

THE  
THE  
INTELLECTUAL  
PROPERTY AND  
ANTITRUST  
REVIEW

SEVENTH EDITION

Editor  
Dieter Paemen

THE I A W R E V I E W S

THE INTELLECTUAL  
PROPERTY AND  
ANTITRUST  
REVIEW

SEVENTH EDITION

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# PREFACE

The task of this book is, with respect to key jurisdictions globally, to provide an up-to-date, concrete and practical overview of developments on the relationship between antitrust and intellectual property laws and regulations. This seventh edition provides an update on recent developments, as well as an overview of the overall existing lay of the land regarding the relationship between the two bodies of law.

Key topics covered in this and future editions include the constraints imposed by antitrust on licensing, the circumstances under which a refusal to license intellectual property rights can be unlawful, the imposition of antitrust obligations on owners of standard-essential patents, the application of antitrust law to cross-border e-commerce, the intense disputes regarding the application of antitrust law on patent settlements in the pharmaceutical industry, and the growing importance of intellectual property issues in merger cases.

As intellectual property continues to gain importance in the world economy and the number, resources and sophistication of antitrust authorities grows across the globe, new battles will be fought over the circumstances in which antitrust constrains intellectual property. Existing differences in the application of antitrust to intellectual property – already significant, and perhaps even greater than in intellectual property laws themselves – may grow, perhaps especially as more net intellectual property-consuming countries devote resources to antitrust enforcement. Future editions of this book will analyse these developments, and we hope the reader will find this to be a useful compilation and oft-consulted guide.

Finally, I would like to thank the team at Clifford Chance LLP for their important contributions to this seventh edition of *The Intellectual Property and Antitrust Review*.

**Dieter Paemen**  
Clifford Chance LLP  
Brussels  
June 2022

# SPAIN

*Miquel Montaña Mora*<sup>1</sup>

## I INTRODUCTION

In Spain, intellectual property rights (IPRs), as defined in Article 1.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), are governed by the following laws:

- a* Act 1/1996 on Copyright;
- b* Act 17/2001 on Trademarks;
- c* Act 6/2015 on Protected Designations of Origin and Geographical Indications;
- d* Act 20/2003 on the Legal Protection of Industrial Designs;
- e* Act 24/2015, the Spanish Patent Act;
- f* Act 11/1988, the Legal Protection of Topographies of Semiconductor Products Act; and
- g* Act 1/2019 on Trade Secrets.

On the other side of the coin we have Act 15/2007, the Antitrust Act. As is well known, the regulation of antitrust has been at the forefront of the construction of the internal market in the now-called European Union (EU) since the early days of the then-called European Economic Community. The Antitrust Act has of course benefited from the long-standing experience of the EU in this field. It has implemented into Spanish law the standards required by the relevant EU regulations.

Treading on the footprints of Article 101 of the Treaty on the Functioning of the European Union (TFEU), Article 1 of the Antitrust Act establishes that:

*[All] agreements, collective decisions or recommendations, or concerted or consciously parallel practices are prohibited, which have as their object, produce or may produce the effect of prevention, restriction or distortion of competition in all or part of the national market [ . . . ].*

According to paragraph 4 of Article 1, the prohibition in paragraph 1 shall not apply to agreements, collective decisions or recommendations, or concerted or consciously parallel practices that comply with the provisions set out in the relevant EU Regulations on the application of Article 101(3) of the EC Treaty for certain categories of agreements, decisions by associations of undertakings and concerted practices.

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<sup>1</sup> Miquel Montaña Mora is a partner at Clifford Chance.



In the context of the interplay between IPRs and antitrust, the legal landscape would be incomplete without mentioning Commission Regulation No. 316/2014 regarding Technology Transfer Agreements<sup>2</sup> (TTBER), the Commission Guidelines developing the TTBER<sup>3</sup> and Commission Regulation No 1217/2010 regarding research and development agreements.<sup>4</sup>

Article 2 of the Antitrust Act, following Article 102 of the TFEU, introduced the general prohibition of abuses of dominant position: ‘1. Any abuse by one or more undertakings of their dominant position in all or part of the national market is prohibited.’

A particularity of the Antitrust Act is the prohibition of ‘unfair acts’ that may distort competition. In this regard, Article 3 states that ‘The National Competition Commission or the competent bodies of the Autonomous Communities shall hear under the terms that this Act establishes for prohibited conducts the acts of unfair competition which affect the public interest by the distortion of free competition.’ In practice, this article has not been used very frequently.<sup>5</sup>

Finally, in this introduction to the main highlights of the Antitrust Act, a mention must be made to Article 7 et seq, which deal with economic concentrations and the mechanisms for their control.

## II YEAR IN REVIEW

One of the most noteworthy developments of the year in review is that Spain implemented the ECN+Directive, which is aimed at empowering national antitrust authorities and contributing to the harmonisation of national enforcement regimes in EU member states. In particular, the Directive was implemented by Royal Decree-Law 7/2021 of 27 April, which has been criticised for not having taken this implementation as an opportunity to introduce more profound reforms.

In this regard, within antitrust circles it is hoped that the approval of this Royal Decree-Law may spark a debate in Parliament that may lead to a modernisation of the Antitrust Act in the not too distant future.

## III LICENSING AND ANTITRUST

### i Anticompetitive restraints

Like EU legislation, the Spanish Antitrust Act prohibits any anticompetitive restraints included in licence agreements. In particular, they are subject to the general prohibition of Article 1.

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2 Commission Regulation (EU) No. 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union (TFEU) to categories of technology transfer agreements.

3 Guidelines on the application of Article 101 of the TFEU to technology transfer agreements.

4 Commission Regulation No. 1217/2010 of 14 December 2010 on the application of Article 101(3) of the TFEU to categories of research and development agreements.

5 For a discussion on the predecessor of Article 3 of Act 15/2007, the Antitrust Act, see Montaña Mora, M., ‘El discutido art. 7 de la Ley de Defensa de la Competencia’, in Martínez Lage, S. & Petitbò Juan, A., *La Modernización del Derecho de la Competencia en España y en la Unión Europea*, Ed. Marcial Pons, 2005, p. 285-299.

The Spanish Markets and Competition Commission (CNMC) (formerly the National Competition Commission (CNC)) which is Spain's administrative enforcement agency, when assessing the compatibility of licence agreements with Article 1, has followed the principles of the TTBER.

A natural arena in which to assess the potential tension between agreements with an IPR licensing or similar component and antitrust norms has been franchise agreements. For example, in the *Adidas* case, a sports shoe retailer based in Tarragona filed a complaint against Adidas, alleging that their franchise agreements contained elements that resulted in an infringement of Article 1 Antitrust Act. For example, prohibition of sales and online advertising, price fixing, prohibition of cross-sales among franchisees and/or other suppliers or distributors, and post-contractual non-compete clauses.

As readers may know, in the EU, vertical agreements in the form of franchise agreements are governed by Commission Regulation (EU) No. 330/2010 of 20 April 2010. In addition, the Commission has approved Guidelines to examine vertical agreements under Article 101 TFEU. In the case at hand, the CNMC examined the matter following these principles, in particular, paragraph 189 et seq of the Guidelines, which deal specifically with franchise agreements. Also, it took note of the findings reached by the German and French antitrust authorities in the parallel cases heard before them. During the investigation, it turned out that some of the practices reproached, such as price-fixing, had not been established, whereas others might have some basis. In any event, the case was ultimately settled after Adidas offered commitments that the CNMC found satisfactory. These commitments included the elimination of the post-contractual non-compete clause and the prohibition of cross-sales between distributors and between franchisees.<sup>6</sup>

Another interesting case in this area is a complaint filed by an association of farmers called AVA-ASAJA, against the company Carpa Dorada and Club de Variedades Vegetales Protegidas (CVVP) for having introduced a tracking system to control the origin, production and distribution of a mandarin orange variety called Nadorcott. This mandarin variety was protected as a Community Plant Variety by a Decision of 4 October 2004 of the Community Plant Variety Office (CPVO).

CVVP is a non-profit association incorporated in Valencia in 2008 whose functions include, inter alia, the representation of the interests of vegetable variety owners and the management, protection, inspection, certification and enforcement of the commercial exploitation rights on vegetable varieties, and the defence of the associates' interests against the unlawful exploitation of such varieties. For each variety, the CVVP would approve a Regulation that the associates had to follow, together with the by-laws of the Club.

In this context, one of the mechanisms introduced by CVVP to monitor how the Nadorcott mandarin was exploited was that, to obtain a licence to produce this mandarin, producers had to accept a tracking system that allowed the licensor to ensure that the mandarins were only marketed through the distributors that had adhered to the system. After conducting an investigation, the CNMC found that this was an unjustified restriction that unduly limited the distribution channels and the amount of fruit introduced into the market, thus affecting the price of this variety, which turned out to be higher than the

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<sup>6</sup> CNMC Decision of 6 February 2020, S/DC/0631/18, *Bcincope v. Adidas España*.

price of other mandarin varieties. In the end, the CNMC concluded that this was a very serious infringement of Article 1 Antitrust Act and Article 101 TFEU and it imposed a fine equivalent to 5 per cent of the total turnover of all the members of the CVVP.<sup>7</sup>

The CVVP lodged an appeal against this decision before Spain's National Court (*Audiencia Nacional*) which, in its judgment of 18 June 2015,<sup>8</sup> revoked the part of the decision dealing with the calculation of the fine. In particular, the National Court found that taking into account the turnover of all the members of the CVVP, including those that had been harmed by the practices denounced, was contrary to the proportionality principle.

## ii Refusals to license

Under certain circumstances, a refusal to license may be considered contrary to Article 2 Antitrust Act which, as mentioned in the Introduction, prohibits abuses of dominant position.

In the *Snowchaser blueberry* case, the CNMC examined a 'refusal to license' case, the facts of which may be summarised as follows. A company based in Andalucía (Southern Spain) obtained a licence from the University of Florida to produce a type of blueberry (*Snowchaser*) protected by a Community Plant Variety Right owned by the latter. The former granted approximately 200 to 300 sublicences to other producers, which could therefore legitimately produce this variety under their sublicense agreements. The licensor identified a number of companies that were producing this variety without having a sublicense. In view of this, it organised a 'collective update process' to include them in the sublicense programme within a specific period of time. After the deadline had passed, a company that had not taken part in the 'collective update process' requested the negotiation of an individual sub-licence. Although the licensor initially accepted this, it ultimately refused to grant a sublicense on the grounds that the applicant failed to fulfil the transparency obligations (in terms of varieties produced, etc) required of all the other sublicensees.

Against this background, the applicant filed a complaint against the licensor before the CNMC. In relation to Article 1 Antitrust Act, the CNMC found that the facts described did not fall within Article 1, as there was no agreement or concerted practice involved. Moving on to Article 2, the CNMC found that the licensor did not have a 'dominant position' in the first place because its market share within the relevant market (defined as 'red fruits') was below 5 per cent. Even if one were to consider the 'blueberry' market, its market share would still be below 10 per cent. The CNMC added that, in any event, one could not deduce the existence of abuse from the reasons used to deny the sublicense, and that the complainant had not shown that the refusal to grant it was discriminatory or had an exclusionary purpose based on the imposition of unreasonable conditions or excessively high prices.<sup>9</sup>

Another interesting and certainly more high-profile case that has kept the Spanish antitrust authorities and courts busy during recent years is the well-known dispute between Hewlett-Packard and Oracle resulting from the latter's decision to suspend all software upgrades of the Itanium processor of Intel Corporation (Intel), used mainly in Hewlett-Packard's Integrity servers. After almost a decade of intricate procedural turnarounds, on 20 February 2019 the CNMC issued a decision declaring that the existence of an abuse of dominant position had not been established. To make a long story short, the CNMC found

7 CNC Decision of 4 July 2013, S/0312/10, *Carpa Dorada v. Club de Variedades Vegetales Protegidas*.

8 Judgment of 18 June 2015 of the Audiencia Nacional, Appeal No. 385/2013 (ROJ: SAN 2449/2015).

9 CNMC Decision of 28 November 2019, S/0022/2019, *Arándanos (Blueberries)*.

that a refusal to develop a software is different from refusing to sell a product that has already been developed and is available for sale and that, in the former case, any alleged abuse must be scrutinised by applying a stricter test.<sup>10</sup>

### iii Unfair and discriminatory licensing

One of the practices potentially falling within the prohibition of Article 2 Antitrust Act is unfair and discriminatory licensing. The classic examples in this area have been some practices by 'royalty collecting societies', which have been recurrent parties before the CNMC and the Spanish courts.

For example, in 2016, *Derechos de Autor de Medios Audiovisuales, Entidad de Gestión (DAMA)* and *IME Licensing Services SL (IME)* filed a complaint before the CNMC against *Sociedad General de Autores y Editores (SGAE)*, Spain's leading royalty collecting society. This led to the investigation of both what is known as the upstream market (i.e., management of IPRs of authors and editors of audiovisual and musical works) and the downstream market (i.e., granting of licences to third parties and collection of royalties).

The CNMC concluded that there had been an abuse of dominant position in both markets due to the imposition on SGAE's members of statutory and contractual conditions that restricted, without justification, both the initial assignment to SGAE of the management of the IPRs owned by members and the withdrawal of such assignment during the life of the management contracts. In relation to the downstream market, the CNMC concluded that the abuse of dominant position was due to the 'packaging' and lack of a tariff breakdown for the audiovisual and musical repertoire, and the use of a tariff structure that made it difficult to make comparisons with other operators. All this led the CNMC to the conclusion that there had been a very serious infringement of Article 2 Antitrust Act and Article 102 TFEU. Therefore, it imposed upon SGAE a sanction equivalent to 4.5 per cent of its turnover in the previous year (2018).<sup>11</sup>

Another interesting case involving royalty collecting societies can be found in the judgment of 23 November 2017 issued by the Spanish Supreme Court (Third Chamber, which deals with appeals against administrative decisions such as the decisions of the CNMC).<sup>12</sup> This judgment dismissed a cassational appeal lodged by EGEDA, a royalty collecting society used by audiovisual producers, against a judgment of 29 September 2016 of the National Court, which had partially upheld an appeal lodged against a 2 March 2012 decision of the CNN which had imposed a sanction upon EGEDA for having committed a very serious breach of Article 2 Antitrust Act and Article 102 TFEU (in particular, for having applied excessive tariffs to establishments such as hotels, which depended on the hotel's category).

The Supreme Court rejected the appeal, noting that the application of different tariffs linked to the category of the hotel (i.e., higher category, higher tariffs) and/or the rooms available was not justified. In particular, the Court found that this system resulted in tariffs that were not equitable and which were excessive. Interestingly, the Court used the example of other utilities such as water, electricity, etc to reinforce the point that the value of the rights, as such, could not depend on the category of the hotel where such rights would be enjoyed. Also, the Court noted that the tariffs applied were higher than the tariffs applied by other royalty collecting societies in other EU Member States. Finally, the Court also

10 CNMC Decision of 20 February 2019, S/0354/11, *Hewlett-Packard v. Oracle*.

11 CNMC Decision of 30 May 2019, S/DC/0590/16 *DAMA v. SGAE*.

12 Judgment No. 1796/2017 of 23 November 2017 of the Supreme Court (Third Chamber) (RJ\2017\5633).

noted that EGEDA's lack of transparency by hiding the conditions applied to different users constituted, as such, an abuse of dominant position contrary to Article 2 Antitrust Act and Article 102 TFEU.

Another interesting precedent from the Supreme Court (Third Chamber) is its judgment of 11 April 2019,<sup>13</sup> which dismissed a cassational appeal lodged by SGAE. This judgment confirmed that, for the purpose of calculating the fine, it was correct to treat the royalty collecting society and the IPR holders as an 'economic unity' and, therefore, it was not contrary to the proportionality principle to include the remuneration paid to the authors within the royalty collecting society's business turnover.

The activities of royalty collecting societies have also scrutinised before civil courts. For example, in an interesting judgment of 7 November 2019,<sup>14</sup> Barcelona Court of Appeal (Section 15) found the tariffs (8.5 per cent, initially 10 per cent) charged by SGAE to concert organisers to be excessive and it concluded that, instead, in the particular case at hand, SGAE was entitled to a royalty equivalent to the percentage charged by the UK royalty collecting society (3 per cent).

#### **iv Patent pooling**

The arrival of democracy in Spain after Franco's death in 1975 brought a cartel that comprised a 'patent pooling' element, which lasted 30 years and which continues to be the classic example of 'patent pooling' in Spain.

In a country which, unfortunately, was not used to holding elections, not one single envelope manufacturer was able to produce, alone, all the envelopes required for elections and referendums (such as the referendum to vote on whether or not Spain should remain in Nato). As a result, envelope manufacturers would contact each other to join forces and produce together the massive amounts of envelopes required by the national and regional governments. As time went by, this resulted in behaviours that the then-called National Competition Commission (CNN) found to comprise the following elements:

- a* agreements to share public tenders relating to pre-printed envelopes to be used in elections;
- b* agreements to share the market for pre-printed envelopes related to large customers;
- c* agreements to fix prices and share the market for non-printed envelopes (i.e., the 'white' envelope); and
- d* an agreement on technological limitation in relation to paper envelopes.

The element of most interest in this section is of course (d). Six of the members of this very large cartel agreed to set up a joint venture which was assigned the utility models owned by some members. The CNN found that the purpose of this was to control the exploitation of those utility models and limit the technological innovation in this field. Therefore, it reached the conclusion that this element of the agreements, together with the other three elements mentioned above, formed part of a cartel that constituted a very serious infringement of Article 1 Antitrust Act.<sup>15</sup>

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13 Judgment No. 522/2019 of 11 April 2019 of the Supreme Court (Third Chamber) (RJ\2019\1700).

14 Judgment No. 2000/2019 of 7 November 2019 of Barcelona Court of Appeal (Section 15) in appeal 664/2017 (AC\2019\1517).

15 CNMC Decision of 25 March 2013, S/0316/10, *Sobres de papel* (Paper Envelopes).

## v Software licensing

For some reason, there appears to be a dearth of cases dealing specifically with software licensing in Spain.

The only case worth mentioning refers to a complaint filed by BC Carpas (a company that rents tents for events) with the CNMC against SAP España, a company that markets the ‘SAP Business One’ software for use mainly by small and medium-sized companies. In short, the claimant alleged that the contractual arrangements between BC Carpas and SAP España had been such that they made it very difficult for the claimant to move to another supplier. However, the CNMC declined opening an investigation because it considered that the indicia filed did not suggest a possible infringement of Article 1 or Article 2 Antitrust Act. It added that SAP España did not have a dominant position, and that, in the end, the facts reported revealed a simple contractual disagreement between the parties that should be resolved elsewhere.<sup>16</sup>

## vi Trademark licensing

In the area of trademarks, a case that has kept the Spanish antitrust authorities and civil courts particularly busy in recent years has been the disputes between parallel importers of tonic water bearing the Schweppes trademark and the company that owns this trademark in Spain, among other EU Member States.

To put these disputes in context, it is worth starting the account of these cases by recalling that, historically, this trademark is owned by two different groups of companies. One of the cases started with a complaint filed by a parallel importer (Red Paralela BCN SL) against Schweppes SA (SSA), a Spanish company owned by Orangina Schweppes Group, whose parent company is the Dutch company Orangina Schweppes Holding BV (OSHBV), under the control of the Japanese holding Suntory Holdings Ltd since 2009. SSA is the exclusive licensee of the Schweppes trademark in Spain since 2008.

Against this background, in 2013, SSA initiated several trademark infringement actions against parallel importers that were importing tonic water bearing the Schweppes trademark from the UK and other European countries where the trademark is not owned by the parent company of SSA (i.e., OSHBV) but by the Coca-Cola group. In this context, SSA reached agreements with their independent distributors whose purpose, according to the party that filed the complaint before the CNMC, was to restrict parallel imports of tonic water bearing the Schweppes trademark in a manner allegedly contrary to Article 1 Antitrust Act and Article 101 TFEU.

The CNMC opened an investigation where it examined the case law of the Court of Justice of the European Union (CJEU)<sup>17</sup> and Spanish courts<sup>18</sup> which admits exceptions to the trademark exhaustion principle when the trademark owner has legitimate reasons to oppose the parallel imports. During the investigation, it was noted that in the agreements reached between SSA and its distributors, the latter had agreed not to import or market

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16 CNMC Decision of 9 January 2019, S/0634/18, *Alquicarp*.

17 CNMC Decision of 29 June 2017, S/DC/0548/15 *Schweppes*.

18 For example, the judgment of 20 October 2008 of the Supreme Court (STS 965/2008), which summarises the trademark exhaustion doctrine and its limits, and the judgment of 18 October 2012 (STS 590/2012), which confirmed a judgment of 11 December 2009 of the Madrid Court of Appeal (Section 28), which applied the CJEU HAG-II and IHT doctrine in a case involving the double ownership of the Gulf trademark in The Netherlands and in Spain.

products bearing the Schweppes trademark ‘which have not been manufactured by SSA’ or by ‘authorised third parties’. In this regard, SSA offered commitments whereby the literal wording of these agreement would be amended to make it clear that distributors were in fact prevented from importing tonic water of UK origin bearing the Schweppes trademark manufactured by Coca-Cola. The CNMC found that this and other ancillary commitments were sufficient and, therefore, decided to close the case.

In a parallel trademark infringement action brought by SSA against Red Paralela, SL and Carbòniques Montaner SL (i.e., the parallel importers), Barcelona Commercial Court No. 8 issued a judgment dismissing the trademark infringement action.<sup>19</sup> However, it was reversed by the Barcelona Court of Appeal (Section 15) in its judgment of 22 July 2019.<sup>20</sup>

In parallel, SSA obtained a favourable judgment in another trademark infringement case against another parallel importer, where Valencia Commercial Court No. 1 issued a judgment on 25 September 2015 declaring that the trademark rights had not been exhausted and that, therefore, the trademark had been infringed, although rejecting the petition aimed at obtaining damages.<sup>21</sup> SSA lodged an appeal before the Valencia Court of Appeal against the part of the judgment that had denied awarding damages. The appeal was dismissed on the grounds that no damages had been proved and that the parallel importer had ceased the parallel imports after receiving the first warning letters.<sup>22</sup>

Similarly, in another parallel case, Granada Commercial Court number 1 issued a judgment on 22 February 2016<sup>23</sup> against another parallel importer, finding trademark infringement but not awarding damages. Like in the previous case, SSA lodged an appeal against this part of the judgment, which was dismissed by the Granada Court of Appeal in a judgment of 13 July 2016.<sup>24</sup>

In yet another parallel case, Valencia Commercial Court No. 1 issued a judgment on 27 April 2016 dismissing a trademark infringement action filed by SSA against another parallel importer (Alcodis Bebidas y Licores SL).<sup>25</sup> However, this judgment was reversed by the Valencia Court of Appeal in its judgment of 28 February 2017,<sup>26</sup> where it found that SSA had legitimate reasons to oppose the parallel importation of tonic water bearing the Schweppes trademark produced by Coca-Cola and not by SSA.

Another interesting case where the tension between IPRs and antitrust was tested was the *Mustela* case. This matter began with a trademark infringement action brought by Laboratoires Expanscience SA (Expanscience) and its Spanish subsidiary against Distribuidora Internacional de Alimentación SA (DIA), Beauty by Dia SA and Covefarma SL. The claimant

19 Judgment of 9 April 2018 of Barcelona Commercial Court No. 8 in proceedings 774/2014 *Schweppes SA v. Red Paralela BCN SL and Carbòniques Montaner SL* (AC\2019\112).

20 Judgment of 22 July 2019 of the Barcelona Court of Appeal in appeal 1278/2018 (AC\2019\900).

21 Judgment of 25 September 2015 of Valencia Commercial Court No. 1 in proceedings 1280/2014 *Schweppes SA v. Cash Valencia, SL* (AC\2015\1748).

22 Judgment of 17 June 2016 of the Valencia Court of Appeal in appeal 1659/2015 (AC\2016\1452).

23 Judgment of 22 February 2016 of Granada Commercial Court No. 1 in proceedings 137/2014 *Schweppes SA v. Exclusivas Priego, SL* (JUR 2017\287303).

24 Judgment No. 204/2016 of 13 July 2016 of the Granada Court of Appeal in appeal 327/2016 (JUR\2016\221892).

25 Judgment of 27 April 2016 of Valencia Commercial Court No. 2 in proceedings 1144/2014 *Schweppes SA v. Alcodis Bebidas y Licores, SL* (JUR 2018\60601).

26 Judgment No. 117/2017 of 28 February 2017 of the Valencia Court of Appeal in appeal 2295/2016 (AC\2017\713).

owns the Mustela trademark, under which it markets skin-protection products to be used mainly on babies, children and by future and recent mothers. These products are marketed through a selective distribution scheme, the members of which have to fulfil certain criteria (qualifications of the personnel, position of the products, etc).

Against this background, Expanscience filed a trademark infringement action against DIA and the other defendants, which were marketing products bearing the Mustela trademark in supermarkets, that is, outside the selective distribution scheme. In the first instance, Barcelona Commercial Court No. 2 issued a judgment dismissing the action.<sup>27</sup> In short, the Judge seemed to consider that selective distribution schemes were only justified in the case of luxury goods but not in the case of the type of goods marketed by the claimant. This view was corrected by the Barcelona Court of Appeal (Section 15) in its judgment of 5 April 2019.<sup>28</sup> The Court, after noting that selective distribution schemes may be justified not only in the case of luxury goods but also in cases involving other types of products, such as the cosmetic products marketed under the Mustella trademark, found that DIA did not fulfil some of the parameters required by the selective distribution scheme. In view of this, the Court concluded that the trademark owner had legitimate reasons to defend that an exception to the trademark exhaustion principle should be made and that, therefore, the trademark had been infringed.

## IV STANDARD-ESSENTIAL PATENTS

### i Dominance

We are not aware of any administrative and/or judicial decision analysing whether or not a company holding a standard-essential patent (SEP) has a dominant position in the relevant market.

Some years ago, an implementer sued before the Barcelona Commercial Courts for allegedly infringing a SEP raised an 'abuse of dominant position' defence. However, the case was settled before the Court had reached any conclusion.

### ii Injunctions

Under Spanish law, one of the remedies that a patent owner is entitled to request when its patent has been infringed is a permanent injunction.<sup>29</sup> So if, in the complaint, the complainant has requested a permanent injunction, and the Judge concludes that the SEP has been infringed, the Judge has no discretion to deny the permanent injunction requested and must order it.

A different matter is that, for the purpose of showing that it is entitled to request a permanent injunction, the SEP holder may have to demonstrate that it has fulfilled certain procedural requirements imposed by the undertaking to grant licences under FRAND terms. Due to the dearth of case law from the Spanish Supreme Court on SEPs, let alone a doctrine on the procedural requirements that a SEP holder must fulfil to be entitled to apply for a permanent injunction, it is only natural to look for guidance to the criteria laid down by the

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27 Judgment of 21 March 2018 of Barcelona Commercial Court No. 2, in proceedings 300/2017 *Laboratoires Expanscience, SA et altri v. DIA et altri* (JUR 2019\278195).

28 Judgment No. 654/2019 of 5 April 2019 of the Barcelona Court of Appeal (Section 15) in appeal 1086/2018 (AC\2019\515).

29 Article 71.1 (a) of the Spanish Patent Act.



CJEU in the *Huawei v. ZTE* case.<sup>30</sup> As is well known, in this case the CJEU clarified that failing to follow the procedural steps set out in the judgment could result in a finding of abuse of dominant position.

### **iii Licensing under FRAND terms**

Unlike in other European countries such as the UK,<sup>31</sup> in Spain there are no meaningful judgments setting out the criteria for setting FRAND royalties. This is because, to date, cases involving SEPs have tended to settle before a judgment was published.

### **iv Anticompetitive or exclusionary royalties**

As mentioned above, cases involving SEPs have rarely reached upper-level courts to date. Therefore, in general, there is a dearth of case law on this in Spain.

## **V INTELLECTUAL PROPERTY AND MERGERS**

### **i Transfer of IP rights constituting a merger**

In view of the very broad definition of ‘economic concentration’ used in Article 7 Antitrust Act, under certain circumstances, a transfer of IPRs may well be considered an economic concentration.

### **ii Remedies involving divestitures of intellectual property**

As in the case of any other economic concentration, antitrust concerns may be addressed by divesting certain IPRs.

A classic example is the acquisition by Bimbo, a large Spanish manufacturer of sandwich bread, of Panrico, a large manufacturer of doughnuts marketed under the Donut trademark. As Panrico also had a strong presence in the sandwich bread market, where it used the Panrico trademark, the CNN required the divestiture of this trademark to a third party (Adam Foods), so that the competition in the sandwich bread market was guaranteed.<sup>32</sup>

## **VI OTHER ABUSES**

### **i Sham or vexatious IP litigation**

As far as we are aware, there are no precedents of cases where a Spanish court may have found that an IPR holder has carried out a sham or vexatious litigation. This is because both the Supreme Court and the Constitutional Court have consistently declared that going to court is one of the most fundamental constitutional rights and that this right may only be limited in absolutely exceptional circumstances. The threshold is truly set very high.

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30 CJEU judgment of 16 July 2015, C 170/13, *Huawei v. ZTE*.

31 See, for example, the judgment of 26 August 2020 of the Supreme Court in *Unwired Planet International Ltd and another (Respondents) v. Huawei Technologies (UK) Co Ltd and another (Appellants) Huawei Technologies Co Ltd and another (Appellants) v. Conversant Wireless Licensing SARL (Respondent) ZTE Corporation and another (Appellants) v. Conversant Wireless Licensing SARL (Respondent)*, [2020] UKSC 37, on appeals from: [2018] EWCA Civ 2344 and [2019] EWCA Civ 38.

32 CNMC Decision of 21 June 2016, C/0748/16, *Bimbo/Panrico*.

Likewise, the CJEU has been extremely cautious. In the *ITT Promedia* case,<sup>33</sup> which continues to be the landmark case in this area, the Commission understood that resorting to court could only constitute an abuse of a dominant position when two cumulative requirements were met:

- a First requirement: the judicial proceedings '[. . .] cannot reasonably be considered to have as their object the enforcement of their rights and, therefore, to serve only to harass the opposing party'; and
- b Second requirement: 'that they are conceived within the framework of a plan to abolish competition'.

In order to have a more complete view of the scope that the Commission wanted to give to each of these requirements, paragraph 56 of the judgment of the Court of First Instance of 17 July 1998 is of help:

*56. The first of the two criteria means, according to the Commission, that judicial action must clearly lack any basis from an objective point of view. The second indicates, for its part, that the judicial action should aim at the elimination of competition. Both criteria must be met in order to demonstrate the existence of an abuse. The exercise of inappropriate judicial action cannot in itself constitute a breach of Article 86 of the Treaty unless such action is intended to be contrary to competition. Similarly, if a court action can reasonably be considered to represent an attempt to assert rights against competitors, it cannot constitute an abuse, regardless of whether it may fall under a plan to eliminate competition.*

In other words, the Commission stressed that the complainant must prove that the court action was manifestly lacking any basis from an objective point of view.

The Court then drew attention to the fact that, the right to litigate being a fundamental right, only in exceptional circumstances could it be understood that going to court could constitute an abuse of a dominant position within the meaning of Article 86 of the Treaty:

*60. Three elements must be drawn to the attention of the reasons for the discussion. Firstly, it must be emphasised, as the Commission has rightly done, that the possibility of enforcing own rights through judicial proceedings and the jurisdictional control that this implies is the expression of a general principle of law which is basic in the constitutional traditions common to the Member States and which was also enshrined in Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms of 4 November 1950 (see judgment of the Court of Justice of 15 May 1986, Johnston, 222/84, [p. 1651, paragraphs 17 and 18]). Since judicial protection is a fundamental right and a general principle which guarantees respect for the law, only in exceptional circumstances may the exercise of judicial action constitute an abuse of a dominant position within the meaning of Article 86 of the Treaty.*

In addition, the Court stressed that the two requirements mentioned should be interpreted and applied restrictively:

*61. It should then be noted that, as an exception to the general principle of judicial protection guaranteeing respect for the law, the two accumulated criteria must be interpreted and applied*

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33 Court of First Instance judgment, 17 July 1998, T-111/96, *ITT Promedia*.

*restrictively so that the application of the general principle is not thwarted (see, in particular, the judgment of the Court of First Instance of 5 March 1997, WWF UK/Commission, T-105/95, ECR P. II-313, paragraph 56).*

The bar is indeed set very high, which explains that, despite the fact that 24 years have passed since this judgment was handed down, there is not a single case in which the Commission has understood that taking legal actions alleging infringement of IPRs, by itself and without being tied to other practices, has constituted an abuse of dominant position.

## **ii Misuse of the patent process**

If the IPR holder has a dominant position, under certain circumstances, the misuse of the patent process could theoretically be contrary to Article 2 of the Antitrust Act.

For example, in the *Xalatan* case, the CNC opened an investigation against Pfizer after the Italian antitrust authority, in a parallel case, had imposed a sanction on Pfizer for allegedly having abused its dominant position. The practice involved was the filing of applications for divisional patents, a supplementary protection certificate (SPC) and a paediatric extension extending the protection of the active ingredient Latanoprost, marketed by Pfizer under the *Xalatan* trademark. After a thorough investigation, in contrast to the Italian antitrust authorities, the CNN came to the conclusion that the alleged abuse of dominant position had not been proven.

In this author's experience, the conclusions reached by the antitrust authorities in this type of case may depend, to a large extent, on the level of familiarity with the intricacies of the patent system of the staff that is carrying out the specific investigation. In the *Xalatan* case discussed above, the outcome of the Spanish case was very much driven by the efforts deployed by the investigation staff at understanding the rationale of divisional patents, SPCs and paediatric extensions.

## **iii Anticompetitive settlements of IP disputes**

As is well known, there have been cases at the EU level where the General Court has confirmed that, under certain circumstances, out-of-court settlements may be contrary to Article 101 of the TFEU. European antitrust aficionados will of course be familiar with the *Lundbeck*,<sup>34</sup> *Servier*<sup>35</sup> and *Paroxetine*<sup>36</sup> judgments.

We are not aware of any judgments from Spanish courts resolving similar cases, although we would expect them to follow the same doctrine applied by the General Court in those cases.

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34 EGC judgments of 8 September 2016, T-472/13, T-460/13, T-467/13, T-469/13, T-470/13 and T-471/13, *Lundbeck*, confirming the Commission decision, 19 June 2013, AT.39226.

35 EGC judgments of 12 December 2018, T-677/14, T-679/14, T-680/14, T-682/14, T-684/14, T-701/14, T-705/14 and T691/14, *Perindopril – Servier*, partially annulling the Commission decision, 9 July 2014, AT.39612.

36 CJEU judgment of 30 January 2020, C-307/18, *Paroxetine*.

## **VII OUTLOOK AND CONCLUSIONS**

All in all, this past year has been a year of transition, in the sense that the antitrust community is expecting to see a profound reform of the Antitrust Act in the not too distant future. However, it is doubtful whether such reform will have a specific impact on the interplay between IPRs and antitrust norms.

In contrast, the conclusions that the Commission may reach on pending investigations currently underway, depending on the outcome, could have some influence on the *modus operandi* of the Spanish antitrust authorities.

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