

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

32ND EDITION

GLOBAL INTELLECTUAL PROPERTY NEWSLETTER
IP TOPICS FROM AROUND THE GLOBE
ISSUE 12/21

32ND EDITION GLOBAL IP NEWSLETTER

Introduction

Welcome to the 32nd edition of the Clifford Chance Global IP Newsletter. Another year with many new, but also some now familiar challenges is drawing to a close. We would like to seize this opportunity to thank you for the trust you have placed in us to successfully meet these challenges together with you. We wish you all a wonderful winter break and all the best for the new year 2022.

Let us start-off the final edition of 2021 with a contribution from our Spanish team providing an in-depth analysis of the CJEU's judgment in *CV-Online Latvia v Melons* from June 2021 and its impact on the *sui generis* database right.

Our German team follows up by presenting the efforts made to put blockchain technology into use in the development of the EU intellectual property framework. Against the background of the EU "Action Plan IP", our colleagues present the launch of the world's first official blockchain-based trademark and design register and shed light on further use cases considered by the EU's strategy paper.

Concerning the manifold issues of liability of internet service providers, the Italian team then examines a recent decision by the Italian Regional Administrative Court of Lazio that strengthened Google's position by ruling that the company had not violated the Italian ban on advertising games with cash prizes by displaying links to gambling services. Google is also one of the protagonists of further important developments in Italy. The Italian team recapitulates the recent issuance of three orders against Google, Apple and Dropbox by the Italian Competition Authority declaring the unfairness of some terms and conditions included in their cloud contractual agreements.

Following up the examination of the initial draft in the 25th edition of the Global IP Newsletter, the German team sheds light on the practical implications deriving from the now codified exclusion to injunctive relief based on the principle of proportionality under the revised German Patent Act. In Spain, too, comprehensive changes to the national IP legislation are in progress. The Spanish team outlines the main amendments and the potential impacts of a draft act which is currently in the early stages of the approval process.

To conclude, our U.S. certified patent attorney Ronny Amirsehhi attends to a new ground breaking field of technology. He provides an evaluation of patenting trends and patent eligibility showcasing U.S. and EPO perspectives in the realm of quantum computing.

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

Happy Holidays and Take Care!

Your Global CC IP Team

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BARCELONA

Juan Cuerva de Cañas

"CV-ONLINE LATVIA V. MELONS" (CASE C-762/19): HYPERLINKS AND SEARCH ENGINES. IS THE CJEU REDEFINING THE *SUI GENERIS* DATABASE RIGHT? IT CERTAINLY LOOKS LIKE IT!

The Judgment of the CJEU of 3 June 2021 deepens its analysis and provides relevant guidance on the use by search engines and hyperlinks of the content of databases and also represents a significant shift from the previous case law of the CJEU.

Introduction

Copyright aficionados will already know that the courts are used to handling proceedings involving job adverts. In fact, legal issues related to job adverts and their relationship with copyright are nothing new in Spain.

During the 90s, the well-known Spanish newspaper "La Vanguardia" filed a complaint against the editor of a weekly magazine that published job adverts released by various media outlets, including La Vanguardia, which claimed that its job adverts were protected by copyright. In April 1995, Barcelona Court of First Instance Number 25 upheld La Vanguardia's complaint. While the Court of Appeal revoked the Court of First Instance's decision, the Spanish Supreme Court reversed the decision of the Court of Appeal by concluding that the job adverts at stake were original and could therefore be copyrighted: *"such advertisements, known as "job offers", are simply a creative activity involving a substantial element of originality, which cannot be pigeonholed into template clauses or typographical uses. [...] It should not be forgotten in this respect that a job offer, with the socio-economic burden it entails, requires intellectual activity at a certain level to make the offer attractive with the aim of obtaining a positive outcome that will benefit both the offeror and the future applicant, and also comprises the medium in which the offer is made, which therefore has the right to be protected in its creative endeavour"*¹. In the same vein, some years later, the Court of Justice of the European Union ("**CJEU**") declared in 2009 that it is indeed possible that a text of just eleven words may be considered original².

As a result of digitalisation and the unstoppable rise of content aggregators, the battle for job adverts is now fought on the internet rather than on paper. Proof of it is that, in 2013, in *Innoweb*³, the CJEU was called on to decide a case in which the results produced by a dedicated meta search engine that enabled searches to be carried out on third party websites were found to be contrary to Article 7 of Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection

Key issues

- The CJEU emphasises that the purpose of the *sui generis* right is to ensure the protection of a substantial investment in the obtaining, verification or presentation of the contents of a database.
- A database is, in the CJEU's opinion, only eligible for protection by the *sui generis* database right if there has been, qualitatively and/or quantitatively, a substantial investment in the obtaining, verification or presentation of the contents of that database.
- With regard to the infringement test, the CJEU considers that the "extraction" and "re-utilisation" of the content of a database without the consent of its maker is *per se* not enough.
- Only those "extraction" and/or "re-utilisation" acts that have the effect of depriving the database maker of the income intended to redeem the cost of that investment are prohibited and contrary to Article 7(1) of Directive 96/9/EC.
- Furthermore, when applying the infringement test, national courts must strike a fair balance between the legitimate interest of the makers of databases in being able to redeem their substantial investment and that of users and competitors of those makers in having access to the information contained in the databases and the possibility of creating innovative products based on that information.

¹ Judgment of the Spanish Supreme Court (Civil Chamber) of 13 May 2002 (judge rapporteur: Mr Ignacio Sierra Gil de la Cuesta).

² See the judgment of the CJEU of 16 July 2009, *Infopaq*, C-5/08.

³ Judgment of the CJEU of 19 December 2013, *Innoweb*, C 202/12.

of databases ("**Directive 96/6/EC**"), since the meta search engine unlawfully "re-utilised" the whole or a substantial part of the contents of a database that collected car sales adverts.

In the CJEU's judgment of 3 June 2021 in *CV-Online v Melons*, Case-762/19 (the "**Judgment**"), which is the subject of this article, the CJEU ruled on another case involving search engines and job adverts. Again, the admissibility of the "extraction" and the "re-utilization" of database content by a search engine was at the heart of the dispute. However, the novelty of this case lies in the fact that the Judgment not only deepens its analysis and provides relevant guidance on the use of database content by search engines and in hyperlinks, but also represents a significant shift from the CJEU's previous case law set out in 2013 in the *Innoweb* case.

Background to the dispute

The dispute the Judgment relates to dates back to 2019.

CV-Online SIA ("**CV-Online**") is a Latvian company that runs the website www.cv.lv, which includes a database⁴ containing job adverts published by employers. CV-Online's website is also equipped with meta tags that allow internet search engines to better identify the content of each page in order to index it correctly⁵. Those meta tags contain the following keywords for each job advertisement in the database: "job title", "name of the undertaking", "place of employment" and "date of publication of the notice".

In 2019, Melons SIA ("**Melons**"), a company incorporated under Latvian law, operated the website www.kurdarbs.lv⁶, a search engine specializing in job adverts, which made it possible to carry out a search on several job sites according to various criteria, including type of job and "place of employment". The www.kurdarbs.lv site used hyperlinks to refer users to the websites on which the information they were looking for was initially published, including CV-Online's site. Users could use the hyperlinks, *inter alia*, to access the website www.cv.lv, in order to view that site and its contents. The information contained in the meta tags inserted by CV-Online on its website were also displayed in the list of results obtained when using Melons' specialised search engine. The origin of the dispute was therefore essentially limited to the display by Melons, in the list of results generated by its search engine, of (i) a hyperlink to CV-Online's website and (ii) the meta tags inserted by CV-Online on its site.

Against this background, CV-Online brought an action against Melons in which it claimed that Melons "**extracted**" and "**re-utilised**" a substantial part of the contents of the database on the website www.cv.lv. In other words, that displaying the hyperlink to CV-Online's website in the list of results generated by Melons's search engine and displaying the meta tags should be considered a non-authorised "**extraction**" and "**re-utilisation**" of the contents of CV-Online's database.

Following the judgment's appeal to the court of first instance, which found that there had been a breach of CV-Online's *sui generis* database right on the grounds that there

⁴ This database is developed and regularly updated by CV-Online.

⁵ These tags, of the microdata type, are not visible when CV-Online's internet page is opened.

⁶ At the time of writing this article, this webpage is still operative.

was a "**re-utilisation**" of its database, the Regional Court of Riga⁷ decided to stay the appeal proceedings and to refer two questions to the CJEU for a preliminary ruling.

Questions referred to the CJEU

The Regional Court of Riga referred the following two questions to the CJEU regarding the interpretation of Article 7(2)(b) of Directive 96/6/EC, which refers to the *sui generis* database right:

1. Should Melons' activities, consisting of using a hyperlink to redirect end users to CV-Online's website, where they can consult a database of job ads, be interpreted as falling within the definition of "**reutilisation**" contained in Article 7(2)(b) of Directive 96/6/EC, more specifically, as the reutilisation of the database by another form of transmission?
2. Should the information containing the meta tags that is shown in Melons' search engine be interpreted as falling within the definition of "**extraction**" in Article 7(2)(a) of Directive 96/6/EC, more specifically, as the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form?

The Regional Court of Riga was essentially asking the CJEU whether:

- 1) a specialised search engine displaying a hyperlink redirecting the user of that search engine to a third-party website (CV-Online) providing access to the contents of a job advert database fell within the definition of "**re-utilisation**" contained in Article 7(2)(b) of Directive 96/6/EC; and whether
- 2) the information from the meta tags of that website displayed by that search engine was to be interpreted as falling within the definition of "**extraction**" contained in Article 7(2)(a) of the Directive.

It is important to note in this regard that Article 7 of Directive 96/6/EC establishes in paragraph (1) the right of a maker of a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents, to prevent "**extraction**" and/or "**re-utilisation**" of the (whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database⁸. For the purposes of Article 7(1) of Directive 96/6/EC, Article 7(2) of said Directive clarifies that:

- (a) "**extraction**" means the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form; and that
- (b) "**re-utilisation**" means any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission.

⁷ Rīgas apgabaltiesas Civillietu tiesas kolēģija.

⁸ In the case of Spain, this article has been transposed by Article 133 of the Spanish Copyright Act (Royal Decree 1/1996, of 12 April).

Since the above-mentioned questions were interconnected, the CJEU decided to examine them together, as it understood that the Latvian court which referred them was asking, in essence, whether Article 7(1) and (2) of Directive 96/6/EC must be interpreted as meaning that an internet search engine specialising in searching the contents of databases, which copies and indexes the whole or a substantial part of a database freely accessible on the internet and then allows its users to search that database on its own website according to criteria relevant to its content, is "**extracting**" and "**re-utilising**" the content of that database within the meaning of that provision, and that the maker of such a database (i.e. CV-Online) is entitled to prohibit such extraction or re-utilisation of that same database.

Findings of the CJEU

Purpose of the *sui generis* database right and protection of the substantial investment made by the database maker

In order to decide the dispute at hand, the CJEU considered it necessary, first of all, to build up its reasoning by defining the scope and purpose of the protection of the *sui generis* right under Directive 96/6/EC.

In this respect, the CJEU adheres to the doctrine that it had previously established in the *Innoweb* case and restated that the purpose of the *sui generis* right is to ensure the protection of a substantial investment in the obtaining, verification or presentation of the contents of a database. That is, to ensure that the person who has taken the initiative and assumed the risk of making a substantial investment in terms of human, technical and/or financial resources in the setting up and operation of a database receives a return on his/her investment, by protecting him/her against the unauthorised appropriation of the results of that investment. Thus, a database, in the CJEU's opinion, is only eligible to be protected by the *sui generis* database right if there has been, qualitatively and/or quantitatively, a substantial investment in the obtaining, verification or presentation of the contents of that database. In this regard, according to the CJEU's settled case law:

- 1) investment in the obtaining of the contents of a database concerns the resources used to seek out existing independent materials and collect them in the database (and not the resources used for the creation of independent materials as such)⁹;
- 2) investment in the verification of the contents of a database refers to the resources used, with a view to ensuring the reliability of the information contained in that database, to monitor the accuracy of the materials collected when the database was created and during its operation¹⁰; and
- 3) lastly, investment in the presentation of the contents of the database includes the means of giving that database its function of processing information, i.e. those used for the systematic or methodical arrangement of the materials contained in that database and the organisation of their individual accessibility¹¹.

⁹ See judgments of 9 November 2004, *The British Horseracing Board and Others*, C 203/02, EU:C:2004:695, paragraph 31 and *Fixtures Marketing*, C 338/02, EU:C:2004:696, paragraph 22.

¹⁰ See judgment of 9 November 2004, *The British Horseracing Board and Others*, C 203/02, EU:C:2004:695, paragraph 34.

¹¹ See judgments of 9 November 2004, *Fixtures Marketing*, C 338/02, EU:C:2004:696, paragraph 27; *Fixtures Marketing*, C 444/02, EU:C:2004:697, paragraph 43; and *Fixtures Marketing*, C 46/02, EU:C:2004:694, paragraph 37.

Once it has been determined that a relevant database meets the "substantial investment" requirement in the expressed terms¹² and then the protection of the *sui generis* database right is granted, the CJEU goes on to analyse whether the display by Melons, in the list of results generated by its search engine, of (i) a hyperlink to CV-Online's website and (ii) the meta tags inserted by CV-Online on its site constitutes an "**extraction**" and/or a "**re-utilisation**" of the whole or of a substantial part of the contents of CV-Online's database under the terms of Article 7(2) of Directive 96/6/EC.

"Extraction" and "re-utilisation" of the contents of a database

As expected, the CJEU considers that the concepts of "**extraction**" and "**re-utilisation**" defined in Article 7(2)(a) and (b) must be taken as a starting point. However, the CJEU understands that, in light of the purpose of the *sui generis* database right, those concepts of "**extraction**" and "**re-utilisation**" must be broadly interpreted, "*as referring to any act of appropriating and making available to the public, without the consent of the maker of the database, the results of his/her investment, thus depriving him or her of revenue which should have enabled him or her to redeem the cost of that investment*"¹³.

Having said that, the CJEU then focuses on how Melons' specialised search engine works: it regularly indexes the websites – CV-Online's among them – on which it enables searches to be performed and keeps a copy on its own servers. Next, by using its own search form, the specialised search engine enables its users to carry out searches according to the criteria which it offers, such searches being carried out on the data that have been indexed. Moreover, by indexing and copying the content of the websites onto its own server, Melons' search engine transfers the content of the databases that comprise those websites, to another medium. Therefore, Melons' specialised search engine makes it possible to explore simultaneously, by means other than those provided by the maker of the database concerned (i.e. CV-Online), the entire content of several databases, including that of CV-Online, by making that content available to its own users. By providing the possibility of searching several databases simultaneously, according to criteria relevant from the point of view of jobseekers, Melons' specialised search engine gives users access, on its own website, to job adverts contained in those databases. Furthermore, making such data available is directed at the "*public*", as required by Article 7(2)(b) of Directive 96/6/EC, since anyone can freely use such a search.

It follows, according to the CJEU, that such transfer of the substantial contents of the databases concerned and making that data available to the public, without the prior consent of the maker of the database, constitute, respectively, acts of "**extraction**" and "**re-utilisation**" of those databases under the terms of Article 7(2) of Directive 96/6/EC.

¹² Technically speaking, the CJEU understands that, since the questions referred for a preliminary ruling are based on the premise that CV-Online's database satisfies the "substantial investment" condition, it is for the referring national court to examine, where appropriate, whether the conditions laid down in Article 7 of Directive 96/9 are satisfied for the grant of protection by the *sui generis* right.

¹³ See paragraph 31 of the Judgment and the judgment of 9 November 2004, *The British Horseracing Board and Others*, C 203/02, EU:C:2004:695, paragraph 51.

Fair balance between the legitimate interest of the makers of databases and that of users and competitors of those makers

Notwithstanding the above, the CJEU considers that the "**extraction**" and "**re-utilisation**" of the content of a database without the consent of its maker is not sufficient *per se*. In order to prohibit these acts, as part of the infringement test, it is required that these acts "*have the effect of depriving*" the database maker "*of income intended to enable him or her to redeem the cost of that investment*"¹⁴. That is, having stated that the purpose of the *sui generis* right is to protect the substantial inversion made by the database maker in the obtaining, verification or presentation of the contents of his/her database, only those "**extraction**" and/or "**re-utilisation**" acts that cause significant detriment – evaluated qualitatively or quantitatively – to the investment of the database maker could be prohibited and be contrary to Article 7(1) of Directive 96/9/EC¹⁵.

This is because, in the opinion of the CJEU, it is necessary to strike a fair balance between, on the one hand, the legitimate interest of the makers of databases in being able to redeem their substantial investment and, on the other hand, that of users and competitors of those makers in having access to the information contained in those databases and the possibility of creating innovative products based on that information¹⁶. And, with the purpose of the *sui generis* database at the forefront of its mind, the main criterion in the CJEU's eyes for balancing the legitimate interests at stake must be the potential risk to the substantial investment of the maker of the database concerned, namely the risk that that investment may not be redeemed.

Thus, the CJEU understands that it is therefore for the national courts (in this particular case for the referring Latvian court, in order to rule on CV-Online's right to prohibit the "extraction" or "re-utilisation" of the whole or a substantial part of the contents of that database) to ascertain, in light of all the relevant circumstances, first, whether the obtaining, verification or presentation of the contents of a database – such as CV-Online's database – constitutes a substantial investment, and, second, whether the extraction or re-utilisation by a specialised search engine, such as Melons', constitutes a risk to the possibility of redeeming that investment.

¹⁴ See paragraph 37 et seq. of the Judgment.

¹⁵ See the judgment of 9 November 2004, *The British Horseracing Board and Others*, C-203/02, EU:C:2004:695, paragraphs 45 and 46. In this regard, Article 7 of Directive 96/9 protects the maker of the database against acts by a user which go beyond the legitimate rights of that user and thereby harm the investment of the database maker.

¹⁶ The CJEU has held, relying in particular on recitals 39, 42 and 48 of Directive 96/9, that the objective pursued by the EU legislature through the introduction of a *sui generis* database right is also to stimulate the establishment of data storage and processing systems which contribute to the development of an information market, against a background of exponential growth in terms of the amount of information generated and processed annually in all sectors of activity (see the judgment of 19 December 2013, *Innoweb*, C-202/12, EU:C:2013:850, paragraph 35).

Decision

In light of all the foregoing, the CJEU decided to answer the questions referred to it as follows:

"Article 7(1) and (2) of Directive 96/9 must be interpreted as meaning that an Internet search engine specialising in searching the contents of databases, which copies and indexes the whole or a substantial part of a database freely accessible on the Internet and then allows its users to search that database on its own website according to criteria relevant to its content, is "extracting" and "re-utilising" the content of that database within the meaning of that provision, which may be prohibited by the maker of such a database where those acts adversely affect its investment in the obtaining, verification or presentation of that content, namely that they constitute a risk to the possibility of redeeming that investment through the normal operation of the database in question, which it is for the referring court to verify."

Conclusion

In its Judgment of 3 June 2021, the CJEU deepens the analysis done in its previous doctrine on the use of search engines and hyperlinks and their relationship, from a copyright perspective, with databases. Yet this Judgment represents an important shift with respect to its previous case law. The CJEU confirms that, to be prohibited, the existence of an **"extraction"** and **"re-utilisation"** of the content of a database without the consent of its maker is required but it is not enough. It is also necessary that such acts deprive the database maker, or endanger its right to redeem the cost, of his/her investment. Moreover, while considering this risk, national courts must balance the interest of the database maker and of the other parties, as part of the infringement test.

In short, the CJEU seems to have redefined the *sui generis* database right with respect to the *Innoweb* case. Database makers and players eager to use third-party data in the digital arena must keep an eye on whether the CJEU confirms such doctrine in the future.

DÜSSELDORF

Nicolas Hohn-Hein

EU IP OFFICE LAUNCHES FIRST BLOCKCHAIN-BASED IP REGISTER, ANTI-COUNTERFEITING BLOCKATHON FORUM

For several years now blockchain technology, in particular its major use case: blockchain-based crypto assets (like Bitcoin), is on the rise. Due to its decentralized nature, blockchain offers a verifiable, tamper-proof register to record any information stored in it by its users. In 2019 we talked in-depth about how any type of IP (e.g. patents, utility models, trademarks, know-how etc.) could be subject to a blockchain-application as the object of the transactions can be freely defined dependent on the purpose of the respective use case.¹ Against this background, as part of its "Action Plan IP", the EU intellectual property office ("**EUIPO**") is actively researching ways to put blockchain into use and has recently launched the world's first official blockchain-based trademark and design register.

Key issues

- The launch of the first official blockchain-based trademark and design register is a milestone as it promotes an immutable and auditable record.
- A blockchain-based copyright register could be a way to more transparency and micro-licensing.
- The Anti-Counterfeiting Blockathon Forum is EUIPO's new hub to research and implement blockchain-based solutions in the fight against counterfeiting.

I. What's blockchain?

In a nutshell, a blockchain is a special type of data structure (i.e. a database), distributed among its participants (*distributed ledgers*), in which the data is set out and built up in successive blocks. Through a consensus mechanism, new blocks are validated by a majority of participants, each of them maintaining the most current, true version of the blockchain at any given time.² While blockchain's first (and most famous) use case is Bitcoin, a plethora of projects applying the same or similar principles have popped up over time. Decentralized finance (*DeFi*) aspires to create a global peer-to-peer alternative to traditional financial services using permissionless blockchain technology³, while the market for non-fungible tokens (*NFTs*), or crypto assets representing proof of title to a unique digital version of an underlying asset (such as a digital or non-digital work of art) is soaring.⁴

¹ See "Blockchain and its application in the field of IP Smart Contracts and IPR management", <https://talkingtech.cliffordchance.com/en/emerging-technologies/blockchain---distributed-ledger-technology/blockchain-and-its-application-in-the-field-of-ip.html> (updated on 5 November 2021)

² "Blockchain What it is and why it's important", <https://talkingtech.cliffordchance.com/en/emerging-technologies/blockchain---distributed-ledger-technology/blockchain---what-it-is-and-why-it-s-important.html>

³ "Fintech in 2021 – the five trends to watch", <https://talkingtech.cliffordchance.com/en/industries/fintech/fintech-in-2021---the-five-trends-to-watch.html>

⁴ Non-fungible tokens - global impact", https://talkingtech.cliffordchance.com/en/industries/e-commerce/non-fungible_tokensthegloballegalimpact.html

II. First official blockchain-based trademark and design register

The Action Plan IP intends to strengthen and further develop the current EU IP framework in response to new technological and economic challenges in an ever-developing world. Accordingly, the EU Commission has identified five key focus areas with specific proposals for action⁵:

- upgrade the system for IP protection,
- incentivise the use and deployment of IP, notably by medium-sized enterprises,
- facilitate access to and sharing of intangible assets while guaranteeing a fair return on investment,
- ensure better IP enforcement, and
- improve fair play at global level

The Action Plan IP explicitly references blockchain technology as potential remedy "to increase the effectiveness of our IP systems".⁶

As a result, in April 2021 the EU launched the first European IP register on blockchain in collaboration with participating offices. The new blockchain (with its first "genesis block" been created at 08.10 CET on 17 April 2021) automatically stores data related to registered IP rights across various IP offices in a decentralized manner (e.g. without the need of a central data provider/server). The use of blockchain enables an immutable and auditable historic record of IP rights across the register, facilitating lodging of priority claims for users and information requests and exchanges among participating IP offices.⁷

In addition, EUIPO's online platforms TMView and DesignView (gathering more than 62 million trade marks and 17 million designs) are now fully connected to the blockchain and updated in real time.⁸ Malta is the first country which has joined the blockchain network on 1 July 2021⁹ with many offices across Europe expected to join over the next months.

III. Other blockchain use cases promoted by EUIPO

Two further use cases currently taken into consideration by the EU Action Plan IP and EUIPO pertain to the (a) administration of copyrights and (b) the EU's anti-counterfeiting measures.

a. Administration of copyrights

One of the goals of the EU Action Plan IP is to explore blockchain use cases with respect to the administration of copyrights. According to the EU Action Plan IP the

5 25 November 2020, COM(2020) 760 final

6 25 November 2020, COM(2020) 760 final

7 <https://euiipo.europa.eu/ohimportal/en/news/-/action/view/8662923>

8 <https://euiipo.europa.eu/ohimportal/en/news/-/action/view/8662923>

9 <https://euiipo.europa.eu/ohimportal/en/web/guest/news/-/action/view/8793606>

[u]se of high quality metadata and new technologies such as blockchain could also help achieve more transparency and better rights data management, notably with regard to copyright and an improved identification of rights owners.

Unlike the US for example, EU law does not have a copyright register in order to prove time and place of the coming into existence (*proof of existence*) as well as ownership of a copyrighted work. Thus, without a respective register, it is on the claimant to provide such proof, which, depending on the particular case, may be tricky (in particular if several parties were involved in the development work). The copyrighted work's corresponding "digital fingerprint" (*hash value*) could be stored in the blockchain and be retrieved for verification purposes.

Apart from evidencing existence and ownership, a blockchain-based IP register could open the door to micro-licensing scenarios where licenses could be monetized automatically, e.g., through smart contract applications connected to the blockchain.¹⁰ Accordingly, the EU Action Plan IP points out:

The Commission will further work with relevant stakeholders to promote the quality of copyright data and achieve a well-functioning "copyright infrastructure" (e.g. improve authoritative and updated information on right holders, terms and conditions and licensing opportunities).

b. Anti-Counterfeiting Blockathon Forum

In the fight against counterfeiting, EUIPO has launched the "Anti-Counterfeiting Blockathon Forum" which shall "bring together people and organizations to shape and deliver the future anti-counterfeiting infrastructure based on blockchain".¹¹ The Forum's goal is to build a common blockchain infrastructure where all stakeholders (intermediaries, rights holders and law enforcement agencies) may share data to protect supply chains from infiltration by counterfeit goods.¹²

One concept developed in this context is based, for example, on companies registering each good in a blockchain, i.e. each good or batch of goods becomes a unique token (*tokenization*). "Rights holders may authorise other parties, such as manufacturing and packaging suppliers, to create and handle tokens on their behalf and record events and information for their goods".¹³ This way the entire journey of any (tokenized) good becomes completely trackable with a higher degree of legal certainty. The platform (which is in development since 2018) shall feed into risk analysis tools of EU enforcement authorities and other EUIPO tools and facilities, such as the European Observatory on Infringements of Intellectual Property Rights.

¹⁰ <https://talkingtech.cliffordchance.com/en/emerging-technologies/blockchain---distributed-ledger-technology/blockchain-and-its-application-in-the-field-of-ip.html>

¹¹ <https://euiipo.europa.eu/ohimportal/de/news/-/action/view/4963920>

¹² <https://euiipo.europa.eu/ohimportal/en/web/observatory/blockathon/acbi>

¹³ https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/Blockathon/Blockathon-Forum_Blockchain-Use-Case.pdf

IV. Conclusion

The launch of the first official blockchain-based trademark and design register is a milestone as it promotes an immutable and auditable record and therefore a higher degree of legal certainty with respect to the priority of a registered IP right and other information contained in the register entry. This concept might also be promising with respect to a potential EU copyright register which is something market participants might welcome. However, while the technology underlying the register might have been updated, it should be noted that the trademark and design register's declaratory nature remains, i.e. register entries might not correctly reflect the actual legal situation (e.g. in case of unrecorded assignments of an IP right to a third party).

With the Anti-Counterfeiting Blockathon Forum, the EUIPO has applied a strategy usually observed in the private sector by attracting technical expertise through respective "coding" competitions (usually called "Hackathon"). If done properly, such development concept is a smart way to explore and finally implement feasible, industry standard solutions. In any event, like the blockchain-based IP register the Anti-Counterfeiting Blockathon Forum reflects, and appears to be in line with, the EU Commission's goals set in the EU Action Plan IP to increase the effectiveness of the EU IP system and promote opportunities for right holders by use of blockchain technology.

MILAN

Anna Albanese / Andrea Andolina

GOOGLE ADS AND THE "SAFE HARBOUR" IN A RECENT INTERNET SERVICE PROVIDER DISPUTE

On 28 October 2021 the Italian Regional Administrative Court of Lazio ruled that Google has not violated the games advertising ban.

In its decision no. 541 of 22 October 2020, the Italian Communications Regulatory Authority (*Autorità per le Garanzie nelle Comunicazioni* "**Agcom**") imposed a fine of EUR 100,000 on Google in relation to the activity of the Google Ads service, for having allowed, against payment, the dissemination of links to gambling sites in violation of the Italian ban on the advertising of games with cash prizes.

Google had filed an appeal against Agcom's decision with the Italian Regional Administrative Court of Lazio (the "**Court**"), which overturned the first ruling by means of decision no. 11036 of 28 October 2021. In particular, the Court upheld Google's claim that Google's role should be qualified, in respect of Google Ads, as a mere "hosting provider"; as a consequence, according to EU Directive 2000/31 and the law transposing it in Italy (Legislative Decree 70/2003), Google should not be liable for the content "uploaded" by the advertiser on the web platform made available.

The case

In the first decision, Agcom ruled that the displaying of links to gambling services by Google Ads violated the games advertising ban in art. 9 of Law no. 96 of 9 August 2018. ***This provision prohibits any type of advertising – including indirect advertising of games and bets with cash prizes – by any means, including through social media.***

As a preliminary finding, Agcom interpreted Google's role to be that of a "hosting service provider" pursuant to Legislative Decree no. 70/2003, i.e. a provider whose activities consist in the storage of information. Article 16 provides for a "safe harbour" for the hosting service provider, which is not liable for the information stored by third parties, provided that it: (i) does not have actual knowledge of the fact that the activity or information is unlawful and, as far as actions for damages are concerned, is not aware of facts or circumstances which make it clear that the activity or information is unlawful; (ii) as soon as it becomes aware of such facts, acts immediately to remove the information or to disable access to it.

According to Agcom, Google's activities go beyond the mere hosting of advertising content and are aimed at enhancing a system capable of ensuring effective positioning with respect to search words entered by users and the profiling of their navigation. In the authority's words: *"The storing activity is, in fact, completely ancillary and technically necessary for the provision of the main service which is, instead, aimed at*

Key issues

- Internet service providers are not subject to a general surveillance duty.
- The liability of internet service providers depends on the service they offer, their awareness of any infringements and their active role in removing or modifying the unlawful content.
- Indirect games advertising also qualifies as unlawful conduct in terms of the games advertising ban.

the direct promotion of bets and paid games, an activity expressly forbidden by national law". This approach leads to the exclusion of the application of the "safe harbour" of article 16 of the Legislative Decree no. 70/2003.

This line of reasoning was overruled in the second decision by the Court. In particular, the Court found that the activities performed by Google are of an automated nature, thus excluding an active role in promoting the content hosted.

The Court emphasises in particular that the ads are created by the fully autonomous advertiser, which determines their content through an automated process, which starts from the user's registration, with the acceptance of the "Advertising Rules" containing clear information on the activities forbidden or subject to restrictions. Afterwards, the user proceeds to upload the advertising message, which is examined by a software program that automatically verifies its compliance with the contractual terms and conditions, and is then published.

Moreover, the company has also set up a system that makes it possible to automatically block messages bearing unlawful content which, in the case in point, has occasionally been pushed using a fraudulent technique (i.e. "cloaking").

As a consequence, ***the "safe harbour" should apply in the case at issue, because neither the provider's awareness of the infringement nor its lack of action to eliminate it were proven.*** Furthermore, it was proven that Google took steps to remove the advertisement as soon as it became aware of the violation, and to block the account from which the unlawful message originated.

Conclusions

The Court's decision confirms the basic assumption that the internet service provider is not subject to a general obligation to monitor the information it transmits and stores, nor is there a general obligation to actively look for facts and circumstances that indicate the presence of unlawful activities.

The decision of the Court suggests that a case-by-case approach must be applied and even more attention given to the specific situations concerned. ***Courts seem to be focusing increasingly on the level of diligence that is reasonable to expect from a professional network operator at any point of time.*** Therefore, it would be advisable for internet service providers to set up appropriate state-of-the-art technical measures able to promptly recognise and remove unlawful content.

MILAN

Iolanda D'Anselmo / Maria Giulia Tammaro / Andrea Andolina

ITALIAN COMPETITION AUTHORITY DEEMS GOOGLE, APPLE AND DROPBOX CLOUD TERMS AND CONDITIONS UNLAWFUL

In August 2020, the Italian Competition Authority (*Autorità Garante per la concorrenza ed il mercato*, the “**Authority**”) launched various investigations into Google, Apple and Dropbox based on the allegation that the three companies had been engaged in unfair commercial practices, infringed the Italian Consumer Code (which implements, *inter alia*, Directive 2011/83/EU, “Consumer Rights Directive”) and possibly included unfair terms in their contractual conditions for cloud services.

The allegations

In particular, the Authority found that both Google and Apple failed to adequately inform users about the data collection and use of data for commercial purposes, stating that this might result in a lack of transparency for users subscribing to and using cloud storage services.

Furthermore, as far as Google Drive is concerned, the Authority object to the sections of the terms and conditions regarding contractual liability, suspension or interruption of access to the services and changes to the terms. The sections in questions were found to violate article 33 of the Consumer Code due to a significant imbalance of consumers' rights and obligations under the contract. More specifically, under Italian law clauses that:

- (i) exclude or limit consumers' actions or rights in the event of unfulfillment of the trader's obligations (article 33, para. 2, lit. b);
- (ii) provide for a final commitment by the consumer while the performance of the trader is based on a condition to be met exclusively at the trader's discretion (article 33, para. 2, lit d); and/or
- (iii) allow the trader to unilaterally modify the terms of the contract without due cause (article 33, para. 2, lit. m)

are presumed to be unfair until proven otherwise.

As for Apple's iCloud, the sections regarding warranty exclusion, backup and changes to the service were found to infringe, once again, article 33, para. 2, lit. b) and m). The ICA has stressed how essential it is in the event of unilateral modifications to the contractual conditions for the trader to inform the consumer in due time of the specific reason justifying the change.

Key issues

- The ICA has deemed some clauses included in cloud contracts unlawful.
- Google, Apple and Dropbox have been instructed to publish the order on their websites.
- Terms and conditions may include pitfalls for users.
- Paying and non-paying users are to be treated in the same way.

With regard to Dropbox, the Authority found that it failed to provide clear and easily accessible information to users regarding conditions, terms and procedures for withdrawing from the contract and exercising the right to reconsider. Moreover, no liability was taken for versions of the terms translated in languages other than English, with the latter version being the only legally valid one. Such a provision has been declared unfair and unlawful pursuant Italian consumer law.

On this occasion, the ICA chose not to fine the operators but merely ordered them to delete the unfair conditions and publish the corresponding injunctions on their websites.

Conclusions

The success and importance of cloud storage services is undisputed, but this may lead to certain risks in terms of negotiation powers: in this sector, the user typically faces a strictly binary choice – signing up for the service or leaving – and this may result in the user accepting the terms and conditions of the provider even without reading them (sometimes they are not written in Italian, either).

From this perspective, the Authority's scrutiny became one of the most effective deterrents for cloud providers to avoid unfair terms and disproportionate conditions and will help restore the balance between the parties.

DÜSSELDORF

Judith Dany / Fabian Schraa

IMPLICATIONS DERIVING FROM THE NOW CODIFIED EXCLUSION TO INJUNCTIVE RELIEF BASED ON THE PRINCIPLE OF PROPORTIONALITY UNDER THE REVISED GERMAN PATENT ACT

This year's reform of the German Patent Act ("**PatG**") has brought about several important changes. This article addresses the practical implications deriving from the now codified exclusion to injunctive relief.

New confidentiality obligations adopted from the German Act on Protection of Trade Secrets improve the protection of trade secrets presented in patent litigation proceedings. Furthermore, the reform aims to synchronise parallel infringement and cancellation proceedings in order to mitigate challenges and uncertainties for the parties involved arising from differences in terms of duration and jurisdiction.

Apart from these changes, the codification of a proportionality defence in Section 139 PatG marks the preliminary end to years of discussion on the risks and benefits of a de facto automatic injunction regime. As this amendment is not only highly controversial, but also has new practical and strategic implications in cases of alleged infringement, we want to shed light on the exclusion's scope and its application and enforcement in practice.

Injunctive relief restrained by the principle of proportionality

Injunctive relief is one of the most effective remedies for patent protection. In exceptional cases, however, it can lead to undue hardship. With products becoming increasingly complex, manufacturers across many industries, including the automobile and mobile sector, are significantly affected when comprehensive injunctive relief is granted due to patent infringements concerning only minor components of their products. In some cases, abusive conduct of patent owners has prompted calls for a legislative corrective. Against this background, the German Federal Court of Justice has in the past recognised an exclusion based on the principle of proportionality that could lead to a rejection of injunctions in exceptional cases.¹ Lower courts, though, have been reluctant to apply this principle which fostered the notion that an explicit statutory provision might be necessary.²

Unsettled scope of the exclusion

The amended Section 139 PatG stipulates that injunctive relief is excluded insofar as, in light of the special circumstances of the specific case and the principles of good faith, it would cause the infringer or third parties disproportionate hardship not

Key issues

- German patent reform codifies principle of proportionality - a powerful tool against an automatic injunction regime?
- The scope of the newly codified exclusion is yet to be determined by case law.
- New strategic considerations for infringement proceedings should be taken into account.

¹ German Federal Court of Justice, May 10th 2016, X ZR 114/13, para. 40.

² BT-Drucks. 19/25821, p. 53.

warranted by the exclusive right. In this case, the aggrieved party shall be granted reasonable monetary compensation.

The new provision goes beyond the approach taken by the German Federal Court of Justice.³ In particular, the stipulation to consider third-party interests is remarkable and may raise concerns in certain quarters.⁴ When interpreted extensively, patent owners could suffer when their interests are additionally weighted against those of the general public or those of suppliers and retailers in supply chains. An excessive assertion of the exclusion in practice could also slow down infringement proceedings.

However, the legislator seems to recognise such risks as it emphasises the importance of effective injunctive relief for patent protection. The exclusion is intended to be limited to exceptional cases.⁵ The constraint is additionally moderated by the fact that – in deviation from the initial draft – Section 139 PatG provides for mandatory monetary compensation in cases in which the exclusion is applied. Moreover, further compensation for damages remains unaffected.

Procedural considerations

In view of the necessary case-by-case assessment, the legislator appears to have been deliberately reticent in specifying criteria for the proportionality test. Therefore, it remains to be seen, how and to what extent courts will apply the exclusion and whether the codification will facilitate the desired effect on the application by lower courts.

While the alleged infringer does not have to explicitly invoke Section 139 PatG, it must be apparent from the defendant's submission that the granting of injunctive relief is considered disproportionate.⁶ In line with general procedural rules, the defendant as the benefitting party bears the burden of proof for disproportionate hardship. A corresponding submission by the plaintiff is therefore only required if substantial reasons for an exceptional limitation of the claim for an injunction have been put forward.⁷ Since a comprehensive weighing of interests is required while at the time the scope of criteria to consider is still undefined, the defendant should present from the outset any and all circumstances from which the undue hardship can be derived. Any failure to submit adequate facts by the conclusion of the oral proceedings will be to the detriment of the defendant.

Under German patent law, protective writs can be filed as a protective measure if a motion for a preliminary injunction is suspected. It is advisable to present arguments against the proportionality of a preliminary injunction in the protective writ to support the claim that at least an oral hearing should be scheduled, and, if this does not succeed, to ensure that the arguments are taken into account in the event of an ex parte decision by the court.

3 Ohly/Stierle, GRUR 2021, 1229, 1232; McGuire GRUR 2021, 775, 783.

4 Compare McGuire GRUR 2021, 775, 781; Meckel GRUR-Prax 2021, 585, 587.

5 BT-Drucks. 19/25821, p. 53.

6 Ohly in Ohly/Sosnitzer, 7th ed. 2016, UWG § 8 para. 45; Schacht, GRUR 2021, 440, 442.

7 BT-Drucks. 19/25821, p. 53.

Arguments for disproportionality

Although they are not conclusive and merely uphold previous case law, the relevant criteria suggested in the explanatory memorandum⁸ can serve as a basis for proving an injunction to be disproportionate.⁹

Firstly, the individual interests of the parties involved serve as the starting point for the balancing of interests. On the defendant's side, the potential financial impacts of an injunction need to be emphasised. Where complex products are concerned or substantial and long-term investments have been made, the imminent likelihood of exceptionally high damages can constitute an argument for disproportionality. In addition, a lack of feasible modifications to the infringing product ("design around") can be put forward. On the claimant's side, the interest in injunctive relief will vary depending on the right holder's business practice. An engagement in direct competition with the alleged infringer can increase that interest, while a focus on the mere commercialisation of a patent through licensing agreements may indicate less of an importance.

Further grounds for profound arguments can be found in the conduct of both parties. Disproportionate hardship may exist if the infringer has taken reasonable actions to avoid patent infringements, for example, by carrying out a freedom-to-operate analysis or pursuing a licensing agreement. Furthermore, potential abusive conduct by the patent owner in wilfully delaying an action despite having observed an infringement can be a crucial factor in favour of the infringer. In general, preventative arguments against intent and negligence should be put forward as intentional or grossly negligent infringements could preclude an assertion of the proportionality defence from the outset.

Ultimately, the consideration of third-party interests offers room for new and far-reaching arguments. Especially in cases concerning products that satisfy basic needs, a recourse to interests of the general public or consumers seems possible. Since the scope of relevant third-party interests is yet to be specified, it may prove worthwhile to oppose the interests of the right holder with as many valid arguments as possible to increase the chances of successfully asserting the disproportionality defence.

Additional strategic aspects

When determining a strategy, the defendant should also take into account the level of discretion afforded to the court. Section 139 PatG does not foresee "all or nothing" as the legal consequence of disproportionality, but rather allows for a tailored solution in an infringement case. Courts can adjust the exclusion in terms of scope and duration. When considering proportionality, courts may, for example, relieve the exclusion to allow for infringing products to be phased out or adapted to mitigate hardship.¹⁰ In practice, lawyers on both sides should consider, taking into account the client's interests and the merits of the case, whether it is more promising to seek full or partial exclusion of injunctive relief. In any case, the objection can be useful for the alleged

⁸ BT-Drucks. 19/25821, pp. 53.

⁹ Schacht, GRUR 2021, 440, 441.

¹⁰ BT-Drucks. 19/25821, p. 53.

infringer as an instrument to delay injunctions. Moreover, well-founded arguments against proportionality can serve as an introduction to settlement negotiations.

Additionally, the mandatory monetary compensation for the patent owner always has to be considered when arguing for disproportionality. A diligent contemplation of the consequences of injunctive relief or the respective financial burden of compensation is required. Unfortunately, as the legal term "appropriate compensation" for the patent owner is subject to the court's discretion, the defendant should be prepared to argue on this aspect in order to avoid being faced with a disproportionate financial burden.¹¹

Conclusion

In conclusion, the explicit proportionality defence under the revised German Patent Act with its indistinct contours provides useful scope for fighting injunctions but at the same time demands an elaborate strategy. Taking into account the potential restrictive application of the exclusion, enforcing it successfully requires a balanced and well-founded approach that takes all relevant facts, interests and legal consequences into consideration.

¹¹ Ohly/Stierle, GRUR 2021, 1229, 1235.

BARCELONA

Ana Benetó

PRELIMINARY DRAFT AMENDMENT TO THE SPANISH PATENT, TRADEMARK AND DESIGN ACTS: MAIN CHANGES ENVISAGED

A preliminary draft Act amending the laws governing Spanish patents, trademarks, and industrial designs - Law 24/2015 of 24 July on Patents, Law 17/2001 of 7 December on Trademarks, and Law 20/2003 of 7 July on the Protection of Industrial Designs ("**Preliminary Draft Amendment**") - was published on 20 October 2021.

The Preliminary Draft Amendment is currently in the initial stages of the approval procedure and may therefore be subject to substantive modifications. That being said, it still provides insight into certain changes that may be introduced to the laws governing Spanish patents, trademarks and designs in the near future.

I. Amendments to the Spanish Trademark Act

Of the three laws affected by the Preliminary Draft Amendment, Law 17/2001 of 7 December on Trademarks ("**Trademark Act**") is the one that has most recently been subject to substantial modification. It was amended at the end of 2018 to incorporate Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks ("**Directive 2015/2436**").

Nevertheless, the explanatory memorandum to the Preliminary Draft Amendment recognises the need to introduce certain "*adjustments*" to provide more "*coherence and precision*". The main adjustments are as follows:

- **Revocation of distinctive signs in the context of insolvency proceedings.** A provision is introduced (Article 55.2 of the Trademark Act) enabling the court that is hearing insolvency proceedings to order the Spanish Patent and Trademark Office ("**SPTO**") to refrain from revoking distinctive signs that have not been renewed and are affected by insolvency proceedings until those proceedings have been concluded.
- **Compensation for damages if the trademark proprietor has acted in bad faith.** The Preliminary Draft Amendment modifies Article 60.3 of the Trademark Act, which states that the retroactive effect of a trademark's invalidity or revocation will not extend to (i) decisions on the trademark's infringement that have become *res judicata* and have been enforced before the declaration of invalidity or revocation, and (ii) agreements that have been formalised and executed before such declaration. Notwithstanding the above, it will be possible to claim damages from the proprietor of the trademark in those cases where they have acted in bad faith. In this regard, the Preliminary Draft Amendment clarifies that such damages must be decided and awarded by the courts and not during the course of administrative

Key issues

- The most relevant amendments set out by the Preliminary Draft Amendment regarding the Patent Act include substantially modifying the provisions governing utility models, recognising the possibility of suspending national court proceedings in those cases where ongoing limitation, opposition or revocation proceedings are being conducted before the Spanish Patent Office or the European Patent Office, and modifying certain exceptions to patentability.
- The main changes envisaged by the Preliminary Draft Amendment of the Trademark Act address the non-revocation of distinctive signs that have not been renewed and are affected by insolvency proceedings, clarify that courts will have jurisdiction to decide on damages that may be requested from the trademark proprietor when they have acted in bad faith in cases of trademark invalidity or revocation, and to modify provisions on trade names to align them with the regulation for trademarks.
- The Preliminary Draft Amendment seeks to align several provisions of the Design Act with the Trademark Act and the Patent Act (for example, provisions governing the "proof of use" requirement, the protection of the proprietor of a later design in proceedings regarding trademark or design infringement, or the quantification of damages). The amendment also envisages the introduction of "advertising licences".

proceedings. This clarification has been deemed necessary because the 2018 amendment of the Trademark Act recognised that the SPTO will have jurisdiction to hear and decide invalidity and revocation actions as of 14 January 2023.

- **Trade names.** The requirement for trade names to be susceptible of "graphical representation" is eliminated (Article 87.1 of the Trademark Act), thus aligning the provision with the amendments already made in this respect for trademarks in 2018.

Other amendments involve (i) modifying certain provisions on formal requirements for registration proceedings, (ii) recognising the possibility of suspending trademark invalidity proceedings in cases where the granting of the earlier sign used for questioning the validity is pending, and (iii) clarifying that certain provisions of the Trademark Act will also apply to international and EU trademarks.

II. Amendments to the Spanish Design Act

National industrial designs are governed by Law 20/2003 of 7 July on Industrial Designs ("**Design Act**"). According to the explanatory memorandum, the Preliminary Draft Amendment seeks to align the Design Act with the "*international context*", clarify several provisions and enhance legal certainty. The main amendments include:

- **"Proof of use" requirement.** Section f) of Article 13 of the Design Act, which governs causes for refusal of a design, is amended to introduce the "proof of use" requirement in line with Article 21 of the Trademark Act. This provision establishes that, at the applicant's request (in this case, the design applicant), the proprietor of the earlier distinctive sign - registered for at least five years - must furnish proof of the use of such sign during the five-year period preceding the application date or priority date of the sign in question (in this case, the design), or provide justified reasons for it not having been used.
- **Protection of the proprietor of a later design in proceedings regarding trademark or design infringement.** A new provision is introduced (Article 33bis) setting out that the proprietor of a trademark or design bringing an infringement action will not be entitled to prohibit the use of a design registered subsequently unless such design can be declared invalid further to the Design Act or Regulation (EU) 2017/1001, on the EU trademark. In turn, if the use of the later design cannot be prohibited, the proprietor thereof will not be entitled to prohibit the use of the earlier trademark or design within an infringement action. This provision essentially mirrors Article 41bis of the Trademark Act, introduced by the 2018 amendment of such regulation.
- **Damages.** Provisions governing liability and criteria for quantifying damages in the Design Act are aligned with corresponding provisions in the Patent Act and the Trademark Act. As regards liability for damages, instead of requiring the infringer to have been warned in a way ensuring there is an official record of the contents of the communication, the receipt and the date of receipt, the Preliminary Draft Amendment modifies Article 54.2 of the Design Act to require that the person carrying out unauthorised acts be warned "*sufficiently*" (as set out in the Trademark Act). In relation to criteria for quantifying damages, the notional royalty criterion is modified to a lump sum comprising at least such notional royalty (as set out both by the Patent Act and the Trademark Act).

- **Advertising licences.** The Preliminary Draft Amendment introduces "advertising licences" in a new provision, Article 62bis of the Design Act. This provision recognises the right of a proprietor of a registered design to offer an advertising licence by filing a written declaration with the SPTO, which will be published in the design registry. Such licence will be contractual, free, temporary, and non-exclusive and will allow any interested party acting as the licensee to use the design privately or commercially, either totally, partially or in modified form, provided that the authorship of the original creation is included in all the designs and, where applicable, in the commercial and advertising information.

Further envisaged changes in the Design Act include (i) introducing greater flexibility in certain provisions governing the application for registration of a design (for example, by allowing the substitution of a graphical representation of the design with the incorporation by reference of an earlier utility model, design or distinctive sign), (ii) recognising the possibility of dividing the design application into two or more divisional applications, and (iii) establishing the non-revocation of designs for unpaid renewal fees until the conclusion of any ongoing insolvency proceedings.

III. Amendments to the Spanish Patent Act

The Preliminary Draft Amendment finds it necessary to modify procedural and substantive aspects of the Patent Act to enhance clarity, legal certainty and coherence, correct deficiencies detected in its application since it entered into force in 2017 and adapt Spanish regulations to changes in interpretation that have taken place internationally (at the EPO and EU). Substantial amendments include:

- **Suspension of court proceedings when there are ongoing opposition, limitation or revocation proceedings.** The Preliminary Draft Amendment introduces a new provision, Article 120bis, establishing the possibility for the court (after hearing both parties) to order the suspension of national court proceedings in those cases where parallel ongoing opposition, limitation or revocation proceedings are being conducted before the SPTO or the European Patent Office until such time as those proceedings have been concluded. This possibility is not expressly contemplated in the Patent Act currently in force.
- **Utility models.** The Preliminary Draft Amendment eliminates the prohibition on protecting inventions concerning "*pharmaceutical substances and compositions*" as utility models (Article 137 of the Patent Act). A new Article 147bis introduces the concept of "derivative utility models" (which already exist in Germany) into the Spanish legal system, with the purpose of improving companies' ability to adopt measures against any infringement of their exclusive rights. The Preliminary Draft Amendment introduces changes in the provision governing the search report that must be requested before the SPTO when filing actions to enforce utility models (Article 148 of the Patent Act); it specifies that the report can be requested by the proprietor or by a "third party", and that when the petitioner is the proprietor it will be entitled to make allegations or "*modify the claims*" in view of the report.
- **Exceptions to patentability:** Animals or plants exclusively obtained by essentially biological processes are introduced onto the list of patentability exceptions, which expressly contemplates only the essentially biological processes themselves (Article 5.3 of the Patent Act).

- **Provisional applications:** The Preliminary Draft Amendment introduces the possibility of filing a provisional application to safeguard a filing date for inventions that may not be fully developed. It is only envisaged for public universities and research centres, but the Preliminary Draft Amendment contemplates extending the possibility to other applicants in the future. According to new Articles 51bis, 51ter and 51quater, the provisional application has a duration of twelve months, a period in which the applicant must decide whether it is interested in pursuing an ordinary application for a patent or utility model.

The Preliminary Draft Amendment includes some further modifications, such as (i) eliminating the requirement for "biological sequences" to be incorporated into the application, (ii) specifying that the jurisdiction for declaring the nullity of the SPC will correspond to the SPTO if the nullity cause is that the basic patent has been declared invalid or revoked, (iii) recognising the possibility of suspending proceedings before the SPTO in certain cases, (iv) adding references to insolvency proceedings in certain provisions governing revocation due to unpaid renewal fees, and (v) clarifying provisions governing deadlines within court proceedings.

In conclusion, the Preliminary Draft Amendment is not an extensive, paradigm-shifting modification of the Patent, Trademark and Design Acts, but it does entail certain relevant changes in each of the three laws that should be taken into consideration. More light will be shed on the exact scope and terms of those amendments as the approval process, still in the very early stages, progresses.

DÜSSELDORF

Ronny Amirsehhi

QUANTUM COMPUTING: PATENTING TRENDS AND PATENT ELIGIBILITY – THE U.S. AND EPO PERSPECTIVE

The quantum revolution is rising, with great interest in the research and development of these groundbreaking computers. Companies such as IBM, Microsoft, Intel, Google and many start-ups are racing to create next generation supercomputers. In fact just recently, researchers from the University of Science and Technology of China published a paper indicating that they have created a quantum computer called Zuchongzhi that is one million times faster than Google's Sycamore 53-qubit system. Zuchongzhi is a 66-qubit quantum computer using two different technological paradigms, photonic and superconducting. It has solved a problem in about 70 minutes that would have taken the world's most powerful classical supercomputer eight years to solve. But which companies are leading the way with the most patent applications published since 2020, what are the top sectors, and what are the key jurisdictions? View the graphics below to find out.¹

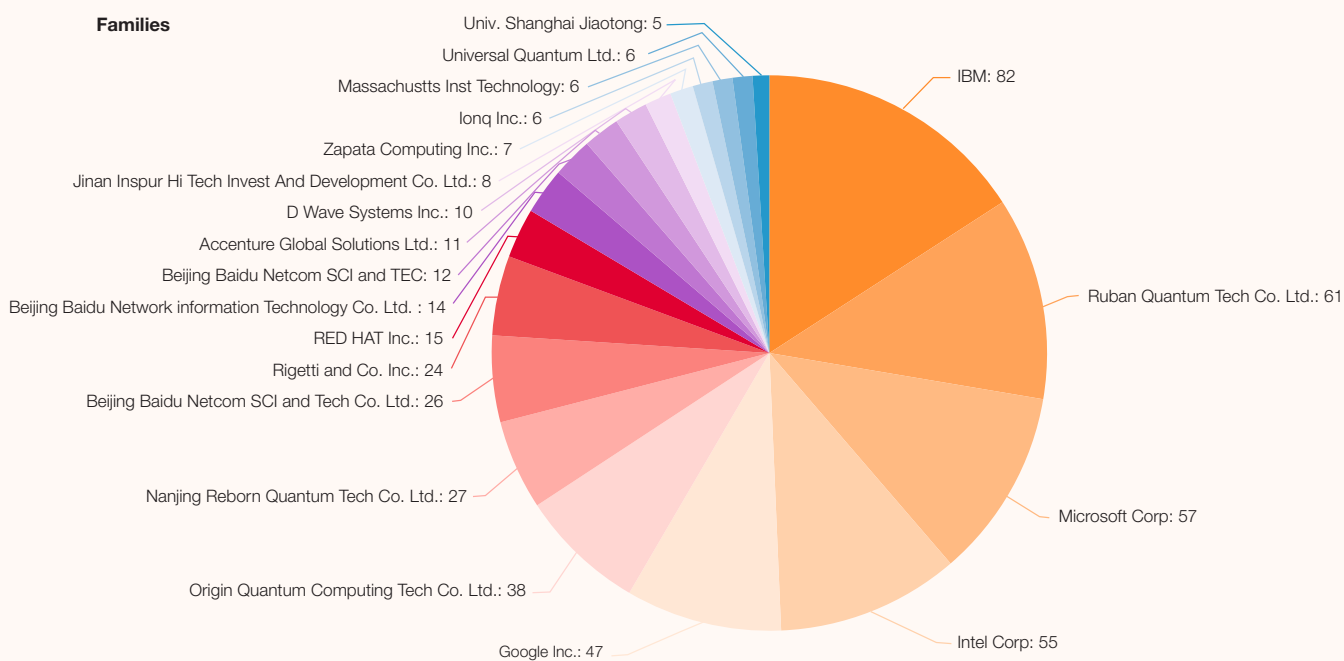
Key issues

- Which companies are leading the way with the most patent applications published since 2020, what are the top sectors, and what are the key jurisdictions?
- What are the patent eligibility concerns from the U.S. and European Patent Office perspective?
- Indirect games advertising also qualifies as unlawful conduct with regard to games advertising ban.

¹ Simple search string "quantum computing" in the claims, description, or title was used. The search is by patent family and not by number of patent applications.

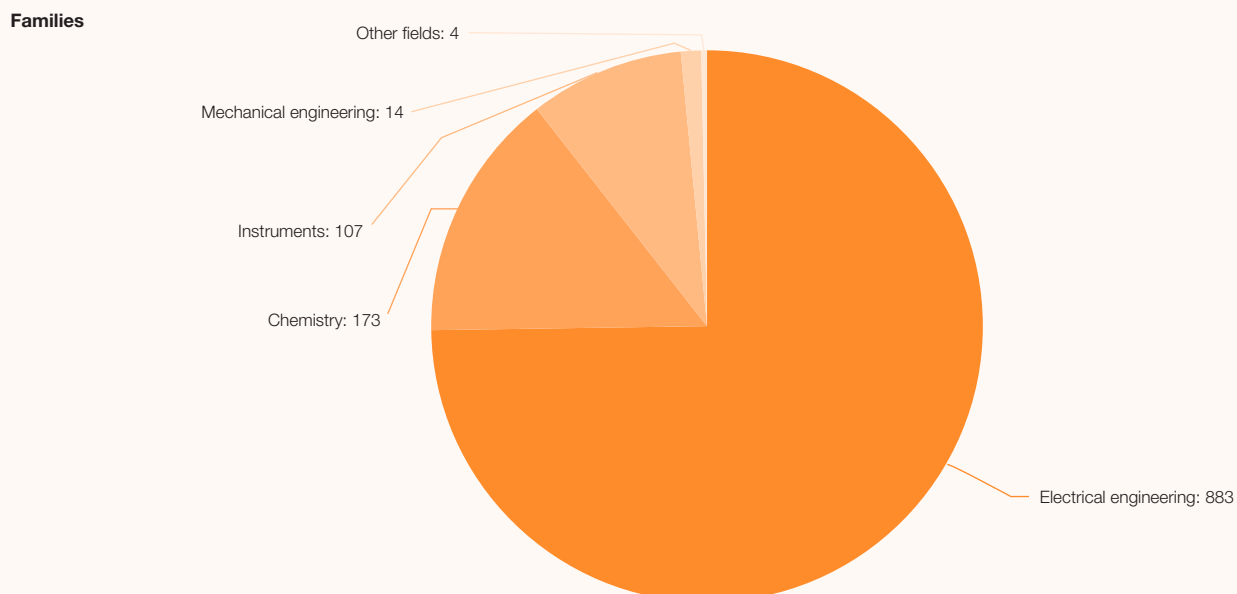
Top 20 Probable Assignees by Families

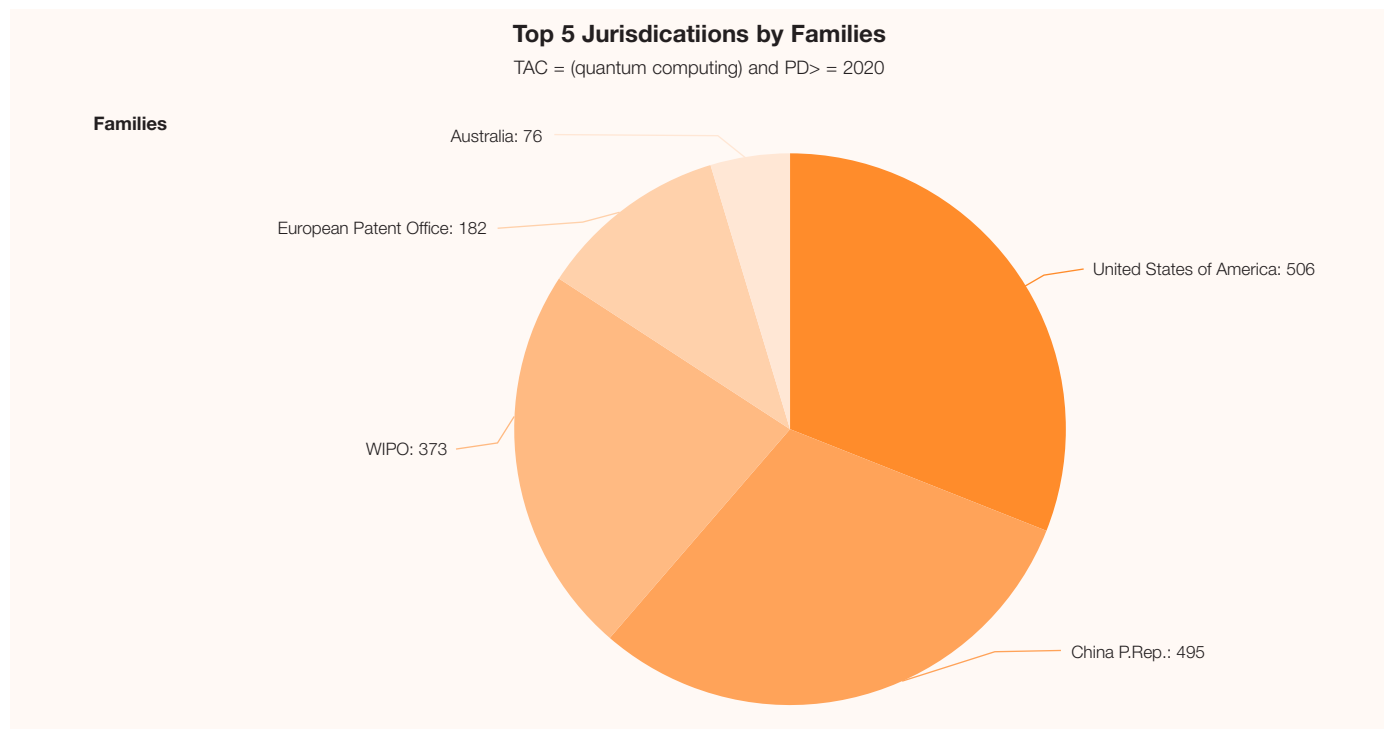
TAC = (quantum computing) and PD> = 2020



Top 5 Field and Sector Sectors by Families

TAC = (quantum computing) and PD> = 2020





From a U.S. patent eligibility perspective, a patent applicant in quantum computing today must address the law as it exists after *Alice*, in order to obtain as much protection as possible. Section 35 U.S.C. § 101 defines patent-eligible subject matter as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement hereof.” Judicial exceptions, however, provide that laws of nature, natural phenomena, and abstract ideas are not eligible for patenting.

Extracting from the recent decision in *Apple inc. v. Universal Secure Registry LLC*, (Fed. Cir. 2021), the Supreme Court has set out a two-step test for examining patent eligibility when a patent claim is alleged to involve one of these three types of subject matter. See *Alice*, 573 U.S. at 217–18. The first step of the *Alice* test requires a court to determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea. *Id.* at 218. “[T]he claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, (Fed. Cir. 2016). If the claims are directed to a patent-ineligible concept, the second step of the *Alice* test requires a court to “examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, (2012)). This inventive concept must do more than simply recite “well-understood, routine, conventional activity.” *Mayo*, 566 U.S. at 79–80.

Most quantum computing patents that have been issued as of today are on aspects of quantum computing hardware, such as patents which cover quantum circuit assembly structures. These patents are clearly patent-eligible under Section 101.

However, as quantum computing moves from experiment to application, applicants will seek to patent quantum computing to solve problems, and those patent applications will most likely face Section 101 challenges. For example, a quantum computing algorithm such as Shor's algorithm for finding prime factors, in its abstract form, would not be patent-eligible.

However, the calculations required to understand the quantum computer algorithms are much more complex than, for example, Benson's decimal-to-binary conversion algorithms. A patent attorney could convince a patent examiner to grant patents by describing the quantum algorithms in a complicated way. These patents might be issued, but could also be prone to invalidity attack by accused infringers, if the claims are not drafted to recite more than just an abstract algorithm.

Before the European Patent Office, patent eligibility of quantum computing related inventions is usually not an issue, especially if the invention relates to technical and tangible aspects, such as the quantum circuit assembly structures. However, inventive step (or non-obviousness) may be challenged when the patent disclosure moves toward abstract matters such as quantum computing applications and software interfaces. One possible and common workaround is to correlate the novel features of the claim with technical aspects of quantum hardware.

Patent attorneys working in the field of quantum computing should consider the current version of U.S. Section 101, inventive step requirements of the European Patent Office, as well as their own understanding of quantum algorithms, in order to best represent their clients. As quantum computing moves to industrial applications, companies will seek to patent not only quantum computing hardware but also quantum computing applications. Patent applicants need to consider obtaining patents on quantum applications that not only will survive the U.S. and European Patent Offices, but will also survive post-grant invalidity challenges by accused infringers.

ACKNOWLEDGEMENT OF CONTRIBUTORS TO THE CURRENT EDITION

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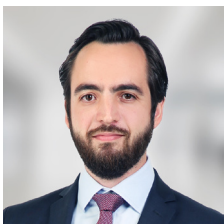
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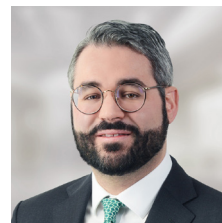


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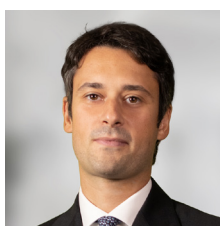
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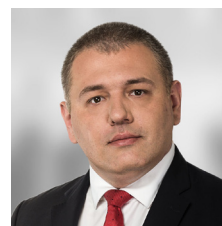


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