

SUMMARY

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Geographic scope for considering a mark well-known

A judgement laid down by the European Court of Justice (ECJ) on 22 November 2007 states that in order for a mark to be considered well-known, it must be well known throughout the territory of the Member State of registration or in a substantial part of it.

The concept of a well-known mark

Article 8.2 of the Spanish Trade Mark Act states that a well-known mark is one that, due to its sales volume, or the duration, intensity or geographic scope of its use, its valuation, the prestige it has achieved in the market, or for any other reason, is known throughout the relevant group of the public at whom the products, services or activities the mark distinguishes are aimed at.

Meanwhile, the first paragraph of the same article states that it is prohibited to register a distinctive sign as a trade name or mark when it collides with well-known trade name or mark.

All of this is consistent with article 6 bis of the Paris Convention for the Protection of Industrial Property, which is binding on all member states of the European Community. In turn, article 4.2 of Directive 89/104/EEC states that the existence of well-known marks, in the sense in which the words 'well known' are used in Article 6 bis of the Paris Convention, must be assessed "in a Member State".

The question that the ECJ had to rule on specifically concerned the geographical scope of the expression "in a Member State".

Reference for a preliminary ruling made by Barcelona Commercial Court number 3

The proprietor of the trade mark FINCAS TARRAGONA brought proceedings against a third party that was using the same trade mark or its Catalan version, i.e. FINQUES TARRAGONA. The proceedings were being heard by Barcelona Commercial Court number 3.

The defendant alleged in its defence that the trade mark it was using was a well-known prior unregistered mark and counterclaimed seeking the cancellation of the trade mark registration by the plaintiff in the main claim.

In the light of this defence, Barcelona Commercial Court number 3 decided to make a reference for a preliminary ruling concerning

whether the concept of a mark being well-known in a member state should be taken to indicate solely and exclusively the degree of knowledge and establishment in a European Union member state or in a significant part of the territory of that state, or whether the determination of whether a mark is well known may be linked to a territorial scope that only refers to an autonomous community, district or even a city.

The ECJ considers that being well-known is not confined to a city and its surrounding area

It is true that the European ruling does not provide an interpretation of what the expression “in a Member State” should be taken to mean. However, the court stated that it cannot be required for a mark to exist throughout the territory of a member state in order for it to be well known, but did state that it “is to be interpreted as meaning that the earlier trade mark must be well known throughout the territory of the Member State of registration or in a substantial part of it”.

Hence, as the court has ruled, this expression cannot be taken to mean that the concept of being well-known is confined to a city and its surrounding area, since together they would not constitute a substantial part of a member state.

EU sector inquiry into competition on pharmaceuticals

On 16 January 2008, the European Commission launched an Inquiry into Competition in the Pharmaceutical Sector. Sector inquiries are investigations that the European Commission may decide to carry out into sectors of the economy, when a sector does not seem to be working as well as it should. The Commission stressed the following in its communication:

The European Commission has launched a sector inquiry into competition in the pharmaceuticals sector (under Article 17 of Regulation 1/2003), and is conducting inspections at the premises of a number of innovative and generic pharmaceutical companies. The inquiry is a response to indications that competition in pharmaceutical markets in Europe may not be working well: fewer new pharmaceuticals are being brought to market, and the entry of generic pharmaceuticals sometimes seems to be delayed. The inquiry will therefore look at the reasons for this.

Competition Commissioner, Neelie Kroes, said regarding this that “individuals and governments want a strong

pharmaceuticals sector that delivers better products and value for money. But if innovative products are not being produced, and cheaper generic alternatives to existing products are in some cases being delayed, then we need to find out why and, if necessary, take action”.

The critical situation of a lack of innovative medicines as well as systematic attempts to prevent generics from entering the market through litigation involving what are often weak patents, seen as attempts to obstruct the generic drug market, has created concern at the European Commission. With this aim in mind, the EU has decided to conduct a sector inquiry that will attempt to provide an answer to why this is happening and what conduct should be modified in the sector in order to achieve a pharmaceutical market in accordance to the needs and interests of the EU States, citizens and patients.

Timetable for the inquiry

Having started the sector inquiry on 15 January 2008, the DG Competition first sent out a set of exhaustive questionnaires for companies to answer. Once the DG Competition has analysed the information provided by the companies, it will probably send out a new questionnaire with further, more precise questions.

The DG Competition will then draft a preliminary report that will be made public in a presentation in autumn 2008. The final report is expected to be published in summer 2009.

The investigation will focus on the characteristics and structure of the pharmaceutical market and will include several issues such as the effects of the entry of generic drugs into the market, the role of patents and litigation, possible arrangements between companies or other barriers to entry, particularly regarding the patent system. The main aim is to detect structural problems in the sector in order to correct them.

Competition and patents

For the first time, a sector inquiry is focussing on dysfunctions due to the abuse of patents by their owners in court. Given the sensitivity of the information the Commission intends to analyse (it has said that “the kind of information the Commission will be examining, such as the use of intellectual property rights, litigation and settlement agreements covering the EU, is by its nature information that companies tend to consider highly confidential”), the Commission has considered it

appropriate to inspect the companies as a preliminary step.

The Commission's suspicions appear to be well-founded if one looks back over what has happened in recent years with litigation concerning certain blockbusters in several EU countries. This inquiry, the importance of which cannot be overlooked, will also reveal whether certain companies' strategies of using patents in court and widening the scope of their protection should be considered anticompetitive practices. This is the situation in countries such as Spain, for instance, where companies are lobbying not just through industry associations, but also through apparently independent organisations that were set up to strengthen the role of patents in the economy so that judges and courts are sensitised to protect them. In certain countries this may have led to overprotection of patents.

In recent years, the authorities have realized that a worrying increase in uncertainty in the marketing of generics has a serious impact on states' health policies. This is not just a mere conflict between private companies, but a serious matter of public interest in states, as it is mainly governments that pay the cost of medicines in EU countries.

Secret patents and filing of applications in Spain.

Articles 119 to 122 of the Spanish Patent Act regulate so-called secret patents, prohibiting the contents of all patent applications filed with the Spanish Patent and Trade Mark Office (OEPM) from being divulged for two months after they have been filed, except with authorisation from the Office and the Ministry of Defence.

The purpose of this regulation is to safeguard the interests of Spanish national defence, so a secret patent is a patent or patent application that may be of interest to national defence. That is why the act lays down a set period of two months during which a system of exceptional control applies to patent applications for inventions made in Spain.

This exceptional system in patent law has the following implications: (i) it is prohibited to file a patent application abroad when it has already been filed in Spain and (ii) the proprietor's right is limited while it remains secret.

The rule restricts the applicant's obligation to not

disclosing a patent for which an application has been filed with the OEPM while it remains secret

Article 122 of the Spanish Patent Act states: "in the case of inventions made in Spain, a patent application may not be filed in any foreign country until two months have elapsed from the time the patent application was filed with the Spanish Industrial Property Registry, except with the express authorisation of the latter".

It has sometimes been asserted that this rule implies that the patent must first be filed in Spain when the invention was made in Spanish territory. However, that is not what the above mentioned article 122 says. This article merely places an obligation on the applicant not to extend its patent application to other countries until two months have elapsed from the application being filed in Spain.

Indeed, the only thing the Patent Act says is that once a patent application has been filed with the OEPM, it is affected by the rule concerning secret patents so that it is possible to consider whether the invention affects the national interest in terms of defence. The provisions would thus affect the patent application but not the actual invention itself.

In fact, before an invention is filed with the OEPM it may be an industrial secret, it may be published, or it may be put on display in technology exhibitions without restrictions. The rules place no obligation whatsoever on the inventor to inform the state of the invention before it is marketed, and do not say anything about the state inspecting industrial secrets so that, if any national defence interest is discovered, it can exercise any kind of a right.

Therefore, it does not appear to be the case that an invention is affected by the obligations of a secret patent: only a patent application is.

European patents and the system of secret patents with regard to Spain

With regard to European patent applications, article 75.2 of the EPC states that member states may extend national rules concerning possible restrictions on communication without prior authorisation to such applications, and this is the case for secret patents.

As far as European patents are concerned, the Spanish Royal Decree that applies the EPC lays down an obligation to file European patent applications in Spain when the

applicant has its home or headquarters in Spain or a habitual residence or permanent establishment there.

Article 3 of this Royal Decree prohibits applications filed by Spaniards without a priority date from being divulged and freely exploited. Therefore, this rule follows a different criterion to the Spanish Patent Act, which is based on the geographical provenance of the invention, not the person applying for it.

Penalties for breaching obligations under the secret patent system

Neither the Spanish Patent Act nor its implementing regulations specify penalties for infringing these rules. However, in the case of an invention that is of national defence interest, article 277 of the Criminal Code imposes a prison sentence of six months to two years and a fine of six to twenty-four months at the standard rate for anyone who intentionally divulges a secret patent or patent application to the detriment of national defence. This provision lends further support to the opinion that article 122 of the Patent Act merely places an obligation on the applicant not to extend its patent application to other countries while it is secret.



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