influencers and brand owners can better protect themselves when collaborating together.

Guidance was first released in 2016 outlining how UK influencers should disclose their commercial interests with brands. However, the largest and most popular influencers continue to be investigated, reprimanded and sanctioned by the ASA for improper disclosure on social media. Recent case studies show that brand owners can also be issued with warnings in relation to content they had no prior knowledge of, which can lead to reputational damage and adverse consequences. It is therefore more important than ever for influencers and brand owners to be aware of their marketing and advertising obligations on social media.

Influencers are individuals with strong social media presences who regularly create and share content with their fans and followers. By virtue of the "influence" they exert over their large social media followings, brand owners often engage and collaborate with influencers to create sponsored content promoting their products and/or services. This could be by way of monetary payment, benefits in kind or a commission-based structure. These brand collaborations constitute a form of advertising and are therefore subject to regulations enforced by the UK's advertising and marketing authorities: the Advertising Standards Authority ("ASA") and the Competition Markets Authority ("CMA"). Influencers are individuals with strong social media presences who regularly create and share content with their fans and followers. By virtue of the "influence" they exert over their large social media followings, brand owners often engage and collaborate with influencers to create sponsored content promoting their products and/or services. This could be by way of monetary payment, benefits in kind or a commission-based structure. These brand collaborations constitute a form of

Key issues

- Both influencers and brand owners continue to be reprimanded and sanctioned by the ASA for improper disclosure of commercial relationships, even in instances where the brand owners had no knowledge of the offending social media posts.
- It is critical that any and all existing commercial relationships between an influencer and brand owner are clearly disclosed and made apparent to consumers in the context of any social media posts or activities that seek to advertise, endorse or promote a brand owner's product and/or service.
- Social media platforms are taking action to create a more transparent social media environment. For instance, Instagram has agreed to a package of commitments to help tackle the problem of hidden advertising by its users on its platform.

Alex Walker

IP Stars: Rising Star Intellectual Property 2020

Vanessa Marsland

- *IP Stars: Trade mark star 2020,*
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- *IP Stars: Transactions star 2020*

Stephen Reese

- *IP Stars: Patent star 2020,*
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advertising and are therefore subject to regulations enforced by the UK's advertising and marketing authorities: the Advertising Standards Authority ("**ASA**") and the Competition Markets Authority ("**CMA**").

Influencers fall foul of UK advertising guidelines

Zoe Sugg, known as "Zoella", is one of the UK's most prominent influencers with over 9 million followers on Instagram. She was reportedly issued a warning in early 2020 for improper disclosure of an affiliate link leading to ASOS' website¹. An affiliate link is a link through which an influencer can earn commission via any qualifying sales without having contacted a representative of that particular brand. This is distinct from sponsored content where the brand owners usually have some sort of editorial control.

Although Zoella had labelled the post with the word "affiliate", she had placed the notifying text at the very bottom of the image where it was obscured, difficult to find and unclear. The ASA stated that the placement of the notification was inappropriate as it could easily be missed by the consumer. Moreover, use of the word "affiliate" by itself was insufficiently clear in indicating to the consumer that there was a commercial relationship between Zoella and the brand owner. Instead, the word "ad" should have also been used and the notification should have featured more prominently on the image.

More recently in November 2020, Emily Canham became the first TikTok influencer to be reprimanded by the ASA for the improper disclosure of a commercial relationship with a brand owner on the social media platform². Canham shared a video with her 700k strong following that included a discount code to ghd straighteners, without disclosing that she had a commercial relationship with the brand. Canham had previously contracted with ghd to create a certain amount of social media content, however, the post in question did not actually form part of that agreement. Although Canham had not specifically been compensated for that video and ghd had no prior knowledge of it before it was published, the ASA considered this to be a breach of their disclosure/transparency requirements. The post has since been removed.

What is important from both of the above-mentioned cases is that the ASA issued warnings to both the influencers and the brand owners, despite the fact that the brand owners had no prior knowledge of the offending posts. This highlights how crucial it is for brand owners to ensure that they have studied the ASA guidelines and taken active steps to ensure that any influencers they have any commercial relationship with are aware of their disclosure requirements, too. In both of the above-mentioned cases, the ASA published formal rulings on their website, which led to reputational damages for the influencers and brand owners regarding the ethics of their actions.

ASA regulations explained

Influencer marketing is within the remit of a number of different bodies and guidelines in the UK but the most important is the UK Code of Non-broadcast Advertising Direct & Promotional Marketing (the "**CAP Code**"), which is enforced by the ASA.

Under the CAP Code, influencers must disclose when they have received payment from a brand owner. The term "payment" is wide-reaching and includes monetary

1. <https://www.asa.org.uk/rulings/asos-com-ltd-a19-1025856-asos-com-ltd.html>

2. <https://www.asa.org.uk/rulings/jemella-ltd-a20-1068055-jemella-ltd.html>

compensation, commission, a loaned product or service, a free product or service (whether requested or unsolicited) or any other type of incentive.

Both the ASA and the CMA advise using labels such as "ad", "advert" or similar in order to disclose such payment. Other terms such as "gifted", "sponsored" and "affiliate" are also frequently used by influencers but the ASA deems these terms riskier and recommends that the use of such terms in isolation is avoided. Appropriate language disclosing any commercial relationship must be used in connection with any social media posts that seek to advertise, promote or endorse a brand owner's services and/or products. In addition, such language must also be used upfront so that consumers notice it before engaging with the content. Inserting the "ad" label at the end of a lengthy caption or hidden amongst other hashtags would likely be considered a breach of the disclosure rules.

The ASA will usually only take action in instances where an influencer has been "paid" and the brand had "editorial control" over the content. Unless an influencer is completely free to say whatever they want, whenever they want, then the brand is likely to have editorial control (e.g. pursuant to the terms of a Talent Agreement) and the content will be designated an "ad" by the ASA. If the editorial control element is missing, then the content is outside of the ASA's remit but will still be caught by the CMA who require that disclosure of the commercial relationship be clear.

A large number of influencers can be classed as relatively normal individuals who happen to have large social media followings, as opposed to celebrities with management teams and legal counsel. As such, many influencers will be unaware of their obligations under the advertising and marketing regulations and the potential reputational damage that can arise from breach of such regulations. Accordingly, it is imperative for brand owners to be aware of the relevant advertising and marketing regulations and to ensure that these guidelines are clearly conveyed to any influencer that they are currently working with or intend to work within the future. The fact that ASOS and ghd were issued warnings in relation to posts they had no prior knowledge of should serve as a stark warning to all brand owners.

Do social media platform providers fall within the scope of the UK advertising regulations?

In October 2020, Instagram committed to take additional steps to tackle "hidden advertising" on its platform following an investigation by the CMA. The social platform provider first introduced its own "paid partnership" feature in 2017, which allowed relevant brand owners to be tagged in connection with any content they have sponsored. However, for a long time this feature was only available to a limited number of influencers.

As part of the new package of changes, Instagram will (i) make the paid partnership feature available to all users, (ii) prompt users to confirm if they have been incentivised to promote a product and/or service, and (iii) use its technology to identify when a user has not clearly disclosed that a post is an advertisement, promotion and/or endorsement. For instance, if an influencer uses the hashtag "ad" without also using the paid partnership feature, a warning notification will appear asking that the user tag the appropriate brand. This feature is designed to make it difficult for users to ignore the CAP Code but it does not go further than that. The problem is that brands usually need to manually approve these tags and if they have not authorised an influencer's

account to do this ahead of time then the ad will remain live without the appropriate tag until the brand approves it.

It is important to note that use of the "paid partnership" feature by itself would not constitute adequate disclosure and influencers will still need to be alert and take active steps to ensure they follow the ASA's guidelines for disclosure as outlined above.

Instagram is the first social network to have agreed anything of this nature with the CMA but it may be that the other platforms do so, too, in the future.

Beware of products subject to more stringent regulations

There are a number of product categories regulated by the CAP Code that are subject to more stringent marketing regulations. For instance, alcohol, gambling services, medical products and supplements will be subject to additional regulatory frameworks governing their advertisement, promotion and endorsement to the public. This means brand owners may have to look further than the CAP Code for guidance as these products may be regulated by other regulatory authorities, professional bodies and applicable law.

For example, before creating content and promoting a medical device, both influencers and brand owners should consult the Medical Devices Regulations 2002, the ABPI Code and any guidance from the UK medical regulatory authority, the Medicines and Healthcare products Regulatory Agency (MHRA).

Ultimately these additional marketing requirements have the same fundamental aims that underpin the marketing rules applied to other products: consumers, especially young and vulnerable consumers, must be kept safe and any marketing claims must not be misleading.

Conclusion

Although the issued guidance does not cover every situation that may arise in the context of an influencer-brand relationship, it is clear that if any sort of "payment" exchanges hands then the relationship needs to be clearly disclosed.

The UK marketing and advertising authorities have always sought to protect consumers from misleading advertising and their guidance in relation to influencer marketing has not changed. However, recent case studies highlight how easy it is for a brand to suffer reputational damage due to an influencer's non-compliance with the disclosure rules, whether intentional or not.

The above highlights show how important it is that brand owners take protective measures to ensure that the influencers they work with are compliant with the CAP Code and other applicable laws. This may include providing the influencer with appropriate training and/or ensuring that there are positive obligations on the influencer in the Talent Agreement to comply with the CAP Code (e.g. prescribed wording for the disclosure notification).

Link Directory:

- <https://www.asa.org.uk/resource/influencers-guide.html>
- <https://www.gov.uk/government/news/instagram-to-tackle-hidden-advertising-after-cma-action>

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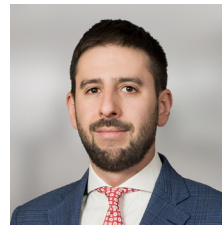
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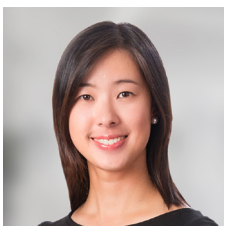
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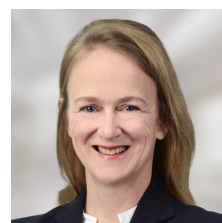
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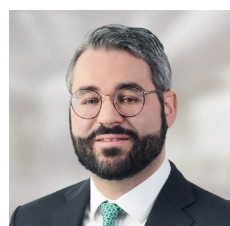


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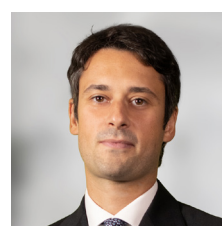


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NOTES

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