



Intellectual Property newsletter

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1 Introduction

Welcome to the new edition of the KPMG Intellectual Property newsletter on developments in the world of copyright, patents, trade marks, designs, domains and other Intellectual Property rights (“IPRs”).

We start the new year with a fresh new look, but as usual with a lot of news and developments in different countries around the world. KPMG firms are proud of their global network of IP lawyers, enabling KPMG professionals to offer an international service to clients in this area.

The interplay of international agreements and rules with national legislation plays a major role, also and especially in the area of Intellectual Property. In the European Union in particular, supranational regulations must be transposed into national law. Find out how this is done in Czechia, Romania and Spain.

Other articles analyze recent court decisions on the national and EU level, for example with regard to the revocability of consent to the use of an image, the protection of partial designs as unregistered designs and the *modus operandi* of companies managing the IPRs of others.

We also take a look beyond the EU. Vietnam is constantly trying to improve its competitiveness in the IP sector. A report on its accession to the World IP Organization Copyright Treaty as well as an assessment of its IP landscape can be found in the present edition.

News from the EU and Vietnam complete the picture.



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Is the consent to the use of the image always revocable?

With a decision dated March 23, 2021, the Court of Appeal of Milan reformed a statement of the Court of Milan in which the consent given by two actors to the publication of an interview and related photographs in a gossip magazine was considered not revocable.

The case in question concerns two personalities from the world of show business, who made agreements with an editor for the publication of a photographic service and an interview (after checking the contents before printing).

Following the realization of the interview and the photos, the publisher had not paid what had been agreed upon, and the two actors had therefore sent a letter of warning, ordering the publisher not to proceed with the publication of the interview and the photos without the respect of what had been agreed upon, and at the same time revoking the consent to the publication of the service.

However, the editor proceeded to publish the interview and photos, and the claimants then acted to obtain payment of both the fee (of approximately 3,000 euros) and the sum of 15,000 euros as compensation for the damage to their image caused by the differences found during publication of the images, following the revocation of their consent to publication.

The editor defended himself declaring that he had purchased the service from a photographer, without ever having had any direct relationship with the claimants, and that he exercised his right to report on the publication of the contents of the interview.

The court of first instance rejected the plaintiffs' claims, stating that consent to the use of the image could not be "[...] revoked in the event that, conferred at first within an advertising contract, the image in question is published in the way for which consent was given".



2 Is the consent to the use of the image always revocable?

IT



In summary, the Italian Court stated that "[...] consent is effective only with regard to the person to whom it is given, but, if it is linked to a specific service, in this case the publication in the magazine, it is intended given not only to the first receiver (photographer) but also to his legitimate assignees".

On appeal, the Court decided to follow an opposite orientation, according to which "the requirement of consent to the publication of one's own image, at the moment of publication, is always necessary and unavoidable" and, having as its object not the right to the image but the exercise of that right, it is always revocable as "an express manifestation of the aforesaid inalienable right to the image, distinct and autonomous with respect to the agreement containing it".

In consideration of the revocation of consent, which took place two weeks before the publication of the magazine, the editor should therefore have refrained from publishing the photographs.

The Court of Appeal also rejected the publisher's argument that the contested images were covered by public interest, no matter that the two actors belonged to the world of show business.



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On 17 November 2021, Vietnam joined the World IP Organization Copyright Treaty (“**WCT**”), becoming its 111th member. This is a special treaty under the Berne Convention dealing with the protection of works and their copyright in the digital environment. WCT shall officially take effect in Vietnam three months after the handover of the accession document.

WCT is comprised of three main parts, namely: (i) provisions of the Treaty; (ii) provisions of the Berne Convention for the protection of literary and artistic works referred to in the WCT; and (iii) Appendix with special provisions regarding developing countries. Below are some noteworthy regulations of this Treaty:

- Subject matters in the digital environment protected by copyright are: (i) computer programs (whatever the mode or form of their expression);¹ and (ii) compilations of data or other material (“**databases**”), in any form, constituting intellectual creations (in case a database does not constitute such a creation, it is outside the scope of this Treaty).²
- Authors are granted rights including:
 - distribution (*the right to authorize the making available to the public of the original and copies of a work through sale or other transfer of ownership*);³

- rental (*the right to authorize commercial rental to the public of the original and copies of computer programs, cinematographic works, and works embodied in phonograms as determined in the national law of Contracting Parties*);⁴ and
- communication (*the right to authorize any communication to the public, by wire or wireless means, including “the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them”*)⁵ to the public besides the rights recognized by the Berne Convention.

- Member states may legislate limitations and exceptions in national law, provided they do not conflict with the exploitation of the work and prejudice legitimate interests of the author.⁶ They can also introduce new exceptions and limitations appropriate to the digital environment when satisfying the conditions under this Treaty.

Vietnam's accession to WCT not only shows the official movement in complying with the commitments in the recent new-generation free trade agreements, but also devises an effective legal foundation for the protection of copyright in the digital environment. In addition, officially being a member of WCT will mark a solid progress from Vietnam in creating a more transparent national copyright environment, in which both domestic and international copyright infringement is effectively tackled. Consequently, Vietnam will attract greater investment as a whole.

¹ The WCT, Art. 3

² Ibid, Art. 4

³ Ibid, Art. 6

⁴ Ibid, Art.7

⁵ Ibid. Art. 8

⁶ Art. 10 of the WCT incorporates the so-called “three-step” test to determine limitations and exceptions, as provided for in Art. 9(2) of the Berne Convention, extending its application to all rights.



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Protection of partial designs as unregistered designs

On 28 October 2021, the Court of Justice of the European Union (“CJEU”) ruled that the making available to the public of images of a product entails the making available to the public of a design of a part of that product, provided that the appearance of that part or component part is clearly identifiable at the time the design is made available.

The necessity of the ruling arose in the context of a dispute between a famous Italian luxury car manufacturer and a German car tuning company. In December 2014, the famous Italian luxury car manufacturer issued a press release, where the new, limited production track car was first made available to the public, containing the images of the car. The German car tuning company specializes in manufacturing and selling so-called tuning kits designed to make a road-going model, produced in a series, resemble the above-mentioned limited production track car.

The famous Italian luxury car manufacturer maintained that the marketing of those components by the German car tuning company constitutes an infringement of the rights conferred by one or more unregistered Community designs of which it is the holder. Consequently, the famous Italian luxury car manufacturer brought infringement proceedings against

the German car tuning company and its chief executive officer, claiming that they had copied several unregistered Community designs, within the meaning of Article 1(2)(a) of Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (“Regulation No 6/2002”).

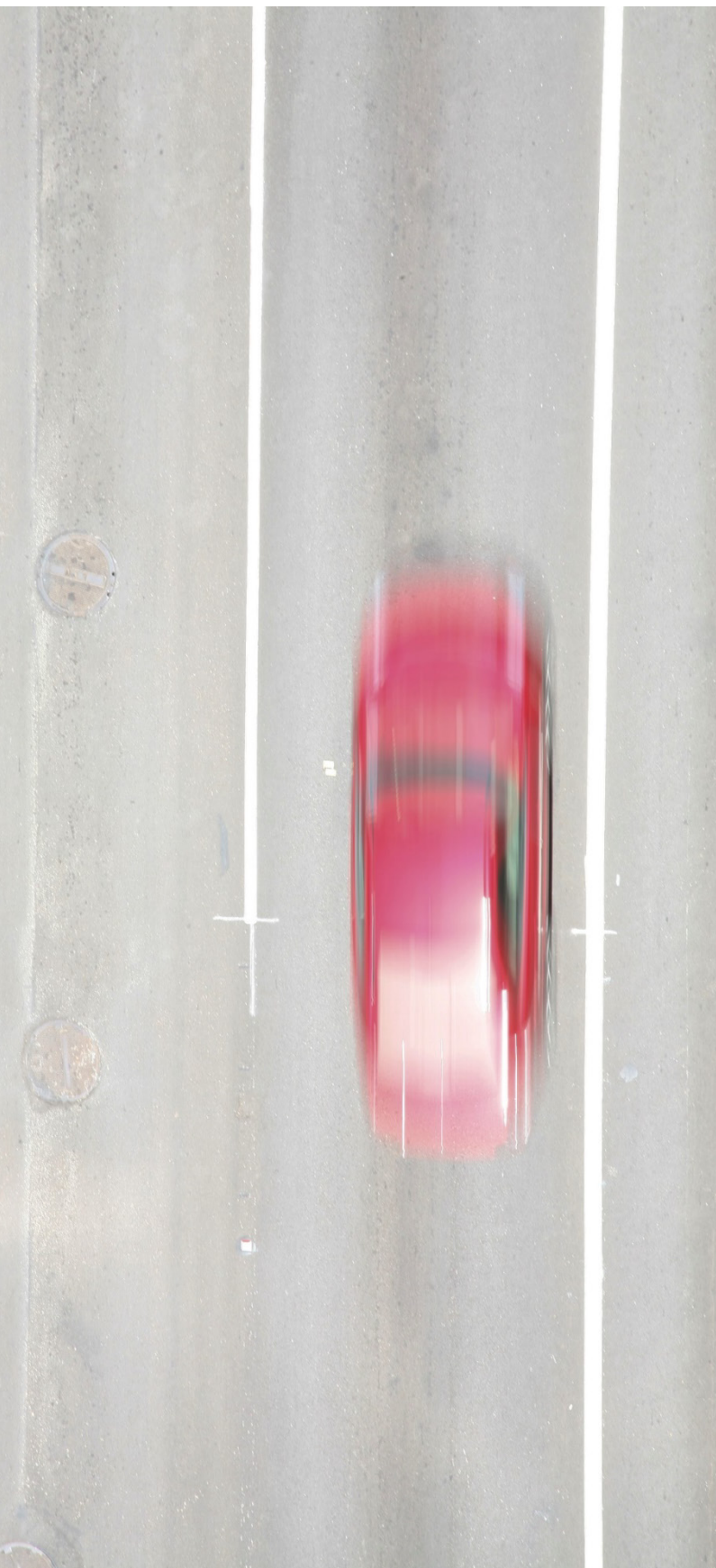
The first and second instance courts in Düsseldorf rejected the claims brought by the famous Italian luxury car manufacturer. Then, the famous Italian luxury car manufacturer appealed to the German Federal Court of Justice (*Bundesgerichtshof*) which decided to ask the CJEU to answer two preliminary questions: (i) whether, pursuant to the Regulation No 6/2002 provisions, the making available to the public of images of a product may lead to the making available to the public of a design on a part or a component of that product, and, if so, (ii) to what extent the appearance of a part of a product or of a component part of a complex product must be autonomous in relation to the product in its entirety so that it can be examined whether that appearance has individual character.

In its ruling (C-123/20) the CJEU points out that article 11(2) of Regulation No 6/2002 must be interpreted as meaning that it does not require designers to make available separately each of the parts of their products in respect of which they wish to benefit from



4 Protection of partial designs as unregistered designs

PL



unregistered Community design protection, what is associated *inter alia* with the objective of simplicity and rapidity of protection of the unregistered Community designs and reduced level of protection in comparison to registered designs. Such a requirement would be against intended formality-free regime of protection.

The CJEU also clarifies that, in accordance with Article 4(2)(b) and Article 6(1) of Regulation No 6/2002, to assess the conditions for protection, the part of the product or component part of the complex product at issue must be visible and defined by features which constitute its particular appearance, namely by particular lines, contours, colours, shapes and texture. That presupposes that the appearance of that part of the product or that component part of a complex product should be capable of producing an overall impression and cannot be completely lost in the product as a whole.

The Advocate General Henrik Saugmandsgaard Øe in his opinion emphasized that the making available of the design of a part of that product consisting of the publication of a photograph requires the design to be clearly visible on this photograph. As an example – he wrote – the publication of an image of the rear of the limited production track car could not have resulted in the design of the V-shaped element on the bonnet of that vehicle being made available. The visibility condition also cannot be satisfied when the reproduction is too small, of poor quality or partly concealed by another element. It is worth noting that the question of visibility tends to be very recent as the European Commission is expected to adopt a draft Design Directive¹ in the second quarter of 2022 and this act is going to address among others this specific matter.

¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12609-Intellectual-property-review-of-EU-rules-on-industrial-design-Design-Directive-_en



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Cookies tracking only with prior and explicit consent

The new year 2022 brings significant changes to the Czech legal regulation of cookies tracking. From 1 January cookies can only be collected and processed upon a prior consent of the user.

When visiting a website, small files called “cookies” are stored in our computers. Cookies are text files which help to identify visitors of a website and track their behavior on it. There are various types of cookies. Some cookies process personal data to ensure the operation and basic functions of the website (technical cookies), to track website traffic (analytical cookies), to remember visitor's preferences (functional cookies) or to target advertising to customer's interests (marketing cookies).

Until now, the Czech legal regulation has been unclear when it came to cookies consent requirement. Website operators as well as the expert community have very often interpreted the consent requirement to be based on the opt-out principle. This interpretation allowed for the cookies to be collected and processed unless the user specifically refused. In practice, the website

operator informed the visitor about the processing of cookies and about the possibility to refuse it when entering the website. In case the visitor refused, he could not use all functions of the visited website.

However, this Czech approach was not entirely in line with the EU rules, specifically with the Directive on Privacy and Electronic Communications. This Directive bases cookies tracking on the opposite, the opt-in principle. It requires website operators to obtain explicit consent from website visitors to track their activity by using cookies. Without the consent, the website operator is not allowed to collect cookies and process them.

The discrepancy and ambiguity should be eliminated by an amendment to the Czech Act on Electronic Communications, which introduces the opt-in principle into the Czech law. The website operators are now facing a new obligation. To lawfully collect and process cookies they need to obtain verifiable consent from their website visitors and inform them on the scope and purpose of such processing.





The requirements on quality of the consent are very high (in accordance with GDPR). As such, consent to the processing of cookies must be freely given, specific, informed and unambiguous. The user must be able to revoke it at any time, or not to grant it at all, without any detriment caused to him (e. g. unavailability of website content). At the same time, the user must be clearly and comprehensibly informed of the essential matters in terms of what data will be processed, by whom, for what purpose, for how long and whether the data will be provided to other entities. In addition, user's inactivity cannot be viewed as an automatic consent. Displaying a simple notice saying that the user agrees with cookies tracking by staying on the website or using a pre-ticked consent box is not sufficient.

The obligation to obtain consent, however, does not apply to technical cookies (files necessary for the correct functioning of the website). Such cookies enable, for example, the function of e-shopping carts or the identification of registered users. Given their nature and purpose, this type of cookies is automatically allowed and the website visitor's consent to their processing is not required.

The website operators should not take this legislative change lightly and they should update their cookies policy. It is important to stress that in the event of any dispute, the burden of proof lies with the website operator who must be able to prove that the user has given the consent to cookies processing.



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The Global Innovation Index (GII)¹ is a report annually developed by the World Intellectual Property Organization (WIPO) in collaboration with Cornell University, INSEAD and other organisations and institutions to measure various dimensions of the innovation ecosystem and performance of different economies around the world.² With its increasing relevancy, many policymakers have relied on this report as a guideline to assist them in evaluating their innovation performance and making informed innovation policy decisions including developing local IP-related legal frameworks and establishing a common international IP standard.

In 2021, Vietnam ranked 44th out of 132 countries/economies (compared to 42nd in 2019 and 2020) after WIPO updated the country's change in GDP calculation in the GII annual report. The country has secured the top position among the 34 countries in the lower-middle income group, remaining the only lower middle-income economy in the GII top 45 most innovative globally.

Here are several key IP-related indexes and rankings of Vietnam in the GII 2021 report, in comparison to 2020's figures³:

Code and Indicator	2021		2020	
	Score	Ranking	Score	Ranking
5.2.5 Patent families per one billion PPP\$ GDP	0.0	92	0.0	87
5.3.1 Intellectual property payments, % total trade	0.2	91	N/A	N/A
6.1.1 Patents by origin per one billion PPP\$ GDP	0.7	73	0.9	66
6.1.2 PCT patents by origin/bn PPP\$ GDP	0.0	88	0.0	82
6.1.3 Utility models by origin per one billion PPP\$ GDP	0.4	38	0.5	36
6.3.1 Intellectual property receipts, % total trade	0.0	106	N/A	N/A
7.1.1 Trademarks by origin per one PPP\$ GDP	73.3	23	85.5	20
7.1.2 Global brand value, top 5,000, % GDP	80.8	25	100.8	19
7.1.3 Industrial designs by origin per one PPP\$ GDP	2.2	45	2.7	43

Previously, in an attempt to increase Vietnam's competitiveness on the World IP map and boost its ranking on the GII, the Government issued Decision No. 1068/QĐ-TTg on the Approval for Intellectual Property Strategy By 2030⁴ in 2019. Such decision will serve as a guideline for the Government in integrating IP into state management operations, therefore successfully implementing IP activities in all spheres of socioeconomic development.

¹ The report for 2021 is available at:

https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf

² According to introduction to GII Report available at:

https://www.wipo.int/global_innovation_index/en/

³ Global Innovation Index of Vietnam in 2020 and 2021

⁴ Available at:

http://vanban.chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=2&mode=detail&document_id=197710



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Belgian courts are taking a closer look at the *modus operandi* of companies managing Intellectual Property rights of others (considering recent caselaw from the Court of Justice of the European Union).

In recent years we have seen a clear rise of companies who manage the Intellectual Property rights of photographers, authors, etc. These companies are usually the contractual holders of certain Intellectual Property rights, but do not use these rights themselves. They are in fact only functioning as “collection agencies” who actively look for violations on behalf of the author, using specific scanning technology or software (i.e. *reverse image tracking technology*).

Recently, the Court of Justice of the European Union¹ ruled that, in principle, these contractual holders have the same legal standing to invoke the measures, procedures, and remedies as the original holder(s) of the Intellectual Property rights, **provided however that these rights are not abused**, which is up to the national courts to assess.

On 3 November 2021, the **Ghent Commercial Court** was confronted with a claim by a Belgian company (X) managing the Intellectual Property rights of a photographer seeking the cessation of certain allegedly infringing acts by another Belgian company (Y), who, according to X, copied and used three images online without the permission of the original author.

The Ghent Commercial Court – considering the recent case law of the Court of Justice – ruled that the claim of Company X was not justified due to its *modus operandi*.

The court was of the opinion that the *modus operandi* of Company X – which did not actively exploit its rights – is to search the internet for copyright infringements of its clients by using specific tracking technology. It then proceeds by sending a formal notice to the (alleged) infringer stating that it violated the copyright(s) of X’s client and demanding to retroactively enter into a (unilateral) licensing agreement to regularize the (unlawful) use of the image/material concerned. The court found that, considering the facts of the case, Company X had no intention to stop the infringement but merely wanted the alleged infringer to pay damages for the (alleged) unlawful use, threatening the alleged infringer with legal action if it did not proceed to payment.

In its judgment of 3 November 2021, the Commercial Court of Ghent stated that Company X’s claim constituted an **abuse of right**. According to the Court, Company X benefited financially from the fact that infringements of its clients’ copyrights are maintained.

Furthermore, the Ghent Commercial Court stated that Company X did not have sufficient proof that it indeed obtained certain (Intellectual Property) rights to the images. Finally, Company X simply assumed that the images concerned were protected by copyright without demonstrating that the conditions had been met.

The court thus ruled that Company X had improperly invoked the cessation remedy as a sanction for the alleged infringements.

It remains to be seen what influence the recent jurisprudence shall have on the revenue model and the *modus operandi* of similar IP-managing companies in the future.

¹ (C-597/19, 17 June 2021, *Mircom International Content Management & Consulting (M.I.C.M.) Limited/Telenet BVBA*)



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Amendments to the Romanian Law on copyright

Law no. 8/1996 on copyright and related rights ("**Law no. 8/1996**") is to be amended by a draft law which will ensure the transposition into national legislation of the provisions of Directive 789/2019 on the exercise of copyright and related rights applicable to certain online transmissions by broadcasting organisations and retransmissions of television and radio programmes (Directive 789/2019 amended Council Directive 93/83/EEC, Directive 790/2019 on copyright and related rights in the Digital Single Market and as well as Directives 96/9/EC and 2001/29/EC).

The draft law introduces into the content of Law no. 8/1996 a series of definitions of new terms and expressions, explaining their meaning and the context in which they are to be used. By way of example, it is proposed that the term "cable retransmission" will be redefined as the "*simultaneous, unaltered and complete retransmission, by cable or by a broadcasting system through ultrashort waves, aimed at ensuring that the public receives an initial broadcast from another Member State, by wired or wireless means, including satellite, of television or radio programs intended for*

public reception, regardless of how the operator of a cable retransmission service obtains the signals carrying the program from the broadcaster for the purpose of retransmission". The aim is that all existing technical means of broadcasting will be covered by the new law.

The draft law also introduces provisions concerning the application and use of the notion of "country of origin", including a number of aspects related to remuneration, the exercise of copyright and related rights, contracts, and other aspects that depend on the principle of the "country of origin".

The draft law brings a series of amendments to the text of Law no. 8/1996 by introducing new articles aimed at regulating exceptions to the reproduction right. These are aimed at reproductions and extractions carried out by research organizations and cultural heritage conservation institutions, in order to extract text and data for the purposes of scientific research and cultural heritage conservation.



Moreover, according to the provisions of the draft law, the digital use of works and other protected objects, including in the online environment and cross-border, is to be exempted from the reproduction right, the right of public communication and the right to make available to the public, for the sole purpose of didactic illustration.

In order to ensure the protection of the rights of authors or rights holders, the draft law also includes a series of conditions concerning the way reproductions should be kept, as well as concerning the way the protected works may be used.

The draft law also includes a number of matters related to the information to which the authors and performers are entitled with respect to those to whom they have granted a license or to whom they have transferred the exploitation rights. Thus, the provisions introduced aim at ensuring a high level of transparency in the field, as well as better protection of the rights of authors and performers.

It is also proposed to introduce a series of new regulations on the remuneration of authors and performers in the absence of collective labor agreements. The draft law also states that in the case of conflicts or disputes related to these matters, the parties involved may use mediation, in order to resolve the dispute more quickly.

In order to ensure adequate and efficient protection of the rights of the author or performer, the draft law introduces a mechanism for revoking the licenses granted, in the case of non-exploitation of the work. The draft law also sets out measures to ensure the effective application of this mechanism, as well as the conditions under which it can be triggered. (However, the draft law clarifies that the authors of a computer program cannot benefit from the revocation mechanism.)

The draft law introduces new articles to the text of Law no. 8/1996 covering aspects concerning the providers of online content sharing services, as well as the activity carried out by them. The draft law introduces the requirement for these providers to have an authorization from authors, performers, producers of phonograms and videograms, as well as from broadcasting and television organizations, to be able to communicate publicly or make works or other protected objects available to the public. The liability of providers of online content sharing services if they commit unauthorized acts of public communication is expressly stated, including for cases in which they make available to the public works protected by copyright or other protected objects. The draft law also includes provisions on the right of holders

to stop access to the work, as well as provisions on disputes related to access to the work.

Moreover, the draft law introduces changes which update the provisions on the right of public communication of musical works. The proposed amendments include aspects related to the licensing mechanism for the right of public communication of musical works, and the draft law establishes a series of conditions under which a license can be granted.

The new draft legislation aims to support the public interest mission of cultural heritage conservation institutions by including provisions which allow a collective management body, which represents rights holders, to conclude a non-exclusive license for non-commercial purposes with such an institution, for the purpose of reproduction, distribution, public communication or for making available to the public works or other protected objects outside the commercial circuit that are present in the permanent collection of the institution. In order to protect the rights holders, their right to exclude their works or other protected objects from the licensing mechanism is provided for, either in general or in specific cases, including after the conclusion of a license or after the use of the work in question.

The draft law is currently under debate in the Chamber of Deputies.



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Spain implemented both Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market and Directive (EU) 2019/789, laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes last November.

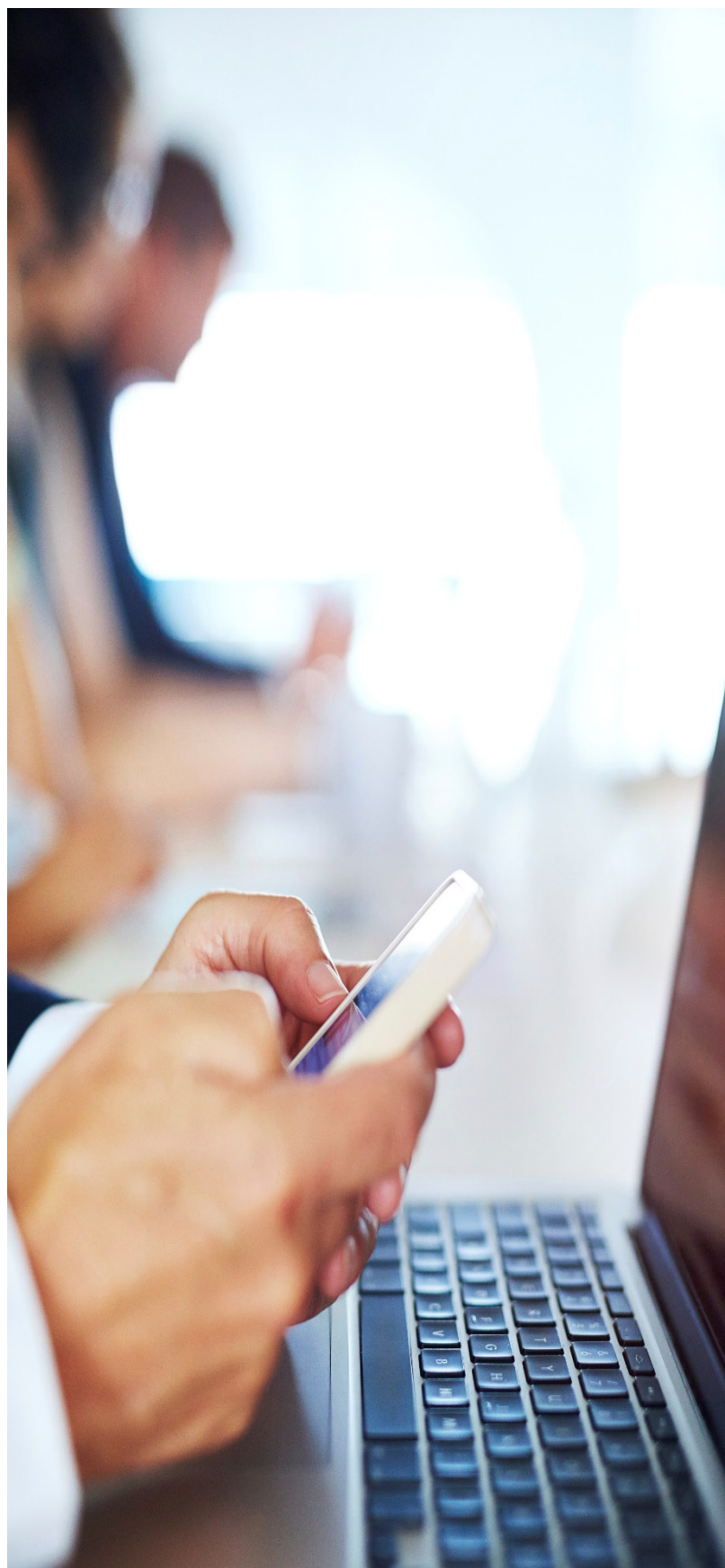
As the term awarded for implementation of these directives elapsed on 21 and 7 June 2021, respectively, implementation was carried out by way of an emergency regulation: a Royal Decree-law (i. e. Royal Decree-law 24/2021, of 2 November 2021, already endorsed, however, by the Spanish Parliament last 2 December 2021).

The amendments made to the Spanish Copyright Act address two main topics: improving the secure access to online content protected by Intellectual Property rights of Internet users in the European Union and ensuring the correct and equitable functioning of the copyright market in the digital environment.

Regarding the first topic, all the new copyright limitations set forth by Directive 2019/790 (i.e. the text and data mining limitation, the illustration for teaching activities limitation and both the preservation of cultural heritage limitations) have been incorporated to the Spanish legal framework together with, for the first time in Spain, the *pastiche* limitation, both in the digital and non-digital environments.

In relation with the measures adopted to ensure the correct and equitable functioning of the copyright market in the digital environment, the incorporation of the new framework into the Spanish legal system is of particular interest. This framework is laid down by article 17 of the EU Directive 2019/790, which expands the duties and increases the liabilities to be assumed by content-sharing service providers allowing the communication to the public of the works and other protected digital contents uploaded by their users, a new scenario to be read in accordance with Guidance on Article 17 of the Directive 2019/790 on Copyright in the Digital Single Market, published by the European Commission on June 2021.

Among other salient developments, we shall also refer to the reform of the protection awarded to press publications in the online environment (recognized in the Spanish Copyright Act as a specific related right, with a duration of 2 years since publication), no longer a right to be mandatorily managed by the collective management societies. A change that has fostered the return to the Spanish market of some internet providers that decided to leave in 2014, when the law was



Spain implements EU Directives 2019/790 and 2019/789



reformed to implement Directive 2011/77/EU and Directive 2012/28/EU and the Spanish legislator introduced an amendment to the quotation limitation in that sense.

We should also refer to the measures incorporated to (1) guarantee a fair and proportionate remuneration of authors and performers when licensing or transferring their exclusive exploitation rights over their works, and (2) to implement the “*country of origin*” principle, applicable to all radio programmes and certain types of television programmes (news and current affairs programmes – excluding sport events – and programmes produced and fully financed by broadcasters themselves), allowing that the authorisation required for the use of copyrighted works is obtained in the EU countries where they have their principal establishment, and not in each country where their broadcasts may be accessed.

In conclusion, a generous reform of the Spanish copyright legal framework that aims at giving adequate legal response to the need for adapting Intellectual Property rights to the current digital age and for guaranteeing the protection of the rightsholders and the common European cultural heritage and that has already brought changes to the market of digital contents in Spain.



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Article 517 of the Italian Criminal Code and unregistered trademarks

In a recent decision (Criminal Court of Cassation, section III, August 10, 2021, no. 31355), the Italian Supreme Court of Cassation set out some important legal principles regarding the assessment of the danger of confusion with reference to art. 517 of the Italian Criminal Code ("Sale of industrial products with misleading signs").

It is necessary to remember that the crime referred to in art. 517 of the Italian Criminal Code is aimed at protecting the economic order, and sanctions the putting into circulation of intellectual products or industrial works carrying trademarks or distinctive signs designed to deceive the buyer as to the origin, source or quality of the work or product.

The case in question originates from the marketing, by a company based in Ancona, of a centrifugal extraction system (known as a "decanter"), carrying an unregistered distinctive sign (in this case a "lion's head") that is very similar to a trademark registered by a competitor with the Italian Patent and Trademark Office.

Both in the first instance and in the appeal, the legal representative of the company that had marketed the product with the trademark confusable with that of a third party was found guilty of the crime referred to in art. 517 of the Italian Criminal Code, where the Courts

hearing the case had both held that the use of a sign confusable with that of third parties was likely to deceive consumers (current and/or potential) about the actual origin of the product.

The defendant then appealed to the Supreme Court, which argued that, given the evident diversity of the two trademarks involved in the proceedings, it would have been impossible for consumers to confuse them.

However, the Supreme Court, in its sentence, rejected the appeal.

The Court of Cassation, in fact, confirming what was established in the previous levels of judgment, held that the mark used by the defendant to sell the products of his company was a clear imitation of the distinctive sign of the third party, and therefore likely to deceive buyers.

Notwithstanding the above, it is of particular interest to note how the Italian Court of Cassation stated that the absence of registration of the trademark used by the company from Ancona should be considered as an irrelevant circumstance for the purposes of the configurability of the crime.

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Modernization of the Spanish Industrial Property regime

A first draft of a new regulation amending the Spanish Trademark Act (Law 17/2001 on Trademarks), the Spanish Industrial Designs Act (Law 20/2003 on the Legal Protection of Industrial Designs) and the Spanish Patent Act (Law 24/2015 on Patents) was made public by the Spanish government last October with a triple goal: **“adapting said laws to the current reality, speeding up the parliamentary process and providing greater clarity and legal certainty to users of the industrial property system.”**

This draft law includes significant changes in all these three regulations.

Regarding the trademarks regime, it is clarified that administrative nullity or expiration proceedings, when the owner of a trademark acted in bad faith, are not adequate to set compensation for damages; where applicable, proceedings must be held in front of judicial courts. Another significant amendment refers to the procedure for registration of trade names, for which the need for graphic representation is eliminated.

As for the industrial design regime, some of the modifications to be highlighted seek to

- enhance the application, registration, opposition and renewal procedures;
- eliminate unnecessary administrative burdens;
- resort to alternative dispute resolution mechanisms, etc.

Finally, in relation to patents, it is worth mentioning that the draft law includes an exception to exclude patentability of products obtained through essentially biological procedures and, this being one of the lessons learned from the pandemic situation derived from Covid-19, an additional provision authorising the government to issue regulations allowing the preferential processing of patent and utility model applications for tests, kits, medicines, equipment, or any other device for diagnostic, therapeutic, or surgical treatments applied to diseases in the event of health emergencies.

The articles on this page are provided by Bartolomé Martín, Eric Romero and Claire Murphy, KPMG in Spain

Changes on the “resale” right

Law 14/2021, amending Royal Decree-Law 17/2020, which approved measures to support the cultural sector and tax measures to face the economic and social impact of COVID-2019, amends the Spanish Copyright Act in relation to the right of participating in the benefits of art resales (the “resale” right).

The resale right entitles authors of graphic or plastic works to receive from the re-seller a share on the profit of any resale made by art market professionals.

In accordance with the Spanish Copyright Act, this was already a collective management right. After the reform exerted by way of Law 14/2021, the reseller's obligations towards the right holders have been eliminated and management of this right is now exclusively performed by copyright collection societies.

The changes, operated on article 24 of the Spanish Copyright Act, respond to the need to modify the right holder's central position as addressee of the obligations imposed on resellers provided for by the previous regime, which did not fit well with the collective management scheme in place, and to bring the resale right closer to the usual market practice.

Article 24 also establishes that, when there are several entities that, according to their bylaws, manage the resale right, they must act in front of the debtors under a single representation, in terms to be conventionally agreed and communicated to the Spanish Ministry of Culture and Sports.



Five decrees annulled in the field of IP

On 9 December 2021, the Government promulgated Decree No. 110/2021/ND-CP ("**Decree No. 110**") on annulling 13 legislative documents of the Government, in which five decrees relating to Intellectual Property ("**IP**") are entirely annulled. Accordingly, the Decree No. 110 took effect from 15 December 2021. Details of five mentioned expired documents are as follows:

- Decree No. 63/CP dated 24 October 1996 of the Government specifying industrial property.
- Decree No. 06/2001/ND-CP dated 01 February 2001 of the Government amending and supplementing several articles of the Government's Decree No. 63/CP of 24 October 1996 specifying industrial property.
- Decree No. 54/2000/ND-CP dated 03 October 2000 of the Government on protection of industrial property rights with respect to trade secrets, geographical indications, commercial names, and the protection against IP-related unfair competition acts.
- Decree No. 42/2003/ND-CP dated 02 May 2003 of the Government on protection of industrial property rights over semiconductor integrated circuit layout designs.
- Decree No. 72/2000/ND-CP dated 05 December 2000 of the Government on the oversea publication and dissemination of works.

The reason for such annulment, as a numerous legislative movement, is that those mentioned decrees are no longer appropriate in the current IP environment, and eventually appear to expose certain ambiguity in legal application and interpretation. In addition, the new Decree No. 110 is expected to contribute to the establishment of a more centralized and effective IP-related legal framework in the coming years.

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Registration of a lipstick tube as a 3D trademark

A French cosmetics manufacturer applied for registration of the packaging of a lipstick (lipstick tube) as a three-dimensional (3D) trademark. The EUIPO rejected the application on the grounds of lack of distinctiveness. The EUIPO's Board of Appeal found that there was no significant difference from the norm of customary shape of other lipstick tubes. The applicant now took legal action against this.

The EGC overruled the decision of the Board of Appeal. Even though it stated that the fact that goods have a design of a high quality does not mean that a trademark existing in three-dimensional form of these goods has a distinctive character from the outset. It nevertheless decided that the shape of the product at issue is unusual and can be distinguished from any other shape on the market.

While a variant of the usual shape is not sufficient for distinctiveness, a high diversity of product shapes in an industry does not mean that a new shape must necessarily be assumed to be one of those product shapes. The aesthetic aspect of a trademark in the shape of packaging can be used alongside other considerations to determine a difference from the norm and customary in the industry, provided that this aesthetic aspect is understood by the relevant public to refer to the objective and unusual visual effect created by the specific design of the trademark.

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