

LA OPINIÓN

● INTELLECTUAL PROPERTY
● COPYRIGHT
● INFORMATION TECHNOLOGIES

● ADVERTISING LAW
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New customs enforcement system

The Council and the European Parliament approved on 12th June 2013 a long-awaited Regulation 608/2013 implementing a new customs enforcement system in relation to goods suspected of infringing intellectual property rights.

With the customs protection system introduced in the year 2003 and which shall remain in force until this coming 1st January 2014, the holders of industrial property rights were provided with a means allowing swift border actions to be taken against counterfeit and pirated goods, without having to go before the courts and at costs well below those incurred in court.

During its almost eleven years of existence, this border control procedure has proved to be a valuable tool to prevent

counterfeit and pirated goods from entering and leaving European Union territory. However, experience has shown that this system had a number of shortcomings which it was necessary to make up for in order to swiftly and effectively provide legal protection to the holders of these rights, thereby fuelling creativity and innovation and on the other hand providing an assurance for consumers, because there can be no forgetting that their interests are also hurt with the putting on the



Industrial property is subject to constant legislative change driven by technological progress but it may well be that we are currently riding one of the greatest waves of new enactments affecting our sector: the new Customs Regulation that is about to enter into force implementing interesting novelties. The draft Patent Bill will be introduced into Parliament just as the draft Copyright Bill and the draft Criminal Code. The Criminal Procedure Act is also to be amended and that will affect intellectual property offences and their prosecution. Similarly, the Trade Marks Directive is to be subject to a number of changes which shall trigger the need to amend the current Trade Marks Act. Lastly, and on the subject of Data Protection, the new Data Protection Regulation which shall have to be directly and mandatorily complied with by all the Member States of the European Union is set to be approved in short.

These changes and other minor amendments to other laws are altogether proof of the lawmakers' reaction to new ever-changing realities with increasing frequency.

In this issue of **LA OPINIÓN** we explain the new features of the Customs Regulation and deal with other current events touching upon different aspects of our day-to-day business: patents, trade marks, designs, information technology, data protection.

We trust yet again that our readers will find this information useful.

market of goods that are scarcely reliable and, in many cases, of little quality.

In this sense, the following novelties introduced by the new Regulation 608/2013 are noteworthy:

1. Scope of application:

The previous Regulation did not extend to certain intellectual property rights and therefore, in order to strengthen the enforcement of intellectual property rights, other types not covered until now have been included.

Upon the entry into force of the new Regulation, cover shall be provided for trade marks, industrial designs, copyrights, geographical indications, patents, supplementary protection certificates for medicinal products and plant protection products, plant variety rights, topographies of semiconductor products, utility models and trade names.

2. However, the following are excluded:

- Goods carried by travellers in their personal luggage, provided that these goods are for their own personal use and there are no indications that commercial traffic is involved.

- Infringements of rights resulting from illegal parallel trade (goods manufactured with the right-holder's consent but placed in the European Economic Area for the first time without the right-holder's consent) and unauthorised overruns (goods manufactured in excess of the agreed quantities by a person first

authorised to produce less units).

3. Timelines:

New time-limits are introduced which essentially apply to customs authorities to avoid a delay in the enforcement proceedings.

4. Small consignments:

A special regime has been approved applicable to consignments containing not more than three units or weighing not more than 2 kilograms, thereby for the competent customs authorities to be able to arrange for the goods to be destroyed directly provided that the right-holder has so agreed.

5. Costs:

The holder of the decision shall reimburse the costs incurred by the authorities from detention (i.e., storage, handling and destruction where they are not borne by the infringer).

6. Compensation:

The holder's right to seek compensation from the infringer is expressly recognised.

With the Regulation yet to enter into force, we look forward to finding out whether these changes and specifications will substantially improve the system and leave behind once and for all the minor shortcomings of the current system, although any improvement to a procedure that has already more than proved its effectiveness will be welcome.

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INFORMATION TECHNOLOGIES

Authority

Inedible COOKIES or Web COOKIES regulations

This year 2013 has witnessed an exponential growth of information about the so-called cookies and websites which provide us with a cookies disclaimer upon accessing. This is due to a change in the law on the subject and its implementation in recent months in addition to a recommendation of the Spanish Data Protection Agency which has cast light on a complex issue given its technical and legal implications.

Cookies are files downloaded to a computer, tablet or smartphone upon accessing certain Internet pages, designed to store data that is subsequently collected by the entity which installed the cookies them in order to thereby have information about interests, hobbies and preferences in browsing the internet or useful to be able to recognise the user, such as for example, which online paper the user reads on a

daily basis, the supermarket where the user buys online or the portal used for buying tickets to shows.

Cookies are addressed in recently amended article 22 of the Information Society Services Act and require **compliance with the rules laid down in Organic Personal Data Protection Act (LOPD)** whenever the cookies result in the processing of users' personal data, special care having to be taken in the case of minors.

Similarly, there may be own cookies, i.e. cookies installed and managed by the actual company's staff, or third-party cookies, i.e. cookies installed by companies specialising in interpreting cookies.

We must bear in mind that a web user is entitled to be informed on the subject and to consent to the same.

The information we provide to the user on cookies installed in our web space must be sufficiently complete in order for the user to understand what they were installed for and how the information collected on

them is to be used. Accordingly, we must provide such information:

- Visibly at the home page, providing a first information and redirecting users to a section with all additional information.
- Together with privacy policy or terms and conditions of use when they download our product online.

Companies with Spanish websites that use cookies must comply with these regulations

The above is all intended for the user to give an informed consent at all times.

Please feel free to contact us for further information on how to correctly use cookies and on legal warnings.

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PATENTS

Authority

Ten years of community designs

This year 2013 marks the tenth anniversary of the entry into force of Regulation 6/2002 on Community Designs. This EU Regulation established a unique, unified legal system throughout the European Union to protect the shape and external appearance of a product.

A decade into the existence of the Design we have witnessed the extent to which this form of industrial property has been hugely successful among users (taking such to be the proprietors of the designs). In this sense, the OHIM (which is the Community Office in charge of registering and administering the Community Design) has received more than 690,000 Design applications (45,000 of them filed by Spanish applicants), which is proof of how interested users are in registering shape creations with respect to their goods.

In addition, weighing up the territorial scope of protection (the entire European Union), the term of validity of the Design (5 years which may be extended for subsequent periods of up to not more than 25 years) and the possibility of including several shapes in a single application (multiple design) the conclusion is that users are able to secure protection for the shape of their product at very reasonable costs.

The Community Design registration system allows a uniform industrial property title valid throughout the European Union to be obtained within a surprisingly fast period of time. This speed in securing registration of the Community Design is mainly due to three reasons: i) the OHIM registration procedure

does not include an examination of the novelty or individual character of the application, ii) the OHIM has endeavoured to create the requisite technological framework in order for as little time as possible to elapse from filing of the application for the design to registration thereof, and iii) the possibility for aggrieved third parties to file an objection to the

an industrial property title conferring exclusive rights on the shape subject of the registration. Consequently, this proprietor of the Registered Design will be able to take legal actions to enforce, license, transfer or even tender the Design as security for performance of an obligation. However, that "industrial property right" could "vanish into thin air" if an application for the invalidity of the design is allowed (either in office proceedings at the OHIM, or in legal proceedings as a result of a counterclaim in an action for infringement).

Despite the absence of official statistics as to the number of invalidities applied for at the OHIM during this decade of existence of the Community Design, our experience at the firm is that system users barely resort to this possibility, allowing the registration to be "consolidated", at

least in appearance. The use of the words "in appearance" is due to the possibility of contesting the validity of the registered Community Design at a later point in time (either by applying for invalidity at the OHIM or by filing a counterclaim in civil legal proceedings).

It is also true that registration of a Design - compared to the legal protection conferred for a term of 3 years for an unregistered Design - has proved to be a very useful instrument for manifold users. Firstly, due to the term of validity (3 years in the case of an unregistered



registration of the design occurs at a stage subsequent to registration (through an action for invalidity).

Precisely the latter specific feature of the Community Design registration system (there is no administrative opposition stage against the application for the Design) has triggered a number of critical observations in specialised sectors. Indeed, the registration system introduced by Regulation 6/2002 on Community Designs allows the applicant for the Design to obtain, within scarcely a week,

Design compared to 25 years for a Registered Design) and, secondly, due to the different scope of protection conferred by both forms. In this sense, the limited protection given by an unregistered Community design - limited to exact copies of the shape - has often proved to be ineffective when the "usurper" has introduced minor changes to the "copy". It is therefore a better idea to register the Design because the scope of protection is thus greater, extending to "any design which does not produce on the informed user a different overall impression".

Now, therefore, a decade into the existence of the Design, the following are our basic recommendations on the subject:

1. Register creations consisting of the shape of a product and its dress, as a Community Design, provided that there are indications that they satisfy the requirements of novelty and individual character.
2. Be active in filing applications for invalidity against registered Community Designs which we are able to establish are lacking novelty

and/or individual character, or the validity of which we are interested in questioning for "strategic" reasons.

3. Take proper legal advice in regard to the wording of Community Design licence and/or sale and purchase agreements in order that they include the relevant clauses governing legal and economic implications in the event that the Design subject of the transaction is declared invalid.

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INTELLECTUAL PROPERTY

Authority

Internationalisation or death in the midst of a crisis Industrial property as an instrument boosting a country's economy

If we look back on recent years and apply logical reasoning, then after years of lavish living here come the hard times. Not that this is anything new, for it has happened to all the economies of the wealthiest countries worldwide in different eras and sequences.

We Spaniards are not catastrophists, but rather sharp and witty, and know

how to recycle and adapt to the circumstances. Indeed, proof of that lies in the most recent figures for Spanish SMEs, which show an increase in their turnover and how well they are selling their technology abroad. Almost nobody has any doubts as to what used to be the unthinkable: the way out to our current plight lies abroad.

Spain is currently ranked 17th among the top exporting countries in the world, alongside India, according to World Trade Organisation facts (WTO). Whereas the US, the UK, Germany, France and Italy have lost market share, Spain has managed to keep it up at around 1.6% of the world total.

The European Commission has just published a study on intellectual property rights, carried

out jointly by the European Patent Office (EPO) and the Office for Harmonisation in the Internal Market (OHIM). The study entitled "Intellectual property rights intensive industries: contribution to economic performance and employment in Europe" (September 2013) measures the importance of intellectual property rights to economic performance in the European Union.

Thanks to this study we have found that: 39% of total economic activity in the EU (worth some EUR 4.7 trillion per annum) is generated by intellectual property rights intensive industries, and approximately 26% of all jobs in the EU (56 million jobs) are generated directly in these industries, whereas 9% are indirectly generated thereby.

Bearing in mind the aforementioned statistics provided by the European Commission, we cannot disregard the fact that intellectual property must never be forgotten about by businesses, and far less so in these times.

We would like to use this article to





congratulate:

1. All entrepreneurs wise enough to have negotiated successful agreements and licensed their patents to major foreign multinational corporations, who know how to grow heeding market alerts.

2. All SMEs wise enough to have positioned their trade marks abroad using the means and protection conferred by industrial property;

our hats off to them because thanks to them the Spain Brand is disseminated worldwide as a leader in technology, branding and quality assurance for its goods.

3. Major Spanish multinational corporations wise enough to have managed their intellectual property portfolios in Asia, Latin America and the US, for it is thanks to them that Spain features in newspapers and newscasts worldwide as a

leader in different market segments.

Intellectual property is and will continue to be in times both of crisis and hardship an instrument serving entrepreneurs to continue growing and positioning their goods and services worldwide.

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ADVERTISING

Authority

Revisiting advertising ethics and discussion in relation to the trade dress and advertising of juice from concentrate

It is fifteen years ago now that the "MINUTE MAID" juices were put on the Spanish market, triggering a heated debate as to the requirements regarding the information received by consumers. This has been the subject of recurrent discussions at the Spanish Advertising Standards Association ("AUTOCONTROL"), a highly specialised and reputable body which has already had a say from the standpoint of advertising ethics, without applying statutory rules which only the Courts of Justice have authority to do.

The definition of fruit juice or juices is based on all concepts and specifications delimiting technical and health regulations, particularly in regard to labelling, in keeping with the Codes of Practices which to a greater or lesser extent have been arrived at by consensus among business and consumer associations. In that respect, without limitation, because that is not the object of an informative paper such as this one, the following is how the three basic categories of goods legally designated "fruit juice" are usually defined:

1. **"Fresh or freshly squeezed juice"**, where the production process merely includes squeezing and subsequent packaging; the juice is subject to no heat treatment whatsoever for preservation purposes and maintains its enzyme activity, and is therefore prone to go off within a short period of time: that is why its use-by date is normally between four and seven days, and at the same time it must be distributed and kept in chilled conditions (approximately between 0° and 6°).

2. **"Direct juice"**, where the manufacturing process requires a heat treatment (pasteurisation) extending its use-by date by at least one month, chilling being required or not depending on the extent to which it has been pasteurised.

3. **"Juice from concentrate"**, resulting from a double heat treatment – at a first stage during its preservation process, and at a second stage during its packaging process, in which previously

extracted water and fruit flavours are restored – allowing its use-by date to be extended up to eighteen

months, in such a way that it need only be distributed or kept at room temperature.

In practice, this typology of juices has resulted in own trade dresses for the market, the differences lying in labelling, packaging, marketing communication, point of sales and pricing level. The discussion that has arisen from time to time lies in whether producers of "juices from concentrate", observing the prevailing health and technical regulations, have provided sufficient truthful and objective information as required to consumers – already laid down in article 51 of our Constitution – who do not always behave attentively or thoughtfully when offered this type of products, which are the subject of frequent TV campaigns.

"Pandora's box" was opened in the summer of 1998 with the comparative advertising for "DON SIMON / MINUTE MAID", entitled "notice to consumers".

Trade dress
conflicts are
common in the
food sector

"AUTOCONTROL" had previously been involved as a referee in a claim lodged by Leche Pascual on 18th

June 1997 arguing that describing a from-concentrate juice as "pure orange juice with natural flavour, without preservatives or colourings, or added sugar" was deceptive advertising.

In this sense "AUTOCONTROL" also resolved a claim

lodge by the Spanish Association of Juice Producers ("ASOZUMOS") against the original trade dress of the product "MINUTE MAID" in decisions handed down on 9th July and 22nd September 1998 which, after ruling that the use of expressions such as "pure", "fresh" and "naturally" was likely to be deceptive or misleading, concluded emphasising that **observance of labelling regulations is but a step and a means "for preventing the consumer from being misinformed or misled" as required by both the law and ethics.**

Finally, the "ASOZUMOS" claim ended up in the civil courts, for in 1999 a complaint was filed with Court of First Instance no. 54 of Barcelona on the ground of "unlawful advertising and unfair competition" in regard to the trade dress of fruit juices from concentrate

"Autocontrol"
is the Spanish
advertising
self-regulation
body

"because of the joint use of television campaigns and/or the claims or expressions on the packaging – given their significance and/or placement and/or dimensions – concealing or replacing the sale name "orange (or any other fruit) juice obtained from concentrate" and/or the placement of that product in the chilled products section and/or the shape of the packaging

and/or pricing level. Without a judgment being required, the matter was satisfactorily settled by the parties involved following the implementation of a new trade dress and advertising for the product "MINUTE MAID".

On the other hand, "AUTOCONTROL" actually recently publicised a judgment of the contentious-administrative courts declaring that the inclusion of the caption "100% orange" on the labelling of orange juices from concentrate is unlawful. Specifically, in a judgment dated 31st May 2012, Contentious-Administrative Court no. 2 of Santander found for the appeal lodged by Pepsico against a decision imposing a penalty entered by the Department of Innovation of the Government of Cantabria declaring that the inclusion of the caption "100% orange" on the labelling of an orange juice from concentrate was unlawful. Although the Government considered that such a caption is misleading for consumers because it suggests that the product thus labelled is pure, squeezed and bottled orange juice, the judgment quashed that decision holding that, despite being a from-concentrate juice, it is still 100% orange juice, because its content is fully obtained from orange. In short, the Court concluded that the caption "100% orange" is not untruthful and cannot lead the consumer to believe that it is freshly squeezed juice, particularly because the actual label reads that it is juice from concentrate.

In this setting, the latest outstanding link in the regulatory chain was Act 29/2009, which amended the unfair competition and advertising Acts to enhance the protection of consumers and users as the normally weaker part of the market. The successive reforms of General Advertising Act 34/1988, 11th November (LGP) are moving towards that. For instance, Act 39/02 extended the right to take action against unlawful advertising to "any affected natural or legal person and, in general, to whoever



have a subjective right or legitimate interest", in addition to the Consumer Affairs Authorities and Consumer and User Associations "where unlawful advertising affects consumers' and users' collective or diffuse interests".

Specifically, Act 29/2009 introducing, effective from 1st January 2010, the current legal system for advertising strengthens the procedural mechanisms thereunder with a number of KEY CROSS-REFERENCES TO OTHER ACTS which in our view confirms a secondary or subservient application of the General Advertising Act, which is increasingly subject to the growing prominence of codes of conduct originating -as defined in and encouraged by Unfair Competition Act article 37- in "trade, professional and consumer corporations, associations or organisations", namely as follows:

1º. Article 3.e) lays down that any advertising "attacking a person's dignity or encroaching upon the values and rights recognised in the Constitution", advertising "targeting minors, inciting them to buy goods or services taking advantage of their inexperience or gullibility", subliminal advertising, and advertising in breach of the specific advertising rules for certain goods or services, is unlawful:

"Misleading advertising, unfair advertising and aggressive advertising, which shall be in the nature of acts of unfair competition within the meaning of the Unfair Competition Act is unlawful".

Unlawful advertising can be checked through unfair competition proceedings

2º. Article 5.6 first specifies the advertising system for certain goods or services (having regard to public health, safety or equivalent requirements) under such administrative authorisations and/or regulations as may apply in each

sector, and finally proclaims as follows:

"The breach of the special rules governing the advertising of the products, goods, activities and services referred to in the preceding sections shall be deemed to be an infringement within the meaning of the General Consumer and User Defence Act and the General Health Act".

3º. And article 6.1 of the General Advertising Act refers to the legal actions listed and regulated in the Unfair Competition Act:

"The actions against unlawful advertising shall be as established generally for actions deriving from the unfair competition..."

Consequently, action to have any unlawful advertising discontinued, rectified and/or indemnified, indeed importantly demanding a "total or partial publication of the judgment", may be taken using the procedures established in the Unfair Competition Act (article 32) and generally applying a joint and several liability (article 34.1).

Article 32 declares:

1. The following actions may be brought against unfair competition practices, including unlawful advertising:

1. An action for unfairness to be declared.

2. An action for cessation of the unfair conduct or for a future repetition of that conduct to be prohibited. In addition, an action for prohibition may be brought if the conduct has not yet been carried out.

3. An action for the effects caused by the unfair conduct to be removed.

4. An action for misleading, inaccurate or false information to be corrected.

5. An action for recovery of the damages and losses caused by the unfair conduct, where the agent is liable for wilful misconduct or gross negligence.

6. An action for unjust enrichment, which shall only be available where the unfair conduct harms lawful



exclusive rights or others having similar economic implications.

2. In judgments finding for actions numbers 1 to 4 listed in the preceding section, the court may resolve, where that is deemed appropriate, and at the defendant's cost, that the judgment be published in whole or in part or, where the effects of the infringement may last over time, that a corrective statement be published.

In conclusion, notwithstanding the extent to which such a casuistic matter is usually debatable, and is dependent on how it is implemented by case law, the deontological discussion is permanently ongoing. In that connection, "AUTOCONTROL" is relevant, from the standpoint of prevention, intermediation and resolution of advertising disputes. Indeed, the Unfair Competition Act now in force (article 39) provides that recourse shall first be had to bodies controlling codes of conduct, and this is actually a requirement for proceedings to be commenced in cases of deception deriving from certain breaches of codes of conduct, before member entrepreneurs and professionals may be held to be liable in court, when the lawfulness of any advertising act is in dispute.

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PERSONAL DATA PROTECTION

Case Law

The right to be forgotten

On the subject of the opinion of the Advocate General in the case Google vs. Spanish Data Protection Agency.

In the midst of the debate as to State-sponsored espionage on individuals and the extent to which people's privacy has been breached by unknown governmental bodies, the Court of Justice of the European Union has brought this issue to the fore yet again in the case of the Spanish Data Protection Agency against Google in the matter of the right to have information withdrawn from a search engine. The privacy debate concerns citizens very much.

The "right to be forgotten" is a concept driven by a wide variety of ideas: the right to anonymity, the dangers of new technologies, the right to rectify (in the broadest sense of the word) Where someone has had the unfortunate experience of having a notice published in an Official Gazette in regard to, say, a road traffic fine, then for a long time thereafter, if they enter their name in a search engine, they will have a permanent reminder of an offence that has in all likelihood long since been settled and paid but, and here lies the key, not forgotten and above all will forever be tied to their name. More seriously, there may be data on insolvency, criminal offences committed, family-divorce related matters, etc- or at worst libellous information.

This debate must be approached from two angles:

1. The right to be forgotten and how to balance it with the right to information and to freedom of speech.

2. Search engines are just that, search engines, and we must not forget that they merely compile third-party (media or other) information

made available to users on the Internet.

The general rule of a search engine is that there is no data discrimination whatsoever. If someone wishes to have data removed, then they must go to the source where an assessment will be made as to whether the information is harmful and whether or not the right to information may prevail over the individual's private interest.

On 25th June last, the Advocate General of the CJEU published his opinion in a case that has rekindled the debate. This opinion is not binding but paves the way as to what the expected Decision towards the end of the year may be.

The dispute at issue dates back to 2009 when a person, in entering his name in Google, accessed information concerning the year 1998 linked to an attachment prompted by amounts owing to the Social Security.

Years later, with that incident settled and behind him, that information is still indexed in the search engine in connection with that person's name.

The data subject first contacted Google Spain but was referred to Google Inc (in California). Upon the failure to receive a response, the data subject lodged a complaint with the Spanish Data Protection Agency against the publisher that had published the notice and against Google. In the case of the publisher, the Spanish Data Protection Agency dismissed the complaint on the ground that the publication was legally justified. However, the complaint was upheld against Google, urging them to take all necessary steps to remove the data from their index and prevent future access thereto.

The Agency's decision was appealed against by Google, and the Agency referred a number of questions to

The conflict arises when Google indexes information which damages its protagonist





the CJEU which have now been the subject of the advocate general's opinion and will in a few months be ruled upon by the actual Court.

Beyond strict observance of the right to freedom of speech and information, the analysis is dealt with from the standpoint of an individual who has for various reasons been the subject of information which has in time become outdated, is no longer newsworthy or is actually wrong. In these cases, it should be possible to remove an indexation of information that is no longer newsworthy but which may cause the data subject harm (if only to his portrayal) from search engines. Otherwise, any information on a person published in any medium would be available indefinitely and linked to that person forever.

Three questions were referred to the Court:

- Whether Google should be subject to the data protection Directive (for territorial and activity reasons).
- Whether the Google's conduct can

be considered "data processing" within the meaning of the Directive.

- The possibility of arguing that the purported right to be forgotten exists based on articles 12 and 14 of the Directive (laying down the rights of erasure and to object).

The question is whether a national data protection authority is able to demand a search engine service provider to remove information beyond cases in which that provider has failed to comply with the exclusion codes or in which a request from the website to update the cache memory has not been heeded.

According to the advocate general, Directive 95/46/EC

on the protection of individuals with regard to the processing of personal data and on the free movement of such data does not lay down a generalised "right to be forgotten". Apparently, search engines may be held to be secondarily liable where the websites infringe IP rights or display libellous or criminal information but cannot be asked to eliminate information originating in

legitimate and legal sources as in this case.

What the Spanish Data Protection Agency requests is not that the information be removed from the source but, in the case of information that is out of date or scarcely newsworthy, that their dissemination through search engines is prevented thereby to avoid data subjects from being harmed or their rights from being impaired.

Could this be construed as a restriction on the right to information?

In any analysis on the prevalence of rights, regard must be had to the protected legal rights in order to weigh up whether "something disturbing" (or a subjective preference, as referred to by the advocate general) and not newsworthy can and should be removed, at least, from search engines.

The Spanish Data Protection Agency has taken the protection of individual privacy very seriously –and should be commended for so doing – clearly taking a stand to defend individuals, the right to be forgotten and the right to freely choose which personal information should be published and which should not, once the right to inform has disappeared as it is our sincere belief is the case herein.

We shall at some other time be touching upon the more far-reaching problem of search engines and their absence of liability as information society service intermediaries (within the meaning of the Directive) but which have given rise to new disputes related not only to privacy but to copyright, trade marks and unfair competition, inter alia.

Publication of the Judgment in this case shall be the subject of a new commentary given the implications it will have in pending and future cases.

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TRADE MARKS

Case Law

Damages "IN RE IPSA"

In regard to damages, our courts (for example, a Community Trade Mark Court Judgment of 22/11/05) have had it that damages for lost earnings require a number of arguments and evidence to be produced by the claimant in order to prove that the violative conduct was likely to have affected the activity of the proprietor of the infringed trade mark.

In many cases there is no direct connection between infringement and damage, and in other cases, even if such exists, it is very difficult to establish the direct connection between the trade mark infringement and the damage suffered by the proprietor of the infringed trade mark.

There are two cases in which the claimant cannot be refused compensation for damages and losses based on the absence of evidence allowing the cause and effect relation between the infringement and the damage to be established, namely:

1. When the damages requested amount to 1% of the infringer's turnover pursuant to article 43.5.

The courts will award the proprietor of the infringed trade mark damages, in all cases and without evidence being required, amounting to 1% of the turnover obtained by the infringer with the unlawfully branded goods or services. This residual rule of 1% provided for in article 43.5 of the Trade Marks Act shall be applied at all events and whenever two requirements are satisfied: i) that the infringement is declared, irrespective of the existence of an actual damage. A non-rebuttable recognition of the loss merely because of the existence of the

infringement based on the exclusive rights recognised by Law. Where the existence of an infringement is established, there is proof of the occurrence of damages (Supreme Court Judgment 25/10/2012), and ii) that a joint action for infringement and in damages is filed, even if reference is not expressly made to this residual rule of 1% (Supreme Court Judgment 09/12/2010).

2. Where the damages applied for exceed 1% of the infringer's turnover, and are calculated based on the price of the licence which the infringer should have paid for the grant of a licence pursuant to article 43.2.b).

Case law, among others the Supreme Court Judgment dated 18/11/2010, elaborates on the hypothetical royalty as an option to overcome the

problems of obtaining evidence and guaranteeing compensation without having to prove the damage caused.

Based on this compensatory rule, once the existence of infringement is recognised and declared, there has to be an order in damages and

in this sense the judgment provides that, since the appealed judgment declared that the infringement of the claimant's trade mark had been proved, the compensatory option of the hypothetical royalty "cannot be frustrated due to the absence of evidence that the damages actually occurred, in view of the evidence "ex re" of the lost profit as a result, in the aforementioned form, of a use of the registered signs, legally admissible under a licence".

The amount payable as damages in this connection shall be a percentage on the turnover obtained by the infringer with the unlawfully branded goods or services. This percentage shall be set by producing licence agreements entered into by the proprietor of the infringed trade mark (Community Trade Mark Court Judgment 24/02/2011). If no licence agreements have been entered into, that will be done based on certificates issued by ANDEMA setting the percentages of the licences according to sectors (this was accepted in Provincial Court of Appeal of Madrid Judgment 09/03/12 and Community Trade Mark Court Judgment 16/11/2011).

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