

C L I F F O R D

C H A N C E

29TH EDITION

GLOBAL INTELLECTUAL PROPERTY NEWSLETTER
IP TOPICS FROM AROUND THE GLOBE
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29TH EDITION GLOBAL IP NEWSLETTER

Introduction

Welcome to the 29th edition of the Clifford Chance Global IP Newsletter. While the impact of the COVID-19 pandemic may have swept away many agendas over the past year, we are looking ahead to a year of new plans and transitions in 2021. Its first quarter has already brought many changes and we are hoping to provide you with an interesting overview of some of the recent trends and developments in the world of intellectual property law.

As of 1 January 2021, the **Brexit transition period** has finally come to an end and the UK is no longer bound by EU law. Our London team explains the **changes to UK IP law** that have come about as a result of Brexit and the implications this has had on IP rightsholders both in the UK and beyond.

With the next article, we are taking a look at another country that is currently undertaking significant changes to their IP law: In the **People's Republic of China**, the lack of protection of IP is still a major concern for foreign companies seeking to do there. Our Chinese team together with our German team have compiled an **overview of the key adaptations to IP law** the Chinese Government has recently made to address these concerns.

The German team further reports on a recent decision by the EPO Technical Board of Appeal regarding **AI inventions and sufficiency of disclosure pursuant to Art. 83 EPC**. The article takes a critical look on whether the way EPO applies Art. 83 EPC requirements sufficiently considers the differences between the predictability of traditional computer-implemented inventions and the unpredictability of AI inventions.

Speaking of patent law, our Spanish team covers a recent decision of the Barcelona Commercial Court declaring that Lidl has infringed the Thermomix patent.

Turning to trade marks, there is a recent decision of the Court of Appeal of Luxembourg ruled on the issues arising from **enforcing trademark rights to prohibit the use of an identical domain name**, showcasing the challenges parties face when bearing the burden of proof.

Last but not least, our French team gives an overview of the different **means of protection available for non-personal data** under French law.

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

Take Care!

Your Global CC IP Team

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LONDON

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UK INTELLECTUAL PROPERTY LAW AFTER BREXIT

After several years of anticipation, the Brexit transition period ended on 31 December 2020 and the UK is no longer a part of the EU trading bloc. Whilst the UK formally left the EU on 31 January 2020, it remained tied to it by way of a transition period until the end of 2020 to facilitate further trade deal discussions. After a tumultuous series of negotiations, a deal was finally made on 24 December 2020 and from 1 January 2021, EU laws and treaties ceased to apply in the UK. Both sides are now party to a Trade and Cooperation Agreement, which contains a series of harmonising principles based on current EU IP law, though at a higher level of generality in some areas.

The end of the transition period was a significant moment for intellectual property ("IP") rightsholders worldwide seeking to protect their intellectual property in both the UK and EU. In this article, we will explain the changes to UK IP law that have come about as a result of Brexit and the implications this has had on IP rightsholders both in the UK and beyond.

Unitary rights: registered trade marks and designs

Comparable rights

As a result of the harmonisation of EU law, the legal framework for registered trade marks and registered designs in the UK already largely mirrored that of the EU. The UK Intellectual Property Office ("**UKIPO**") therefore automatically created a number of comparable rights on 1 January 2021, which ensure continued protection of intellectual property rights in the UK post-Brexit.

According to the UKIPO, it converted almost 1.4 million EU trade marks and 700,000 EU designs to comparable UK rights at the end of the transition period.¹ These were based on existing EU registered trade marks and designs and provide equivalent protection in the UK using the same filing date of the original right. These new rights have the same legal status as if they had originally been applied for under UK law and are for most purposes independent from the EU rights they were based on.

The same applied to EU designations under international trade mark and design registrations and comparable UK rights were automatically created at the end of the transition period based on their international rights protected through the Madrid and Hague systems.

Key issues

- As of 1 January 2021, the UK is no longer bound by EU law. Instead, both sides are now party to a Trade and Cooperation Agreement.
- In order to protect IP rightsholders, the UKIPO created comparable rights for a large number of unitary rights previously protected by EUIPO registrations. However, there remain some important differences for rightsholders to take note of post-Brexit.
- UK law may diverge further from EU law in the future so rightsholders will need to continue to monitor their IP portfolios to ensure they remain protected.

¹ <https://www.gov.uk/government/news/intellectual-property-and-the-transition-period>.

If rightsholders do not wish to have the UK comparable protection, they can now pro-actively opt out. However, there is generally little benefit to doing so – the owner can simply allow unwanted rights to lapse on renewal. For comparable rights which have a renewal deadline in the first 6 months of 2021, the UKIPO will not issue renewal reminders. Instead, it will send a notice stating that the renewal date has passed, but giving the possibility of late renewal without having to pay the normal additional fee.

Pending EU applications

Comparable rights were only created in respect of registered intellectual property rights. Therefore, any EU applications that were still pending at the end of 2020 need to be refiled in the UK within 9 months of the end of the transition period, i.e. 30 September 2021, in order to claim the original priority of the EU application.

Revocation/invalidity proceedings

Some existing EU trade marks and designs will have been the subject of ongoing revocation or invalidity proceedings at the end of the transition period. Comparable UK rights will still have been created in respect of these. However, under the Withdrawal Agreement, if the EU proceedings result in the successful revocation or invalidity of that right, then the UK comparable right will be revoked or declared invalid too. The exception to this is where the grounds on which the EU trade mark was revoked or declared invalid would not have applied under UK law.

Use and reputation

A UK trade mark registration must go unused in the UK for a period of 5 years before it becomes vulnerable to any non-use revocation action. However, UK owners of comparable trade mark registrations will be able to rely on use and reputation in the EU for a period of time and up until 31 December 2025 at the latest. The same right is extended to EU trade mark holders with prior use in the UK.

The five-year period is activated by the last use of the EUTM or UK comparable right so if an EUTM was last used in an EU country on the last day of the transition period then the comparable UK right would be able to benefit from that use and reputation in the EU until 31 December 2025. Similarly, if an EUTM had last been used in the UK at the end of the transition period, it would be able to benefit from that use until 31 December 2025 at the latest.

Representation

The rules for representation and service for UK trade marks and designs have changed. A UK address for service is now required for new applications and where there are any proceedings relating to a UK comparable right. If a UK comparable right becomes the subject of proceedings the UKIPO will require a UK address for service. Failure to respond could lead to loss of rights.

Security

Any licence or security that was registered against an EU trade mark or design will also be enforceable against its new UK comparable right. In the case of licences, this applies only if there is not any contrary agreement between the licensor and licensee. However, these rights will not appear on the UKIPO register, leaving the licensee or security holder unprotected in terms of the public register. As such, UK licensees or

holders of security interests in EU rights for which a comparable UK right has been created should consider proactively registering their interest in any comparable UK rights in order to retain the protection. Rightsholders have 12 months from the end of the transition period to re-register their interests at the UKIPO.

Exhaustion of rights

When a product protected by an IP right is sold by, or with the consent of, an IP rightsholder, the IP right is said to be exhausted. Pre-Brexit, this meant that if a protected product was placed on the market within the EEA, the IP rightsholder would not be able to prevent the movement of that product within the EEA, including the UK.

Following Brexit, exhausted IP rights in the EU and UK remain exhausted. Further, protected products first placed on the market on the EEA will be unaffected and the UK will consider these rights to be exhausted unless and until it changes its policy from "regional exhaustion". However, goods placed on sale in the UK by, or with the consent of, the rightsholder will now no longer be considered exhausted in the EEA. Therefore, a business seeking to export any such product to the EEA may require the rightsholder's consent.

Changes to other IP rights

Patents

Most of the UK's substantive patent law will be unaffected by Brexit, as it is currently based on the European Patent Convention, which is independent of the EU. Existing European patents covering the UK will be unaffected and European patent attorneys based in the UK can continue to represent applicants before the European Patent Office.

UK, EU and third country businesses can continue to obtain a compulsory licence for manufacturing patented medicines in order to meet specific health needs in developing countries. They may also continue to rely on the exceptions from patent infringement provided for studies, trials and tests on pharmaceutical products.

However, Community plant variety rights no longer have effect in the UK and cannot be used to obtain a compulsory licence on a patent in the UK. Instead, rightsholders will have to rely on UK plant breeders' rights. This includes Community plant variety rights that were converted into UK rights at the end of the transition period.

It is further worth noting that the UK has decided not to participate in the Unified Patent Court Agreement, which is a (not yet operational) single patent court for the twenty-five participating states.

Unregistered designs

Unregistered designs are protected by an EU unitary system and a UK national system that differ in a number of respects. To ensure continuity of protected design rights, two new UK rights have been created. Existing EU unregistered rights were mirrored into the UK national system automatically at the end of the transition period and protected as "UK continuing unregistered designs". The UK also created a new unregistered design right called the "supplementary unregistered design" ("**SUD**"). The terms of

SUD protection are similar to that conferred by the EU's unregistered community designs but protection under this extends only to the UK. The existing UK unregistered design right continues to operate as normal alongside these two new rights, however the qualification criteria has been amended to account for the fact the UK is no longer in the EU.

Importantly, EEA designers disclosing their design in the EEA can no longer enjoy automatic protection under the UK unregistered design right. Likewise, designs first disclosed in the UK are no longer eligible for protection as EU unregistered designs. A business seeking unregistered design protection will therefore have to decide whether they want UK or EU protection. Neither the UKIPO nor EUIPO has provided guidance on whether they will accept simultaneous disclosure of designs as of yet.

Geographical indicators

The UK set up four new geographical indicator ("**GI**") schemes that came into effect on 1 January 2021. The schemes are operated by the Department for Environment, Food and Rural Affairs ("**DEFRA**") and are open to UK producers as well as those from other countries.

The new UK GI schemes protect registered product names when they are sold in Great Britain (England, Scotland and Wales) only whilst the EU GI schemes continue to protect registered products names when they are sold in Northern Ireland and the EU. The categories covered and designations of protection offer currently mirror those under the EU scheme as under the Withdrawal Agreement, the relevant EU regulations will be incorporated into UK law.

The Trade and Cooperation Agreement enables both the UK and EU to set their own rules and the future directions of their respective schemes. The UK and EU have agreed a review clause on GIs, which provides that the UK and EU may, if both parties agree it is in their interests, use reasonable endeavours to agree rules for the protection and domestic enforcement of their GIs.

Supplementary Protection Certificates

Supplementary Protection Certificates ("**SPCs**"), although issued under an EU Regulation, are also already granted at a national level by the relevant regulatory authority. The existing EU SPC regulation now forms part of UK law with certain amendments to create a more standalone system.

SPCs that had already been granted continue to be valid and no further action needs to be taken by the rightsholder. In addition, SPC applications that were still pending at the end of the transition period are unaffected by the change in the regulatory framework and will be examined under the current framework. New SPC applications filed in the UK are now subject to the new regulatory framework, which requires that the applicant must have a valid patent in the UK and a marketing authorisation that allows the product to be sold on the UK market as at the application filing date. This includes marketing authorisations granted by the MHRA, the UK medicines regulator, and any authorisations granted by the EMA, the European medicines regulator, which have been converted into UK authorisations by the MHRA.

Although the grant of an SPC is based on the first UK authorisation to place the product on the market as a medicinal product, the period of duration of the SPC is based on the first authorisation for the product in either the EEA or the UK. However, third parties are permitted to manufacture SPC protected products in the UK without the rightsholder's consent if such products are for export outside of the UK and EU. Stockpiling is also permitted during the 6 months prior to expiry of the UK SPC if the protected product is for sale in the UK or EU upon the expiry date.

Copyright

Although copyright is a national right, most UK copyright law is based on harmonising directives and treaties and a substantial part of UK copyright law has derived from EU copyright legislation. There has been no change to the eligibility requirements for copyright protection under UK law so works created by a national of or first published in the UK, EEA or any country that is party to international copyright treaties remain eligible for protection.

However, certain specific measures rights have been modified to reflect the reality of the UK's separate status. For example, the EU Regulation on cross-border portability of online content services in the internal market ceased to apply at the end of the transition period and it is envisaged that this may affect UK travellers attempting to access their streaming services whilst abroad in the EU.

Further, the UK decided not to implement the EU's new Directive on copyright in the digital single market and any future revisions to UK copyright law will be based solely on domestic policy. It is expected that UK copyright law may diverge in some areas at least from EU law in the future.

Looking forward...

Looking forward, we do not expect to see UK law in the IP sphere diverge hugely from that in the EU. A harmonised approach to rights recognition is beneficial to both parties, and many parts of EU and UK IP law reflect international treaty obligations binding both EU and UK. Despite this, IP rightsholders should continue to monitor their IP portfolios to ensure they remain protected and are well prepared for any future changes.

DÜSSELDORF–HONG KONG–SHANGHAI

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CURRENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW IN THE PEOPLE'S REPUBLIC OF CHINA¹

The People's Republic of China ("**China**") has been accused, especially by U.S. companies, of allowing the systematic infringement of intellectual property rights ("**IPR**").

China has therefore recently taken measures in the form of a so-called "Phase One Trade Agreement" with the U.S. as well as the publication of the "Opinion on Strengthening the Protection of Intellectual Property" by China's Communist Party and the State Council of the People's Republic of China to improve the protection of IPR and trade secrets.

These recent measures include, *inter alia*, strengthening the enforcement of criminal law in cases of intellectual property right infringement and intensifying efforts to regulate e-commerce. As a result, new provisions and amendments were made to several laws governing intellectual property rights in China. The key changes are outlined below.

I. Patent Law

Against the background of the ongoing trade dispute with the U.S., Chinese Patent Law has once again become the subject of review. On 17 October 2020, China passed several long-awaited amendments to Chinese Patent Law, which will come into effect on 1 June 2021.

The main amendments are as follows:

- (i) the design patent term will be extended to fifteen years;
- (ii) partial design applications/registrations will be permitted (i.e. design protection for parts of products);
- (iii) patent terms may be extended to compensate for unreasonable delays in the examination process (more than four years from the application date and more than three years from the date of request for substantive examination in the grant of a patent);
- (iv) patent infringement damages will be increased to comprise of maximum statutory damages of up to CNY 5 million (approx. EUR 637.000), and newly introduced punitive damages;

Key issues

- Over recent years, the People's Republic of China has been reforming its intellectual property rights regime to strengthen the protection of IPR, *inter alia*, by increasing sanctions for IPR infringements and introducing punitive damages.
- Revisions to Chinese trade mark law focus on combatting bad faith trade mark registrations and so-called trade mark squatting.
- A broader definition of trade secrets and expanded scope of infringing activities in China's Anti-Unfair Competition Law are intended to further strengthen the value of trade secrets.

¹ This article about recent developments in the field of intellectual property in the People's Republic of China is inspired by the article entitled '*Aktuelle Entwicklungen im Recht des Geistigen Eigentums in der Volksrepublik China*' by XU Tian and Felix Engelhardt, which was published in the Journal of Chinese Law in October 2020.

- (v) the infringing party may be obliged by the court to disclose evidence concerning the calculation of damages if the account books and materials pertaining to the relevant infringement are in the infringer's possession;
- (vi) the limitation period will be extended to three years;
- (vii) an open licence system will be introduced (i.e. a patentee may inform the Chinese Patent Office that it is willing to grant an "open licence" to any entity or person that accepts a licence under certain pre-specified standard licence conditions; during the term of the open licence a regular patent licence can still be individually negotiated and agreed with the patentee, however, the patentee will not be allowed to grant a sole or exclusive licence under the patent);
- (viii) an early resolution mechanism for pharmaceutical patent disputes and remuneration for excessive approval procedures will be introduced; and
- (ix) options for employee-inventor remuneration will be expanded (i.e. financial incentives such as company shares, options or dividends).

II. Trade Mark Law

On 1 November 2019, the revised Trade Mark Law of the People's Republic of China, which was formally adopted on 23 April 2019, came into effect. It focuses on combatting bad faith trade mark registrations, especially the registration of another company's trade marks to take advantage of their name and reputation ("**bad faith registrations**") and the hoarding of trade marks for the sole purpose of later selling them at a profit ("**trade mark squatting**"). In addition, stricter sanctions were introduced for trade mark infringements and greater responsibility was established for trade mark agencies.

The main amendments are as follows: (i) prohibition of bad faith trade mark filings with no intention to use (there is a non-exhaustive list of criteria for the determination of "bad faith" in the "Provisions on Regulating Application for Trademark Registration" passed by the China National Intellectual Property Administration ("**CNIPA**"), and in the guide on bad faith trade mark applications jointly developed by the Chinese, European, Korean, Japanese and U.S. Patent Offices); (ii) increased sanctions for trade mark infringements (punitive damages of five times the amount of damages with maximum damages of up to CNY 5 million (approx. EUR 637.000), destruction of products bearing counterfeit trade marks and prohibition of the transfer of such counterfeit materials and tools to distribution channels without compensation); and (iii) sanctions for trade mark agents assisting with bad faith filings.

III. Copyright Law

On 11 November 2020, the National People's Congress of China adopted an amended version of the Copyright Law, which will come into effect on 1 June 2021.

Key amendments include: (i) replacement of the category "cinematographic works" with the broader term "audio-visual works"; (ii) new provisions related to "technological measures"² that can be taken by the rightsholder to protect its copyright; and

² According to Art. 49 of PRC Patent Law, "technical measures" refer to the effective technologies, devices or parts used to prevent and restrict the browsing or viewing of any work, performance, sound and/or visual recording or the provision of any work, performance, sound and/or visual recording to the general public via an information network without the permission of the rightsholder.

(iii) increased penalties for infringement including statutory damages of up to CNY 5 million (approx. EUR 637,000) and newly introduced punitive damages of up to five times the determined amount of direct damages.

IV. Protection of Trade and Business Secrets

Inadequate protection of trade secrets in China is one of the main sources of criticism in its trade dispute with the U.S. and is addressed in a separate section of the "Phase One Trade Agreement".

The protection of trade secrets is not uniformly regulated in China, but is instead covered by a number of civil, administrative and criminal laws and implementing regulations. The law with the most practical significance, however, is China's Anti-Unfair Competition Law, which was most recently amended in April 2019. The following areas were subject to revision:

- (i) the scope of application was extended from business operators to include legal entities, organisational units without legal capacity, and natural persons (thus including (former) employees));
- (ii) the scope of application was extended to include commercial information such as technical and operational information;
- (iii) sanctions were increased to impose statutory damages of up to CNY 5 million (approx. GBP 557,000) and newly introduced punitive damages of up to five times of the determined amount of direct damages; and
- (iv) the burden of proof was lowered in relation to actions for trade secret infringement (notably, a reversal of the burden of proof previously provided for by law) if the owner of the trade secrets provides preliminary evidence that (i) proves it has taken measures to preserve the confidentiality of its trade secrets, and (ii) reasonably demonstrates that such trade secrets have been infringed.

V. Protection of Intellectual Property in E-commerce Law

On 1 January 2019, the E-Commerce Law of the People's Republic of China ("**ECL**") came into force. The aim is to ensure, in particular, the protection of IPR for business activities on the internet. Under the ECL, new obligations on platform operators to protect IPR were introduced including the establishment of regulations for the protection of intellectual property, requirements to take measures such as deleting/blocking relevant content when notified of an alleged infringement by an IP rights holder, and joint liability between e-commerce operators and platform operators was established.

VI. Summary and Outlook

China has recently undertaken a number of important steps to demonstrate its willingness to improve its investment climate. It can be assumed that China will continue to strengthen its efforts to eliminate existing shortfalls in the protection of intellectual property rights in order to maintain the attractiveness of its domestic investment locations. However, it remains to be seen whether the enforcement of the newly established laws will be executed as thoroughly and with the same dedication which the legislator showed when enacting each of the acts of law described here.

DÜSSELDORF

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AI INVENTIONS AND SUFFICIENCY OF DISCLOSURE AT THE EPO

According to the European Patent Office ("**EPO**"), AI inventions belong to the area of computer-implemented inventions (CII) and are patentable according to the criteria developed by the case law of the EPO Boards of Appeal and reflected in the EPO Guidelines for Examination (G-II, 3.3.1)¹. However, the recent decision by an EPO Technical Board of Appeal ("**the Board**") in T0161/18² raises some questions about the EPO's approach when assessing disclosure requirements of AI inventions under Article 83 of the European Patent Convention ("**EPC**").

The case prompts thoughts that there may need to be changes in the way the EPO applies Article 83 EPC to account for the differences between the predictability of traditional computer-implemented inventions and the unpredictability of AI inventions. Existing case law established by the EPO Boards of Appeal in unpredictable fields such as the life sciences sector may be beneficial, as AI inventions are more unpredictable than traditional computer-implemented inventions.

In T0161/18 decision, the EPO did not grant a patent on determining cardiac output by the aid of an artificial neural network due to lack of sufficiency and consequently due to lack of inventive step. Although the application did not disclose any specific example of input data for its neural network model, it broadly stated that it is important that input training dataset cover a wide range of possible input values so that the network does not become special. It further disclosed that the measurement data from patients of different ages, genders, health status and the like are used.

According to the EPO, the application did not disclose which input data is suitable for training the artificial neural network, nor at least one dataset suitable for solving the technical problem; thus, a skilled person in the art could not "reproduce" the training of an artificial neural network.

It is not clear whether the EPO applied the "reproducibility" or "plausibility" requirements to reach its decision. Although the term reproducibility was explicitly mentioned, disclosing "at least one dataset" leans toward the plausibility. Highly likely disclosing one specific dataset in AI inventions does not make the claimed invention reproducible.

Key issues

- Should EPO apply "reproducibility" or "plausibility" requirements to assess written disclosure of AI inventions?
- Should EPO consider utilizing case laws developed in life science sectors rather than the traditional computer-implemented technologies to assess sufficiency of disclosure of AI inventions?

¹ https://www.epo.org/law-practice/legal-texts/html/guidelines2018/e/g_ii_3_3_1.htm.

² <https://www.epo.org/law-practice/case-law-appeals/recent/t180161du1.html>.

It has been established that in AI inventions using the same input training dataset may not always result in the same or consistent result.³ In neuroscience, this problem exists in brains. For example, if two persons try to learn German with the same learning materials, it is likely that their level of German proficiency vary because their brains may have a different detailed neural structure.

There are number of significant factors which affect reproducibility in AI inventions. These factors include training dataset, hyperparameters, pseudo-codes, computational power, seeds, software environment, etc.^{4 5} Deviation in any one of these significant factors may result in inconsistent or different results. In fact, a machine learning reproducibility check list (v2.0, April 07, 2020) was presented at the Neural Information Processing System (NeurIPS) conference⁶ and the Association for the Advancement of Artificial Intelligence has also provided an extensive reproducibility checklist⁷. These checklists are essentially a roadmap of how the AI work was carried out, so others can test and try to reproduce it more effectively.

Therefore, reproducibility requirement of the EPO seems to be overly strict for AI inventions. Instead, assessing sufficiency of disclosure based on doctrine of plausibility may be more appropriate for AI inventions. However, wouldn't the EPO bear the burden of proving that the claimed effect cannot be obtained, and the general knowledge also confirms that the effect cannot be reached? The answer to this question may be found, for example, in case laws developed in biotechnology.

The life science industry has long been familiar with the requirements of Article 83 EPC in an unpredictable field. These requirements may be less applied in the field of traditional computer-implemented inventions however. For example, in T184/16⁸, the EPO Boards of Appeal confirmed that the plausibility requirement was met despite that application containing no biological data supporting the sodium-glucose transport proteins (SGLT) inhibitory activity of the compounds the subject of the claim. Thus, the application was found to be sufficiently disclosed.

The EPO in T184/16 stated that the criteria for plausibility and obviousness are different. On the one hand, for plausibility of a claimed effect to be acknowledged, it is enough if there are no prima facie serious doubts that the effect can be obtained and conversely no a priori reason and indication in the common general knowledge that the effect cannot be obtained. On the other hand, obviousness is decided based on the problem-solution approach, where an important consideration is whether the claimed solution is suggested and thus made obvious by the prior art.

Accordingly, it would have been more convincing if the EPO provided prima facie evidence showing that the disclosed parameters such as age, gender, health status would not perform well on the artificial neural network of the application to reach the claimed effect.

³ https://www.fiveipoffices.org/material/ai_roundtable_2018_report/ai_roundtable_2018_report).

⁴ <https://www.sciencedirect.com/science/article/pii/S2666389920300933>.

⁵ <https://openreview.net/pdf/4c59514c38d6b2f5c13f652d388a9ba5a31f0d78.pdf>.

⁶ <https://www.cs.mcgill.ca/~jpineau/ReproducibilityChecklist.pdf>.

⁷ <https://aaai.org/Conferences/AAAI-21/reproducibility-checklist/>.

⁸ <https://www.epo.org/law-practice/case-law-appeals/recent/t160184eu1.html>.

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Thus, the degree of reproducibility and unpredictability associated with AI inventions suggests it may be more appropriate to apply Article 83 EPC in the similar way it has historically been applied in the life sciences sector. However, this may require computer-implemented units within the EPO apply or more utilize case law established by the EPO Boards of Appeal developed in unpredictable areas such as biotechnology.

Final Thoughts

Further EPO decisions will provide guidance as to how much data needs to be disclosed to satisfy sufficiency of the disclosure requirements of AI inventions. For now, disclosing at least several specific training datasets is recommended. It is worth noting that the U.S. counterpart patent application with substantially the same claims is granted.⁹

At the same time, we might expect to see an increase in the number of EPO oppositions against AI related patents on the basis that the claimed effect cannot be achieved over the entire scope of claim.

⁹ US8920327.

BARCELONA

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THE SPECIALISED PATENT DIVISION OF THE BARCELONA COMMERCIAL COURTS DECIDES THE FIRST INSTANCE OF A PATENT WAR BETWEEN FOOD PROCESSORS

The first instance of the patent infringement proceedings between Vorwerk & Co Interholding GmbH ("**Vorwerk**"), manufacturer and marketer of the well-known *Thermomix*® food processor, and Supermercados Lidl, S.A. ("**Lidl**"), distributor of the *Monsieur Cuisine Connect* food processor, has come to an end after being resolved by the Specialised Patent Division of the Barcelona Commercial Courts (Commercial Courts Nos. 1, 4 and 5) (the "Specialised Patent Division") in a Judgment dated 19 January 2021.

Patent war declared in the kitchen

When Lidl's *Monsieur Cuisine Connect* food processor began eating in to the market share of *Thermomix*®, Vorwerk decided it had no choice but to take legal action against Lidl for infringement of its patent rights. Lidl's machine, a direct competitor of *Thermomix*®, has been on sale in Spain since June 2018 and has found a home in millions of Spanish households due to its highly competitive price.

The battle began on 14 June 2019 when Vorwerk, holder of Spanish patent ES 2 301 589 T3 ("**patent ES '589**"), the Spanish validation of European patent EP 1 269 898 B1 ("**patent EP '898**"), brought a patent infringement action against Lidl on the grounds that the *Monsieur Cuisine Connect* food processor infringed patent ES '589.

Patent ES '589 includes eight product claims; one independent claim, on which the dispute was focused, and seven dependent claims incorporating variants, accessories and construction options. The patent protects a food processor that uses the specific technology outlined below.

Claim 1 describes the following features:

- (i) a food processor with a mixing vessel, a lid and housing; the mixing vessel and the lid can be locked in such a manner that access to the mixing vessel is not possible during operation ("technical feature 1");
- (ii) the mixing vessel and/or the lid can be locked and released by rotating the mixing vessel around a vertical axis ("technical feature 2");
- (iii) an electrical switch is triggered by twisting the mixing vessel, and the switch enables the supply of power to a control board ("technical feature 3");

Key issues

- The Judgment applies the "problem-solution approach" and assesses the possibility of more than one closest prior art being used as a starting point for analysing inventive step.
- The Specialised Patent Division recognises that there may be implicit support in the original wording of the application for making amendments to the text of the claims during the course of the examination of a patent application.

- (iv) the control board has at least one circuit controlling the mixing function and another circuit connected to a weighing device ("technical feature 4");
- (v) the circuit controlling the mixing function can be enabled by triggering a switch ("technical feature 5");
- (vi) the circuit relating to the weighing device is independent of the switch ("technical feature 6").

In short, Vorwerk's patent relates to a food processor that is able to operate safely by means of electric circuits that allow the independent operation of the mixing and weighing devices, in such a way that when the switch is triggered, the stirring vessel stops working, but not the weighing function. *Thermomix*® is Vorwerk's food processor that incorporates this invention.

Lidl, which has been marketing the *Monsieur Cuisine Connect* with tremendous success in Spain, defended the infringement action and, by way of counterclaim, challenged the validity of Vorwerk's Spanish patent ES '589 on grounds of added matter, lack of novelty and lack of inventive step.

The first instance of this patent war, one of most high profile Spanish patent cases in recent history, has now ended after a year and a half long dispute with the handing down of the above-mentioned Judgment in which the Specialised Patent Division upheld Vorwerk's infringement claim and dismissed Lidl's invalidity action.

Let's unpack the reasoning behind this decision.

Validity

Added matter

The first ground for invalidity alleged by Lidl was that Claim 1 of patent ES '589 contained subject matter that went beyond the content of the application as filed. Two key points underlay this assertion.

Firstly, Lidl claimed that technical feature 4 was not mentioned or directly supported in the original description of patent EP '898 application. In Lidl's view, the original description did not make clear that the weighing device was controlled by a control circuit or that such control circuit was part of the control board. The description would only refer, Lidl follows, to "*functions*" of a possible weighing mechanism, preferably independent of the position of the switch. Furthermore, in Lidl's words, "[taking into account that the description includes] *an express reference to the circuit for the heating device, had the proprietor wished to include a circuit for the weighing device, it would also have included it in the text of the original application*". The second reason given by Lidl was that technical feature 5 allegedly involved an extension of subject matter in the form of a "*generalisation*" compared to the application as filed.

The Specialised Patent Division did not share this view. With regards to technical feature 4, it concluded that an expert in the field reading the entire description would directly and unambiguously conclude that where reference is made to "*functions of a weighing mechanism*", these functions implicitly refer to the existence of a control circuit linked to a control board. Had the inventor wished to include a weighing function

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that was not associated with a control circuit, it would have said so given that this would not be typical of a 21st-century food processor.

In relation to technical feature 5, the Specialised Patent Division's position was that the fact that technical feature 5 only mentions that the switch activates the mixing function cannot be interpreted as a "generalisation". The original description describes how the activation of the switch releases an electrical current to activate at least certain functions, such as the mixing function or, where it exists, the heating function.

In the words of Vorwerk's expert, seconded by the Specialised Patent Division, "[t]he person skilled in the art would study the description and understand that in cases where there is a heating circuit, the activation of the switch would release the heating, but only where such a heating system exists. Therefore, it cannot be considered that the mixing function and the heating function are intrinsically linked. It is not a unique and exclusive combination if it is possible for the heating circuit to not be present. Therefore, the fact that in characteristic [1.05] it is only mentioned that the switch activates the mixing function cannot be interpreted as an 'intermediate Generalisation' as this option is provided for in the description if there is a situation where there is no heating circuit. Therefore, in characteristic [1.05] there is no 'added matter'".

The original description is therefore actually the opposite of an extension as there is a restriction on this feature with respect to the original description. The original description describes how the activation of the switch releases an electric current to activate at least certain functions, such as the mixing function or the heating function. The heating function, and therefore the activation of the switch to supply current to a heating circuit separately from the mixing circuit, may or may not be present. Consequently, stating that only the switch activates the mixing function is within the possibilities contemplated by the original description.

Lack of novelty

Lidl surprisingly waived its second ground for invalidity, which was in relation to the patent's lack of novelty with regard to D1 (US 5,329,069-Braun). At the beginning of the trial, Lidl's expert altered his initial conclusions and admitted that technical feature 1 of Vorwerk's invention would not be anticipated in D1. Consequently, the attack on the grounds of lack of novelty was dropped. In any case, the Specialised Patent Division, agreeing with Vorwerk's arguments, considered that the advantage of technical feature 6 (the essential contribution of the invention: that the control circuit affecting the weighing device is independent of a switch operation) was also not anticipated by D1. As the Judgment explains, the advantage of feature 6 is not that it has an electrical weighing circuit and that weighing can be performed when connected to an electrical power source, which is what D1 describes, but that the control circuit affecting the weighing device is independent of a switch operation. This makes it possible, once the lid is on and the mixing mechanism activated, for food to still be weighed. Conversely, in D1, food cannot be weighed when operating the mixing mechanism.

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Lack of inventive step

Lack of inventive step was the third ground for invalidity alleged by Lidl, which pointed to two possible alternative arguments, each based on a different closest prior art: the first related to D1 in combination with D3 (EP 0 638 273-Philips) and/or D6 (US 4,373,677-Matsushita) and the second related to D3 in combination with D1 or D9 (FR 2,651,982-Ronic). In relation to the fact of pointing out to alternative arguments based on different closest prior art, the Specialised Patent Division made it clear that there is no problem in alternatively starting from either of them if they are objectively equally valid and promising starting points. However, it found that neither of the two alternative analyses put forward by Lidl led to the conclusion that the invention did not involve an inventive step.

In relation to Lidl's first argument, the Specialised Patent Division queried why one would start from D1, a prior art document that lacks at least one of the features of the invention, when there were already other kitchen appliances in the prior art with such features. Aside from this point, which would have been sufficient to reject Lidl's attack on the inventive step on the basis of D1, it also appeared that the objective technical problem was, in the Specialised Patent Division's opinion, misidentified by Lidl.

In relation to Lidl's second argument, which cited D3 as the closest prior art in combination with D1 and/or D9, the Specialised Patent Division's position (bearing in mind the objective technical problem identified by the patent relates to weighing food in a mixing vessel regardless of whether a switch is activated) was that a person skilled in the art would not have arrived at the invention. D1 describes a kitchen appliance with a weighing device that involves an electrical circuit connected to an electrical power source; D9 describes kitchen appliances that, in addition to processing food, allow the food to be weighed with an electrical circuit with two keys.

Most importantly, however, in both it is assumed that (i) the food weighing is done before or after food processing (D1), or (ii) if the mixing device is activated, it is not possible to activate the weighing function, as the structure is blocked (D9). Neither D3, D1 nor D9 suggest as a technical problem achieving a cooking appliance that, in addition to processing/mixing, would allow food to be weighed by independently activating both functions.

Therefore, a person skilled in the art, starting from the prior art and with the combination of the aforementioned documents, would not have arrived at the invention, as there would have been no motivating reason to do so. In analysing the inventive step of Vorwerk's invention, the Specialised Patent Division did not agree that the technical problem to be solved might be different depending on the closest prior art from which one starts, as was posited by Lidl's expert, who, argued that the technical problem would differ depending on whether one started from D1 or D3. The objective technical problem to be solved must always be the same - in principle, the one provided in the patent description - even if the starting point on this path may be different.

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Infringement

Moving on to infringement, the only feature of Vorwerk's invention whose presence in Lidl's appliance was disputed by the parties is technical feature 1, i.e. a food processor with a mixing vessel, a lid and housing; the mixing vessel and the lid can be locked in such a manner that access to the mixing vessel is not possible during operation (a feature that was already known in the prior art, as stated in the description of patent ES '589).

In the Specialised Patent Division's opinion, Lidl's argument for the non-infringement of patent ES '589 was based on an isolated and partial interpretation of feature 1, according to which, in order to access the mixing vessel, the mixing mechanism must first be stopped; once it has been stopped, the lid of the vessel could be released, allowing access to the vessel. However, the Specialised Patent Division interpreted technical feature 1 the other way round: when the lid is unlocked by twisting the vessel, the mixing mechanism is interrupted for safety reasons, and when the lid is locked by such twisting, the mixing vessel cannot be accessed during operation. Since Lidl's interpretation of feature 1 is isolated and incomplete, the Specialised Patent Division rejected the conclusions reached by Lidl, considering, in line with Vorwerk, that the *Monsieur Cuisine Connect* food processor reproduces all the features of Claim 1 of patent ES '589.

Decision

The Judgment handed down by Commercial Court No. 5 of Barcelona on 19 January 2021 upholds Vorwerk's infringement action on the basis that Lidl's *Monsieur Cuisine Connect* food processor incorporates the technology protected by patent ES '589, and dismissed Lidl's invalidity action on the basis that Vorwerk's patent does not include added matter and satisfies both the novelty and the inventive step requirements.

Consequently, the Judgment declared that the import, offering for sale and marketing of the *Monsieur Cuisine Connect* food processor by Lidl constituted an infringement of the exclusive rights deriving from Vorwerk's ES '589 patent and ordered Lidl to (i) cease importing, stocking, offering and marketing the *Monsieur Cuisine Connect* food processor; (ii) remove from the market all units of the food processor in its possession and in that of its distributors, as well as all commercial documents and advertising and promotional materials; (iii) refrain from importing, stocking, offering and marketing food processors based on the invention claimed in patent ES '589; (iv) compensate Vorwerk for the damage caused, which will be determined during the enforcement stage, once the Judgment becomes final; and (v) pay the costs of the proceedings.

This was a devastating outcome for Lidl and it remains to be seen whether it will appeal the Judgment or adopt a different strategy. Lidl could choose to comply with the Judgment until Vorwerk's patent expires, in 27 June 2022, after which it will again be able to market its *Monsieur Cuisine Connect* food processor. We will keep an ear to the ground!

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LUXEMBOURG

Charles-Henri Laevens / Ottavio Covolo

TRADE MARKS VERSUS DOMAIN NAMES – HOW THE COURT OF APPEAL OF LUXEMBOURG STRUCK THE BALANCE

The Luxembourg Court of Appeal recently ruled on the issues arising from the enforcement of trade mark rights to prohibit the use of an earlier-registered identical domain name. The case highlighted the different relevant burdens of proof in this area for trade mark enforcers and domain name rights holders – and the challenges these bring for rights holders.

On 1 April 2020, the Luxembourg Court of Appeal ruled in summary proceedings on a claim brought by a trade mark holder against one of its competitors for the registration and use of an earlier-registered identical domain name. In order to rule, the Judges considered the different evidential burdens applicable to trade marks and domain names, upon which the outcome of the judgment largely depended, before ruling in favour of the trade mark holder.

Case background

A Luxembourg medical analysis laboratory (the "**Laboratory**") specialising in blood tests developed a smartphone app to facilitate the exchange of health data between laboratories, doctors, and patients. In 2017, it registered the app's name as a trade mark in the EU and Switzerland before launching a press campaign to promote the new app.

A dispute arose when a competing laboratory (the "**Competing Laboratory**"), which had registered a domain name identical to the Laboratory's trade mark in 2011, configured the said domain name to redirect visitors to its own website shortly after the launch of the Laboratory's app.

The Laboratory considered this to be misleading as unsuspecting customers would attribute the app to the Competing Laboratory. They brought a claim in summary proceedings (*action en référé*) to prohibit the use of the domain name by the Competing Laboratory on the grounds that such use violated the Laboratory's trade mark. The Competing Laboratory's main arguments in its defence centred around its prior registration and use of the domain name.

Is trade mark infringement a manifestly unlawful violation of the right holder's rights?

In summary proceedings, the interim relief judge (the President of the Tribunal) is able to order such preventative or restorative measures as may be necessary either to prevent imminent loss or to put an end to a manifestly unlawful violation of the claimant's rights.¹

Key issues

- In a conflict between a trade mark and a domain name, the trade mark will de facto prevail due to the exclusive nature of a trade mark right.
- However, in deciding whether a later trade mark will prevail even over an earlier registered domain name, the outcome will largely depend on which party bears the burden of proof.
- While a trade mark holder need only prove an actual and present infringement in order to assert its trade mark, the holder of an earlier domain name can prove prior effective use of the domain in order to escape that infringement claim.
- In the present case, the defendant failed to demonstrate a prior effective use and the court ruled in favour of the trade mark holder.

¹ Art. 933 al.1 of the Luxembourg Code of Civil Procedure.

The unlawful use of a trade mark (or a similar sign) constitutes an infringement (*voie de fait*), which qualifies as a manifestly unlawful violation of the rights of a trademark holder. This authorises the judge to rule in summary proceedings and put an end to the trade mark violation.

The rules of conflict between a trade mark and a domain name

The registration of an EU trade mark confers upon the rightsholder the exclusive right (without prejudice to rights acquired prior to the filing date or the priority date of the EU trade mark) to prohibit any third party from using its mark in the course of business without the rightsholder's consent.²

Domain names serve as distinct identifiers through which the domain name holder can communicate and build a customer base online. The law affords some protection to these as well. This protection however implies that the use of a domain name should, in itself, constitute prior use of a given sign, which would be enforceable against third parties wishing to use the same sign for commercial purposes. This right, which stems from the use of the sign as a domain name, constitutes an autonomous right distinct from the rights conferred by a trade mark. Such right is formally acquired upon registration of the domain name, but cemented through its actual use on the web.

The Court of Appeal found that where there is a conflict between a trade mark and a domain name sharing a similar or identical sign, the trade mark should, in principle, prevail and allow its holder to oppose the use of the domain name. However, the use of the domain name may be considered a valid defence to trade mark infringement if the owner of the domain name can prove *substantial prior use* of the registered domain name through the use of a website (and for a period of time sufficient for the public's mind to identify the domain name with its holder).

A large part of the debate in this case then focused on the burden of proof of each party.

Rules of evidence can tip the balance

The thorny issue of the burden of proof

Generally, the party bringing a claim must present evidence sufficient to substantiate all the elements of the claim.³ In trade mark infringement cases, this translates to the requirement for a trade mark holder to prove the infringement of its trade mark by the other party.

However, under ICANN's Uniform Domain-Name Dispute-Resolution Policy ("**UDRP**") and in international proceedings before WIPO, where a claimant contests the registration or use of a domain name, it must only bear the burden of proof that the domain name's registration or use was made *prima facie* in bad faith, after which it is for the respondent to rebut such evidence.

² Art. 9 of Regulation (EU) 2017/1001.

³ Art. 1315 al.1 of the Luxembourg Civil Code.

Therefore, when considering a claim of trade mark infringement involving an earlier domain name (and the question of whether there was substantial prior use), the question becomes to what burden of proof is the claimant subject in substantiating its case?

In this case, the first instance judges found that the above-mentioned normal rules of evidence mandated by the Luxembourg Civil Code applied according to which the party claiming a manifestly unlawful violation is required to establish all the constituent elements of the violation, and concluded that the claimant must present evidence of a lack of substantial prior use of the domain name by the respondent. The judges found that the Laboratory did not sufficiently demonstrate the lack of prior use of the domain name by the Competing Laboratory and therefore dismissed the claim.

However, the Court of Appeal rejected this reasoning and laid out a two-tiered approach (similar to the UDRP approach):

- The claimant must first prove that (i) it holds rights in the sign (i.e. the sign is protected as a trade mark), and (ii) the defendant's domain name constitutes a **present** misuse of the identical or similar sign.
- The burden of proof then shifts to the defendant who must prove effective use of the domain name shortly after its registration.

Based on this approach, the Court of Appeal ruled in favour of the Laboratory which met its burden of proof, whereas the defendant failed to provide sufficient evidence that it made an effective use of the website prior to the registration of the trade mark. In the absence of a prior use of the domain name, the trade mark prevailed due the exclusive right conferred by trade mark legislation.

A parallel can be drawn between the above approach and the observations of the WIPO Arbitration and Mediation Center that, while the overall burden of proof lies with the claimant, it may inadvertently "*result in the often impossible task of 'proving a negative', requiring information that is often primarily within the knowledge or control of the respondent*".⁴ It would indeed be difficult for the claimant to prove the absence of prior substantial use of the website. The burden of proof applied by the Court of Appeal correlates to the ability and ease of each party to access and bring such information to the judges.

⁴ <https://www.wipo.int/amc/en/domains/decisions/text/2017/d2017-2561.html>;
<https://www.wipo.int/amc/en/domains/decisions/text/2019/d2019-1583.html>;
<https://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-0441.html>.

What constitutes evidence?

In trying to demonstrate it had met its burden of proof, each party put forward to the tribunal several pieces of evidence in an attempt to tip the balance in its favour. This included, for example, screenshots of an archived version of the website hosted on archive.org⁵, which the first instance judges considered insufficient, even when supplemented by the report of a bailiff (*huissier de justice*)⁶ and the redirection made to the website, established by bailiff.

Although the claimant did not need to prove a lack of use, the reluctance of courts to rely on tools such as screenshots of website archives, even when supplemented by the report of a bailiff, may leave entities in a difficult position when attempting to meet their burden of proof.

Reading between the lines of the decision, one can see the technical difficulties parties may face in trying to prove their claims and enforce their IP rights. It is therefore advisable for domain name holders to retain all documentation and written evidence of any substantial use of their domain names (e.g. exchanges with their IT service provider in relation to publishing content on the website hosted under that domain names).

This may prove particularly tricky in relation to "typo squatting" (the registration of similar domain names with minor discrepancies or typos in the name), as these domain names are used almost exclusively for redirection purposes and to prevent fraudulent practices, such as phishing. It remains unclear whether such use of domain names will satisfy the requirement of "substantial use".

⁵ Archive.org is a website hosted and run by Internet Archive, a not-for-profit foundation based in the USA and features a powerful search tool allowing users to visit archived versions of public websites.

⁶ In contrast, the WIPO Arbitration and Mediation Center not only accepts records obtained from archive.org but also allows the arbitrators to proactively search these archives (e.g. <https://www.wipo.int/amc/en/domains/search/text.jsp?case=D2017-1905>).

PARIS

Loïc Lemerrier / Tom Blanchet / Carla Dundon

NON-PERSONAL DATA PROTECTION UNDER FRENCH IP LAW

Our economies are increasingly driven by data. As underlined by the Organisation for Economic Co-operation and Development ("**OECD**"), when it comes to business, data exploitation promises to create value in a variety of operations, from the optimisation of value chains in global manufacturing and services to more efficient use of labour and tailored customer relationships.¹

Every day, a huge amount of data is created, stored and processed, but to whom do these golden nuggets belong?

Although there are no legal provisions expressly granting property rights over mere data, there are several areas of law that deal to some extent with issues of data ownership and that confer some kind of protection on certain types of data or databases.

It should be noted that personal data cannot be the subject of property protection. The GDPR, in line with the European Charter of Fundamental Rights, sees personal data as rights subject to special protection and over which no property rights can be exercised. The GDPR will not be discussed further in this article.

We will instead focus on "non-personal data" in this article, which broadly includes text, sound, pictures, figures, facts, and numbers. For a company, this can include various type of documents and files, such as reports, commercial or scientific information, business plans, contracts, strategic documents, and internal presentations. This list is, of course, non-exhaustive as almost anything can be considered data.

So, what type of legal protection is available for non-personal data? How can a company protect its non-personal data within the framework of its business operations, i.e. data that stems from its relationships with business partners, service providers, clients and employees?

Under French law, data benefits from several forms of protection, namely:

- Intellectual property law
- Trade secrets
- Unfair competition and parasitism
- Criminal law
- Contract law

Key issues

- No legal provision expressly grants property rights over mere data.
- Personal data cannot be subject to any kind of property protection.
- However, non-personal data is subject to several forms of protection under intellectual property law, trade secrets, competition law, criminal law and contract law.

¹ <http://oe.cd/bigdata>.

I. Intellectual Property Law

Two types of Intellectual Property ("IP") rights can protect a database:

- **Copyright:** this right will protect the "structure" of the database.
- ***Sui generis* database right:** this right will protect the "content" of the database.

First of all, it is important to be clear on the definition of a "database" under French IP law, as this will be applied in relation to copyright and *sui generis* rights. Indeed, the first condition a database must meet to be protected by IP law is to fall within the below definition.

(i) Definition of a "database"

Directive 96/9/EC of 11 March 1996, Article L.112-3

Article L.112-3 of the French Intellectual Property Code

"Database means a collection of independent works, data or other materials, arranged in a systematic or methodical way, and capable of being individually accessed by electronic or any other means".

The criteria to have in mind here are:

- **Data are independent from each other:** This means that each piece of data must be separable from another without this affecting its value. For example, if I extract geographic data from a topographic map, this data is still useful to me and has its own informational value. On the other hand, a book could be described as a sequence of data, made up of series of words, but this data can't be separated without losing its informational value.
- **Data are organised in a certain way:** The data must appear on a fixed medium that can be organised by means of an index, a table of contents, or a particular method of classification.
- **Data are individually accessible:** The classification system must make it possible to find each individual piece of data.

One example of a recognised database is the website "leboncoin.fr", which is a platform that hosts personal advertisements. According to French case law (i) each advertisement has its own independent informational value, (ii) the advertisements are organised according to an elaborate classification system (by city, county, region, as well as thematic headings) and (iii) each advertisement can be individually accessed by a user.²

Now that we have defined a database, we can consider how they are protected.

² TGI Paris, 1 Septembre 2017, docket n° 17/06908.

(ii) Copyright

Copyright will protect the structure of the database, in other words, the arrangement of the database's content.

Originality

Article 3 of the Directive 96/9/EC

Article L.112-3 of the French Intellectual Property Code

In order for a database to benefit from copyright protection, it must be able to demonstrate originality in the selection or arrangement of its content. To meet the "originality" threshold, French and EU judges require that the structure of the database constitutes an "intellectual creation". The author must engage his creative capabilities "by making free and creative choices".

In practice, it is quite difficult to benefit from this protection. It is necessary to prove that this particular form of the database is original and that the arrangement of materials is original. In other words, it is the originality in the classification system and presentation of the data that will lead to the copyright protection.

For example, a database of former students organized by name, date, region or discipline was not considered to be original, however, a database that could be arranged by mode of admission, nationality, place of residence and employer has been considered original.³

Now, let's assume you are presented with an "original" database. The question then turns to: who is the owner of the copyright?

Ownership

Below are three different ways in which a database may be created, and the copyright holder in each case:

- **The database was created by a single person:** The copyright holder is the natural person who created the database. As such, businesses should ensure that employment contracts contain adequate provisions regarding the assignment of any IP arising from their employees' work.
- **The database is a collaborative effort:** A work is said to be a "work of collaboration" when two or more natural persons have participated as authors in the creation in a concerted manner, though their contribution to its creation need not be equal. In this case, each author will be the copyright holders in proportion to their respective contribution to the database.
- **The database was a collective work:** The creation of the database can be considered a "collective work". In practice, the qualification of collective work is usually the best way to consider the creation of a database. A collective work is initiated by a natural or legal person who edits, publishes and discloses it under his or her direction and name, which combines the separate contributions of various authors into a whole. In this scenario, the database is the property of the natural or legal person under whose name it has been disclosed.

³ CA Paris, 28 February 2007, docket n° 06/01801.

(iii) *Sui generis* database right

This right will protect the "content" of the database. This protection is independent of copyright and can be relied upon alongside it.

Conditions to protection

Protection under the *sui generis* database right is granted when "*the obtaining, verification or presentation of the contents of the database shows that there has been a substantial financial, technical or human investment*". In order to establish this criteria is met, rights holders should consider the following:

- **Subject matter of the investment:** Any investment must relate solely to the "obtaining, verification or presentation" of the contents of the database.
 - An investment related **to obtaining the contents** of a database should be one related to the search for existing data and their collection into said database, to the exclusion of any means employed to create the data. The purpose of the *sui generis* right is to stimulate the setting up of systems for storing and processing existing information and not the creation of new elements that may be subsequently gathered in a database. This will not be an issue for databases that contain historic data. However, database creators who generate new data before integrating it into a database must prove that their investment in obtaining the contents of the database is independent of any effort made to create the data.
 - An investment linked to **the verification of the contents** of the database should be one that ensures the reliability of the information contained in that database both when the database is set up and during the period of its operation. Any actions in relation to data verification during data creation would not fall within this concept.
 - An investment linked to the presentation of the contents of the database should be one used for the systematic or methodical arrangement of the material contained in the database and how each piece of data is accessed.
- **Nature of the investment:** The creator of the database must demonstrate a substantial financial, material or human investment.
- **Scale of the investment:** A quantitative assessment of scale can be made with reference to quantifiable resources whilst a qualitative assessment will relate to the intellectual effort or energy expended. In practice, determining the level of investment is a subjective exercise.
- **Purpose of the investment:** The creator of the database must be able to isolate the investments that specifically relate to the database from those it received in relation to its principal business activity.

Ownership

The *sui generis* database right is attributed to a "maker", namely the creator of the database, who is defined as "the person who takes the initiative and the risk of the corresponding investments".

This right can be attributed to a natural person, a legal person, or even a public entity.

II. Trade secrets

Law no. 2018-670 of 30 July 2018 relating to the protection of trade secrets, incorporating Directive (EU) 2016/943 of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

Trade secrets are protected from unlawful acquisition, use and disclosure.

Requirements

Not all data or databases can be considered trade secrets. Three conditions must be met for a piece of information to benefit from protection as a trade secret:

- The information sought is not widely known among, or readily accessible to, persons familiar with this type of information by reason of their sector of activity.
- The information has commercial value, whether actual or potential, because it is secret.
- The lawful owner has taken reasonable protective measures (based on the circumstances) to guard its secrecy.

Person entitled to the protection

The beneficiary of trade secret protection is the "legitimate holder", namely, "the person who lawfully controls it" (Article L.151-2 of the French Commercial Code).

What could a victim ask for in court?

- Interim injunctive measures preventing or putting an end to a breach of the trade secret (Article L.152-3- 1 of the French Commercial Code).
- Payment of damages in lieu of interim injunctive measures (Article L.152-5 of the French Commercial Code).
- Compensation for the harm suffered, taking into account the adverse economic consequences, the moral prejudice, and the profits made by the infringer, including any savings in terms of investments as a result of the infringement (Article L.152-6 of the French Commercial Code).
- Publication of the decision (Article L.152-7 of the French Commercial Code).

III. Unfair competition and parasitism

Creators of data and databases may also seek redress under tort law. Unfair competition and parasitism are both civil offences under Article 1240 of the French Civil Code, which establishes the principle of liability for wrongful acts.

Requirements

Civil liability for a wrongful act by a natural or legal person may be triggered when three requirements are satisfied: (i) a wrongful act, (ii) a loss and (iii) a causal link between the two. These principles apply both to unfair competition and parasitism, which then also have their own conditions.

Unfair competition

The wrongful act could come about as a result of a likelihood of confusion with a competing company, disruption of a company or prohibited or unfair commercial practices that disrupt the market. The loss is constituted by a loss of clientele or turnover, or by reputational damage, with the parties to the litigation having to be in a competitive relationship.

Parasitism

Unlike actions for unfair competition, parasitism or "free riding" does not require that the parties to the litigation be competitors. An action for parasitism requires the following three elements to be established:

- The existence of an investment.
- The inappropriate reproduction of the essential characteristics of the service or product.
- Profits derived from the elements reproduced.

Person entitled to the protections

The beneficiary of the protection afforded under unfair competition or parasitism is the natural or legal person that suffers the loss linked to the wrongful act in question, for example, the company which made the investments relating to the data. This beneficiary may be the database creator but could also be a third party (for example, a licensee).

If a victim brought an action under one of these two offences, they could ask for compensation for their loss, prohibition of the acts, confiscation, or the publication of the judgment.

IV. Criminal law

Criminal law is another way to protect data and databases.

The following criminal offences could apply:

- Theft
- Abuse of trust
- Extortion
- Blackmail
- Violation of automated data processing systems
- Violation of manufacturing secrets

Requirements

For all these offences, there must be an intention to commit a crime (*mens rea*). In the context of unlawful use of a company's data, the intentional element would derive from an awareness of the dishonest nature of the act.

Person entitled to the protection

In France, only the public prosecutor's office (*Ministère public*) can initiate criminal prosecutions. However, a victim may join the proceedings as a civil party and claim compensation for the losses it has suffered.

V. Contract law

Contract law may be a useful mechanism to protect data and databases that are not eligible for protection under French IP law. This applies to all types of contractual relationships, including employees, business partners, service-providers and even clients.

Data

It is possible to create a contractual framework for the control of, access to, and use of data, either at the negotiation, performance or termination stages of contracting. This is generally affected through the execution of non-disclosure agreements (NDAs) and the insertion of a confidentiality clause into the contracts.

Databases

The CJEU has previously ruled that database creators who cannot rely on copyright (because of a lack of originality) or the *sui generis* right (because of a lack of substantial investment, for example) may establish contractual restrictions that relate to the use of the database by third parties.

Requirements

Data

- During negotiations

Article 1112-2 of the French Civil Code provides that, "*A person who makes use of or discloses confidential information obtained in the course of negotiations without permission incurs liability under the conditions set out by the general law.*" However, in order to guarantee the protection of the data, it is advisable to sign an NDA that specifically includes the "data" in the definition of the confidential information.

- Performance conditions

It is necessary to provide a definition of "confidential information" as well as a confidentiality clause. The definition must specifically include "data" in order to guarantee that the raw data is protected. The clause should specify the extent of the obligation and if there are any exceptions. In particular, it should specify whether confidential information needs to be marked as confidential or not.

- After the contract terminates

It is necessary to stipulate in the confidentiality clause that confidentiality is to be maintained for a defined period after the contract has come to an end. The clause could also provide for the return or destruction of the data. A company may also disclose its trade secrets and authorise a third party to use them under contractual conditions which permit it to retain control over them (prohibition on disclosure, usage restrictions). This type of contract may provide for a prohibition on use after its expiration (post-term ban).

Databases

The contractual provisions must be put in place by the owner, via the general conditions of use on a website or as an annex to a contract.

Person entitled to the protection

Mere data: The contracting party who communicated the data.

Databases: The person establishing the contractual conditions.

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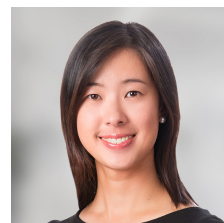
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C H A N C E

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