
Spanish Legal Update

Review

Nº 18 - June 2009

In this issue

- What IP Rights owns the author of a Database?
- Spanish “Digital Fee” (Canon Digital) examined by the ECJ
- Protection of renowned brand EVIAN: risk of confusion among consumers
- A Spanish Court orders the Data Protection Agency to initiate penalty proceedings against a Tv show that displayed an altered image of an actress without her consent.
- Appeal Court resolution in the Calatrava bridge case.

Intellectual Property Rights over databases and software systems

The Supreme Court analyses intellectual property exploitation rights over databases and software systems in its sentence of December 18 2008, which decides on the appeal against the sentence of the High Court of Guipuzcoa dated May 22 2000.

The facts that gave rise to the dispute refer to the order made by the company SOCIEDAD VASCONGADA DE PUBLICACIONES, SA, the publisher of the newspaper El Diario Vasco, to a software company so that it would upgrade and update the company’s document management software system, a system that had been initially designed and installed by the company INFODOC, SA.

INFODOC sued the publisher of El Diario Vasco and the software company hired to upgrade and update the database for acts against its intellectual property rights over the document management software system of Sociedad Vascongada de Publicaciones, SA, as it considered that INFODOC had been in charge of the initial creation and set up of the software system and database and that the corresponding intellectual property rights had a permanent nature.

The sentence of the Court of First Instance recognized the rights of the plaintiff vis-à-vis the document management software system, but not the associated exploitation rights. However, the High Court stated that the

computer system had been plagiarized by the company in charge of upgrading and updating said software, which had also committed acts of unfair competition. The Supreme Court confirmed the sentence rendered by the Court of First Instance based on the reasons described below.

Databases are creations that collect and manage data in an organized, systematic and methodical way. The protection of the database intellectual property rights is limited to those essential elements that keep the system running, i.e. those elements that are at the core of the original creation.

Based on this concept of database, the Supreme Court made a distinction between the ownership of the intellectual property rights over the photographic and documentary files of the newspaper publisher, which are held by the writers, photographers or the publisher of the newspaper EL DIARIO VASCO, and, on the other hand, the intellectual property rights over the data that are part of the document management software system, which belong to the plaintiff.

However, the Supreme Court considered that INFODOC's intellectual property rights are limited to its authorship over the system, given that the economic intellectual property rights over the database had been exclusively transferred to the defendant in order for it to accomplish its business goals.

The Supreme Court based its conclusion on the analogous application of Article 51 of the Intellectual Property Act (RDlegislativo 1/1996) – which explicitly refers to the transfer of intellectual property exploitation rights over creations made in the framework of employment relations – to the creations made in the framework of a contract between companies, in this case the computer system and the database. The analogous application of article 51 is only possible if the following two conditions are met: that no creation has to be requested by the transferee nor paid by the company that requested or ordered the creation.

Therefore, the upgrading and updating of the software system and database on behalf of a company other than the initial designer company is completely legal since the data are assigned to fulfil the company's business goals and are part of the publishing company's intellectual property rights over the software system and database.

Sara Antolín

Spanish “Digital Fee” (Canon Digital) examined by the ECJ.

The European Regulation on Copyright is regulated by Directive 2001/29/EC of the European Parliament and of the Council. Article num. 2 of the abovementioned Directive recognises authors', performers' or producers' right to authorize or prohibit the reproduction of their works, performances, phonograms or films. The Directive also establishes that States have the right to make exceptions to this rule provided that the authors receive a fair and unique compensation: this exception is the so-called fair compensation for private copying.

In recent years, the film and music industries and their corresponding authors and creators have seen their profit figures drop significantly due to the emergence of new technologies and the spread of piracy. Recently, the Collecting Societies that defend their interests have requested the extension of this right to cover new equipment, devices and hardware based on the fair compensation for private copying principle; this compensation has been called the "digital fee" (in Spanish, canon digital). In order to justify this fee, the advocates of this measure have expressed the following reasons: that the main use of these devices and media is precisely the reproduction and / or recording of protected content, that most of the times these contents are obtained in a unauthorised and illegal manner, and that it is assumed that the use of these supports will be to download, reproduce or record protected content. Finally, they argue that given how extremely difficult it is to identify each use the best solution is to levy all devices in an equal manner.

After long discussions and hard negotiations among the Collecting Societies, Technological Manufacturing Associations and Consumer and Internet Associations, with the mediation of the Ministry of Culture, the Government finally decided, via Ministerial Order 1743/2008 of June 18, that new equipment, devices and hardware would be subject to taxes in order to compensate for the damages suffered by the authors, thus effectively implementing the controversial "digital fee".

The main -and highly controversial- argument against the application of this levy is the indiscriminate application of the fee regardless of the use of the device, hardware or equipment. The levy applies to all equipment or devices regardless of the use.

The Court of Barcelona considered the abovementioned arguments when deciding on a claim filed by the SGAE (General Society of Spanish Authors) against an IT company that commercialized recordable CD and MP3 devices. Said company claimed that the application of the fee for private copying was indiscriminate, regardless of the purpose for which the devices are intended – private or professional use-, which contravenes Directive 2001/29/EC of the Parliament and of the Council regarding the Information Society. Before solving the claim, and given the doubts generated by this alleged incompatibility of the fee with Community Legislation, the Court of Barcelona decided to raise this issue as a preliminary ruling to the ECJ.

In this preliminary ruling the Court of Barcelona points out that the aim of European Directive 2001/29/EC is to harmonize copyrights at a European level. In the contention of the Court of Barcelona, based on ECJ case law and doctrine, "fair compensation" should be rendered uniformly across the entire European Union territory.

In short, the two main questions raised by the Court of Barcelona regarding this issue can be summarised as follows: first, whether or not the "fair compensation" principle shall be applied in a uniform manner across the entire European territory; and second, whether or not the implementation of the digital fee in Spain enters into conflict with the aim of the compensation for private copying as established under European Directive 2001/29/EC, given that the fee is applied regardless of the private or professional use criterion.

Héctor Romero

Protection of renowned brand EVIAN: risk of confusion among consumers.

Galician Society BODEGAS CASTRO MARTÍN, S.L. applied for the registration of the trademark AVIAN in order to designate all kind of alcoholic beverages with the exception of beer.

Faced with such a request, the OEPM (Spanish Organization of Patents and Trademarks) denied the registration on the grounds that the trademark AVIAN was in conflict with the renowned Evian brand, which is registered for water and other non-alcoholic drinks, plus beer.

The resolution was appealed, which led to its cancellation at first instance on the basis of Article 6.1 of the Trademark Act, since it was understood that together with the phonetic similarity this provision establishes that the two trademarks in conflict shall also identify the same or similar products.

The court also considered that despite the fact that both products are sold in the same kind of establishments, in this case there was no likelihood of confusion between the products sold by both brands for the consumers.

SAEME, the company that owns the brand EVIAN, appealed this decision by alleging clear risks of confusion and association between both brands for consumers, as well as a clear advantage of the reputation of the renowned brand EVIAN.

Based on the above, the Supreme Court rendered its ruling on October 23 2008, ruling which will be analyzed in this article.

Said Decision upheld the appeal on the basis that the likelihood of confusion referred to in Article 6 of the Trademark Act does not constitute a risk of confusion vis-à-vis the goods covered by the trademark, but a risk, instead, regarding the brand itself, given that the consumer could consider that the different products have the same business source.

Moreover, and regarding the alleged advantage of the reputation of the trademark EVIAN, the Court highlighted that the principle of specialty was superseded by the Trademark Act, in the sense that its protection extends regardless of whether there is product identity. Thus, the Act establishes that the stronger the reputation, the greater the scope of protection, which means that protection is extended to cover all products other than those for which the brand has been registered.

However, the court established that this extension of protection cannot be automatic, and that in order for said protection to be granted at least one of the following requirements shall be met:

1. Possibility of connection among products
2. That the use of the brand entails an unfair or undue use of the renowned brand.
3. That the use of the brand harms or damages the distinctive character, or reputation of the previous brand, thus leading to a loss of prestige or to a disrepute.

Therefore, based on all of the above, and once the court had acknowledged the reputation of the brand EVIAN, it was concluded that the attempt to register the new brand (AVIAN) to identify alcoholic beverages can lead consumers to confusion due to the likelihood to establish connections between both brands, meaning that the consumer may mistakenly believe that the brand EVIAN has broadened its range of products.

Paula Casado

A Spanish Court orders the Data Protection Agency to initiate penalty proceedings against a Tv show that displayed an altered image of an actress without her consent

The claim was filed against Telecinco before the Spanish Data Protection Agency. The claimant requested that the Agency should initiate penalty proceedings against Telecinco because Telecinco had broadcast an image of the actress which had been manipulated, since she appeared naked while the original image was an image of the actress wearing a swimming suit.

According to the claimant, Telecinco infringed the personal data act since it had processed her image and altered it to make her look fully naked.

The Spanish Data Protection Agency considered that it lacked the competence to decide whether or not using another person's image violates the Data Protection Act.

The claimant filed an appeal before the Spanish Courts.

Firstly, the Court of Appeal determined whether the image could be considered as personal data and, consequently, whether it could be protected by the existing personal data regulations.

EU Directive 95/46 establishes that an image constitutes personal data. The Spanish Data Protection Act follows the same criteria.

The second issue studied by the Court of Appeal was whether or not broadcasting the claimant's image could be deemed as data processing.

Given the broad scope of the Directive and of the Spanish regulation on personal data, the Court of Appeal decided that broadcasting could also be considered to be personal data processing.

The Spanish Data Protection Agency decided to close the proceedings based on the fact that the use of the image could infringe the Image Protection Act, an Act on which the Data Protection Agency is not competent to decide. The Court of Appeal disagreed with the conclusion of the Spanish Agency because the Image Protection Act does not contradict the Protection of the Personal Data Act.

The reason why the Spanish Data Protection Agency decided not to continue with the proceedings was based on article 20 of the Spanish Constitution, which establishes freedom of speech. Therefore, the issue relates to the collision of two fundamental rights, the right to information and the right to privacy.

However, this issue is considered under article 9 of the Directive and was studied by the European Court of Justice in the Judgment rendered on November 6 2003. The problem should be solved on a case by case basis, considering the specific circumstances of each case.

In the present case, the Court of Appeal concluded that the broadcasting of images that had been altered in order to make the person appear naked is not protected by the freedom of speech right. It also concluded that broadcasting unauthorized processed images violates the Data Protection Act. Consequently, the Court of Appeal ordered the Spanish Agency to initiate penalty actions against the defendants.

Fernando González

Appeal court judgment in the Calatrava Bridge Case.

Just one year ago, we commented on the Judgment rendered by the Commercial Court of the city of Bilbao in the case of the Zubi Zuri bridge, which is designed by the renowned and world-known Spanish architect Santiago Calatrava.

Now, the Appeal Court of Bilbao has rendered its Judgment for the Appeal claim filed against the First Instance Judgment by Mr. Santiago Calatrava.

The cause that gave rise to the dispute was the fact that the City Council of Bilbao had altered Mr. Calatrava's original bridge design by removing part of the bridge's banister and placing a runway against the bridge. The runway, in turn, was designed by the famous Japanese architect Arata Isozaki, and it has a completely different architectural style. The City Council considered that the

alterations to the original design were necessary to ensure access to the Calatrava Bridge to those citizens who live in a nearby neighbourhood.

Santiago Calatrava considered that the alterations to the bridge were a violation of his moral right as an architect. Therefore, he filed a claim against the City Council of Bilbao, requesting damages amounting to three million euro.

The Court of First Instance rejected the claim filed by Mr. Calatrava on the grounds that -in spite of the evident infringement of the architect's moral right- the public interest that results from the use of the bridge justifies the alterations implemented, thus compelling the author to accept this limitation of his right.

Nevertheless, the Appeal Court revoked the Judgment issued by the Court of First Instance on the following grounds: (i) the bridge is a work of art and therefore falls under the scope of the Intellectual Property Act; (ii) the work of art has been altered as a result of the removal of the banister and the installation of the new runaway against the bridge; (iii) the author's right to demand respect to the integrity of his work and to prevent any alteration thereof cannot be undermined nor annulled by public interests.

Thus, the Appeal Court concluded that there has been an infringement of Mr. Calatrava's moral right and has ordered the City Council of Bilbao to pay him 30,000 euro as damages. The Court has based its decision to settle for the abovementioned amount on the fact that the infringement has not been very important, given that the main structure of the bridge has not been affected by the alterations made. In fact, everybody knows the bridge as the Calatrava bridge. Moreover, the claimant has not alleged other elements that could determine a higher amount, for example, the dissemination and public coverage of the infringement.

Jesús Carrasco

EDITORIAL

Fernando González

Socio, Litigation and IP Department,, Madrid

fernando.gonzalez@hammonds.com

Jesús Carrasco

Senior Associate, Litigation and IP Department,, Madrid

jesus.carrasco@hammonds.com

Sara Antolín

Associate, Litigation and IP Department, Madrid

sara.antolin@hammonds.com

Paula Casado

Junior, Litigation and IP Department, Madrid

paula.casado@hammonds.com

Héctor Romero

Junior, Litigation and IP Department, Madrid

hector.romero@hammonds.com

www.hammonds.com

WWW.HAMMONDS.COM

If you do not wish to receive further legal updates or information about our products and services, please write to: Sonia de Zunzunegui, Hammonds LLP, Plaza Marqués de Salamanca 3 y 4,28006 Madrid or email sonia.zunzunegui@hammonds.com.

These brief articles and summaries should not be applied to any particular set of facts without seeking legal advice. © Hammonds LLP 2008.

Hammonds LLP is a limited liability partnership registered in England and Wales with registered number OC 335584 and is regulated by the Solicitors Regulation Authority of England and Wales. A list of the members of Hammonds LLP and their professional qualifications is open to inspection at the registered office of Hammonds LLP, 7 Devonshire Square, London, EC2M 4YH. Use of the word "Partner" by Hammonds LLP refers to a member of hammonds LLP or an employee or consultant with equivalent standing and qualification.