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REPORT ON IP-RELATED MATTERS IN SPAIN

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The Supreme Court on the presumption of use of a patented process

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In a recent Judgment on 2 February 2007 (the *Enalapril* case), the Supreme Court ruled that article 61.2 of the Spanish Patent Act refers to a legal presumption and not reversal of the burden of the proof: “It should be pointed out that article 61.2 of the Spanish Patent Act [...] refers to a legal presumption, in fact it is rather a special rule on evidence, and as such it is related to article 1.250 of the Civil Code (currently 385.1 of the Civil Procedures Code) which deems that the obligation to submit all evidence is excused for those favoured thereby (or else, as stated in 385.1 of the Civil Procedures Code 2000 ‘it is not required to provide evidence of the fact alleged by the party that such fact favours’). Unless there is evidence otherwise (article 1.251 of the Civil Code), the aforementioned presumption legally leads to the certainty of the presumed fact, but this does not excuse the favoured party from needing to prove the basic fact”.

Apparent contradiction.

This decision could seem to contravene another previous one dated 28 April 2005 (the *ciprofloxacin* case) ruled by the same Court, in which article 61.2 of the Patent Act is interpreted as a reversal of the burden of the proof: “The current Patent Act when referring to process patents includes an exception to the general evidence principle in

which the one that claims there is an obligation is considered responsible for the burden of the proof, thus transferring the burden of the proof to the defendant, the alleged infringer of the process patent, according to the terms in article 61.2 of the Spanish Patent Act”.

This new interpretation by the Supreme Court does not in fact contradict its previous Judgment and we can confirm that they are rulings on two cases with different facts. The first one, in which the defendant company had not submitted the manufacturing process for its product (*ciprofloxacin*) to the proceedings, and the second, in which the defendant had submitted sufficient evidence regarding the process that it was actually using to manufacture its product (*Enalapril*). The initial interpretation, completed by the Supreme Court in its last judgment, could imply serious consequences in proceedings related to patent infringements when a process claim is sustained as being infringed in order to obtain a new product. The text of article 61.2 of the Spanish Patent Act stipulates the following: “If the object of a patent is a manufacturing process for new products or substances, it must be presumed, unless there is evidence otherwise, that any product or substance with the same characteristics has been obtained by using the patented process”.

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The consequences of the legal presumption.

In this respect, the consideration as a rule for reversal of the burden of the proof would imply that the defendant is responsible for providing evidence that the process used to obtain the product does not infringe, either literally or by equivalence, the process, object of the patent. This interpretation implies a change in the general legal principle that the burden of the proof is held by the party making the allegation, in this case the patent holder, which alleges that an infringement of its patent rights has been committed. This implies serious repercussions, according to article 217 of the Spanish Civil Procedures Act, because, if at the time a judgment is ruled the Court considers some facts are questionable, it will dismiss the claims made by the party holding the burden of the proof of the facts that remain uncertain, in this case the defendant.

However, the consideration included in article 61.2 of the Patent Act as a legal presumption and not as a rule for reversal of the burden of the proof excludes the previous interpretation, because a presumption *per se* does not reverse the burden of the proof, notwithstanding the repercussions there may be for both parties related to providing evidence.

All presumptions are characterized by the following elements: basic facts (that the patent in question is for a process to obtain a new product and a product with the same characteristics is being marketed in Spanish territory); the nexus causal (a logical link based on which, as there is only one way to obtain a product, it is presumed that any product with the same characteristics must have been obtained by such process); a presumed fact, having proven the basic facts, it is presumed that the patented process is being used.

However, reversal of the burden of the proof does not have this structure; instead it is a rule that simply indicates that the proof must not be provided by the party making the allegations but by the accused party.

The very text of article 61.2 of the Patent Act does not allow it to be considered as a rule for reversal of the burden of the proof, because it

acknowledges the elements of presumption: basic fact (the patent holder must prove the following: a process patent is claimed to obtain a new product and the defendant is using a product of the same characteristics); the nexus causal (the rule of presumption changes one of the cases for a legal consequence for another different case, related to the former by a certain link); presumed fact (it is presumed the process is being used).

From the defendant's point of view, there are various means of defending its position, such as refuting the basic fact (the process claimed to obtain a product is not related to a new product, the marketed product does not have the same characteristics, etc.), refuting the nexus causal (for instance, providing examples of other processes to obtain the same product) or submitting evidence proving otherwise.

Conclusions drawn from the judgment.

The scope of the evidence against allegations is not determined by the aforementioned Judgment ruled by the Supreme Court. On certain occasions, it has been stated that the defendant is responsible for proving that the process used to obtain its product does not infringe the plaintiff's patent right. However, this argument would convert the presumption into reversal of the burden of the proof, a situation that is expressly excluded according to the Judgment ruled by the Supreme Court.

After the Judgment ruled by the Supreme Court, we can confirm that the evidence against allegations encompasses the disclosure by the defendant of the process used to obtain its product and evidence that this is literally different to the one claimed in the patent. Indeed, article 61.2 of the Patent Act determines that it is presumed that the product has been obtained by the patented process; therefore the defendant must prove that it has not used such process. Nevertheless, under no circumstances does this proof against the allegations encompass evidence on the non-equivalence of the processes, but only that they are not the same, therefore once the process used is known, it is the responsibility of the party making the allegations, the patent holder, to provide evidence of the infringement.

This interpretation is justified for two reasons: (i) it is the only one that observes *ratio legis*, in

other words, it avoids the plaintiff needing to provide difficult or impossible evidence, which is solely and exclusively related to facts under the control of the defendant; and (ii) it is the only one that observes the general

principle of *onus probandi*, as the plaintiff retains the burden of the proof of the existence, scope of its right and use, when appropriate, in the disputed process.

The assessment of the elements in descriptive trademarks: The *Don Piso* case

Division 15 of the Provincial Court of Barcelona recently ruled a judgement on the descriptive nature of the trademark *Don Piso*, used in economic business to distinguish the services of a real estate agency. The discussion in the terms related to the case examined by the Court, which we would now like to explain, was related to the possibility of using the name *Vic Don Piso S.L.*, as the company name of a former franchisee in the *Don Piso* franchising network, the former franchisee alleging that the trademark *Don Piso* was not sufficiently descriptive. On 14 February 2007, a Judgment was ruled on the appeal in the case.

Analysis of the prohibition related to descriptive trademarks.

The Court of Barcelona began its analysis by pointing out certain questions that needed to be considered for its judgment in this case. In this respect, it dealt with the issue related to prohibition to register a trademark because of the need for it to fulfil its most important function in the market, which is to indicate the corporate origin of the products or services for which it is granted. Referring to community case law, the Court stated that, in the general interest, the reserve to one sole company of descriptive signs or specifications of the characteristics of products or services offered must be prohibited (cases *Doublemint*, *Windsurfing Chiemsee* or *Linde*).

The Court specified that “*if a sign can not fulfil its primordial function assigned to the trademark*”, “*it is normal that several prohibitions are imposed, in particular for those related to generic or descriptive signs, and those lacking a distinctive nature*”. A descriptive sign for services for which a trademark has been requested, continues the Judgment, in general terms “*also lacks a*

distinctive nature regarding such products or services”.

For the purpose of assessing the sign related to the prohibitions on which the legal analysis is focussed in the aforementioned ruling “*this must be carried out as a whole, considering all the denominative and graphic elements it is composed of in an overall manner and always related to the products or services for which registration has been requested for their identification, also bearing in mind the perception for average consumers (here the general public), which are presumed to be reasonably informed, attentive and shrewd, and that (as stated by the European Court of Justice) ‘normally perceive a trademark as a whole and do not take the time to examine its various details, even though its distinctive and dominant elements should be taken into account’*”.

The distinctive nature of a trademark such as *Don Piso*.

The Judgment ruled by the Court of First Instance drew the conclusion that, in spite of the fact that a trademark had been registered infringing the prohibitions in trademark law due to lacking a distinctive nature, the allegation for nullity must be dismissed if, at a later date and due to the use thereof by its holder, such distinctive nature is acquired. This is what occurred in the case of the trademark *Don Piso*, according to the Court.

Notwithstanding the conclusion related to the fact that the cause for nullity was not applicable, as ruled in the appealed Judgment, the Appeal Court recalled that “*it should not be overlooked that a trademark made up of a combination of elements lacking per se a distinctive nature can be considered, in certain cases, to have a distinctive facet, which is expressly acknowledged in article 5.3 of the*

Trademark Act". Furthermore, due to this consideration it was criticised that the defendant "had not taken the time to explain the reasons why the combination of words 'DON' and 'PISO', as an overall and not isolated perception, to distinguish the services of a real estate agency, lacks a distinctive facet or is merely descriptive or else generic, in relation to such services, it could suggestively sustain, but in all cases, with a categorising nuance ('DON'), that as a whole it has a sufficiently distinctive nature to identify the corporate origin". The defendant had neither justified that, as explained the Court, the disputed sign has been popularised and converted in a common term to refer to the services in question. In this respect, there is no evidence whatsoever to prove the perception by consumers or the use of these words by professional operators of the real estate agency.

Incompatibility between the disputed distinctive signs.

Moreover, the Court upheld that the *Don Piso* trademark was well-known, with a highly distinctive nature for its acquired use, which reinforced its protection and the conclusion that the geographic name of 'Vic' placed before the name 'Don Piso' "*does not eliminate or diminish the risk of confusion, but, quite the contrary, contributes to confirming it, by encouraging consumers to perceive an associative link between 'Vic Don Piso, S.L.' and the company that uses the sign 'Don Piso', resulting in the mistaken belief that the defendant company belongs to the 'Don Piso' franchising network and has been assigned the right to operate this kind of company model within the municipal scope of the city Vic, in fact transmitting the prestige of another company to the sign of the plaintiff*".

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