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REPORT ON IP-RELATED MATTERS IN SPAIN
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Modifications to preliminary enquiry proceedings concerning IP rights

Spanish Act 19/2006, recently approved on 5 June, further safeguards intellectual property rights and lays down procedural rules to facilitate the application of several European Regulations. This Act is already in force.

The Act implements European Directive 2004/ 48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights. It introduces two new preliminary enquiries in article 256 of the Spanish Civil Procedure Act (LEC) for obtaining commercial and internal information from the company regarding the infringement: (i) the right to information and (ii) disclosure of commercial documents.

The new preliminary enquiries concern commercial and internal information

The first of the new preliminary inquiries may consist of cross-examining the following people: (a) the people the petitioner considers to be infringing its rights; (b) people who, on a commercial basis, have provided or used services or have been in possession of infringing goods; or (c) those who are considered to have taken part in the process of production, manufacture, distribution or provision of such goods and services.

The information to be obtained from the cross-examination is limited to the source and distribution network for goods and services that would infringe an IP right, in particular, as stated in the article: *“(a) the names and addresses of the producers, manufacturers, distributors, suppliers and providers of the goods and services, as well as those who have been in possession of the goods for commercial purposes; (b) the names and addresses of the wholesalers and retailers to which the goods or services have been distributed; (c) the amounts produced, manufactured, delivered, received or ordered, and the amounts paid as the price for the goods or services in question and the models and technical features of the goods”*. This preliminary enquiry may include providing the documents that prove the matters dealt with in the cross-examination.

The second of the new preliminary inquiries that has been introduced through the Act consists of providing banking, financial, commercial or customs documents that it can be presumed were in the possession of the party responsible. The petitioner can ask the court to order a certified copy of the document to be shown if the party requested to show it is not willing to release the document.

Signs of infringement may be alleged in order to initiate preliminary inquiries

In order to initiate preliminary enquiries, the petitioner must provide the court with circumstantial evidence or signs of the alleged infringement. When the infringement concerns trademarks or copyrights, mere legal arguments and factual explanations may suffice as circumstantial evidence. The problem arises when the infringement affects patent rights. In this case, there is a risk that merely setting out facts and legal considerations may not be enough to provide circumstantial evidence, since a patent is a technical document which should be interpreted by a person skilled in the art. In this case, it is always advisable to include an expert's opinion with a request for preliminary enquiries.

Connection between the new preliminary enquiries and the verification proceedings envisaged in the Spanish Patent Act

Another problem arises when the alleged patent claims a process to obtain a product. In that case the petitioner would not know what process was used by the alleged infringer. This suggests that the new preliminary inquiries may be subordinate to the preliminary enquires set out in the Spanish Patent Act (LP).

As explained above, the new preliminary enquiries refer to commercial information, but not to obtaining a piece of circumstantial evidence of the patent infringement. These other preliminary inquiries are set out in articles 129 to 132 of the LP. Therefore, in order to obtain a piece of circumstantial evidence of the infringement through preliminary enquiries, the petitioner may still follow that laid down in the LP, which contains a more restrictive regulation than articles 256 to 263 of the LEC.

Therefore, the new preliminary inquiries are not aimed at obtaining information that could not be obtained according to the LP. This is also consistent with the protection of confidential information laid down in the LEC and the LP.

Adoption of common criteria to calculate damages caused by IP infringement

The regulations concerning damages for infringement of IP rights, set out in the Patent Act, the Trade Marks Act and the Industrial Designs Protection Act, have also been amended to adapt to the common European criteria laid down in Directive 2004/48/EC, by paring down the three pre-existing alternatives for determining damages (profits obtained by the patentee, profits obtained by the infringer and royalties) to just two, which read as follows at article 66(2) Spanish Patent Act):

1) *The negative economical consequences, including the profits that the patentee would foreseeably have made from using the patented invention, had there been no competition from the infringer, and the profits that the latter has obtained from using the patented invention. In the case of moral prejudice, it shall be compensated, even if the existence of economic prejudice has not been proven;*

2) *The amount that the infringer would have paid the patentee as the price for the granting of a licence that would have allowed it to carry out its use in accordance with the law.*

These two independent alternative methods for calculating damages are established so as to avoid contradictory calculations. The first alternative sets compensation based on the actual damages suffered, and the second on a calculation of the damages as if a license had been granted by the rightholder.

The patentee can chose between both alternatives when it can be demonstrated that the patent is being exploited. Otherwise the alternative (2) is the unique that can be recognised to the plaintiff.

The expression *negative economical consequences* seems to correspond to the "*the actual prejudice suffered by him/her as a result of the infringement*", mentioned at article 13 of the European Directive. We will see in the next years how the Spanish tribunals interpret the calculation of damages in IP matters.

Changes to procedural aspects affecting copyright law enforcement

With regard to copyright, the aim of Directive 2004/48/EC, incorporated into Spanish law through the recent Act 19/2006, affects *"the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. For the purposes of this Directive, the term intellectual property right includes industrial property rights"* (article 1 of Directive 2004/48/EC).

With this aim in mind, just as is the case for the industrial property laws mentioned above, Act 19/2006 modifies the current Legislative Royal Decree 1/1996 of 12 April, approving the Re-enacted text of the Copyright Act, regularising, clarifying and harmonising the legal provisions in force regarding the matter (the Copyright Act or LPI), which regulates copyright in Spain.

The new regulation introduces *"the presumption of authorship or ownership"* set out in article 5 of the Directive, which extends the presumption of authorship not just to authors but also to holders of rights related to copyright: *"for the purposes of applying the measures, procedures and remedies provided for in this Directive, (a) for the author of a literary or artistic work, in the absence of proof to the contrary, to be regarded as such, and consequently to be entitle to institute infringement proceedings, it shall be sufficient for his/her name to appear on the work in the usual manner; (b) the provision under (a) shall apply to the holders of right related to copyright with regard to their protected subject matter"*.

Up till now, in Spanish law this presumption has only applied to authors. Following the amendment, a holder of a right related to copyright may also benefit from this presumption in requesting measures, procedures and remedies set out in the law.

With regard to urgent measures and actions, the new text also includes the possibility of the rightholder *"requesting the publication or broadcasting of the court judgement or arbitral award, in whole or in part, in the media, at the infringer's expense"*. This regulation incorporates that stated in article 15 of the directive regarding the publication of judicial decisions. Although the directive only states that this publication measure is applicable to court proceedings, the new Act 19/2006 also extends the possibility of publishing judgements to awards in disputes that go to arbitration, at the infringer's cost in both cases.

With regard to ceasing and desisting the infringement, this also includes the removal, rendering useless or destruction of means mainly used to create and reproduce unlawful copies, thus expanding the scope of the regulation's prior wording, since rendering useless and destruction formally applied to means 'exclusively' used to reproduce unlawful copies.

Furthermore, according to the new regulation the injured party may request *"The suspension of the services rendered by intermediaries to third parties that use them to infringe intellectual property rights"*. This cease and desist measure affects the intermediaries whose services are used by a third party to infringe intellectual property rights acknowledged in this act, despite such intermediaries' actions not themselves constituting an infringement.

With regard to preliminary injunctions concerning copyright, Act 19/2006 has a new wording regarding the suspension of reproduction, distribution and public communication with the addition of *"or any other activity that is an infringement for the purposes of this Act, as well as the prohibition of such activities if they have not yet been put into practice"*. Preparations for carrying out an infringement would thus be included as the possible targets of preliminary injunctions.

Changes to preliminary injunctions regarding IP rights

The passing of Act 19/2006 also involves a set of changes to the various special laws concerning requesting and ordering preliminary injunctions. It allows the holder of the infringed IP right to request the relevant preliminary injunctions (specifically ceasing and desisting, and prohibiting actions) against the intermediaries whose services are used by third parties to carry out the infringement.

In order to provide new deterrents to infringement of IP rights and aid their adoption by the courts, the range of urgent preliminary measures that the plaintiff may request has been expanded. In order to prevent an imminent infringement, the preliminary injunction consisting of prohibiting actions that infringe the right are rounded off with the possibility, now explicitly contemplated, of prohibiting such activity before the infringement is imminent.

Lastly, the term for bringing the principal claim is adapted to the general term of 20 days after the requested preliminary injunctions are ordered, set out in the Civil Procedure Act.

Spanish Patent Office reports are no longer required for patent nullity lawsuits

One of the modifications that implementing Directive 2004/48/EC has made to the Spanish Patent Act is that Spanish Patent Office reports are no longer required for patent revocation lawsuits.

According to the Act, they have been done away with in order to adapt it to the civil procedural regulation introduced through the amendment to the Civil Procedure Act and the changes made to patent law since the Patent Act was passed in 1986. The *raison d'être* for article 128 no longer exists and it is an exception among the principles behind the provision of evidence and procedural aid to the judge in civil proceedings.

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