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Review

Spanish Legal Update

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Protection of television and radio format.

In view of the recent Judgements issued by the Commercial Courts no. 12 and no. 8 of Madrid, we hereby analyse the most important aspects, considered by the Spanish Judges to protect the TV/Radio format program pursuant to the Intellectual Property Act 1/1996.

In the first place, we shall focus on the TV show formats, and more specifically, the case dealt by the Commercial Court no. 12 of Madrid. The Spanish Public National Television (TVE as per its Spanish acronyms) brought a lawsuit against TELECINCO (private TV channel) for the emission of the TV show "Spain asks, Belen answers". TVE considered that the Private channel had infringed it´s intellectual property rights by plagiarizing his own Show "I have a question for you" which was based on a special format consisting on a randomly selected public who makes questions arbitrarily to a special guest (usually a popular politician). TVE alleged that it's TV show had to be protected by virtue of Article 10 of the Intellectual Property Act.

The Court clarifies in the first place that any TV format related to a specific script or story line is subject to be protected. The key is to give some material expression to the idea with a specific hard copy or hardware. We are referring specifically to the so named "Production Bible" or "Format Bible" which contains the main details to develop the TV show, namely; format, spectator's location at the set, entry of the guest, etc.

In this case, the Commercial Court no 12 of Madrid under the Article 10 of the Intellectual Property Act, ruled in favour of TVE, due to the following: Firstly, TVE bought the TV Right's to a foreign production company (French channel- TF1) and secondly, it counts with its own "Production Bible".

On the other hand, TELECINCO replied arguing the lack of originality of the TV show exhibited by TVE. The Court applied the objective conception of originality pursuant to Article 10.1 of the Intellectual Property Act, which focuses on the different impression caused in the audience who watch the TV show. In this specific case, both TV shows have almost the same structure, moderator and format, which is easily identifiable by the TV show audience, notwithstanding there might be some irrelevant differences between both TV shows.

Additionally, the Judge analysed the different opinions and critics received by TELECINCO from important newspapers which quoted expressions like "similar or with a close resemblance" between the formats. All of these arguments led the Judge to conclude and qualifying the TVE's TV show format as original and therefore entitled to obtain legal protection.

In conclusion, the Court admits the lawsuit issued against TELECINCO considering the three arguments exposed: The purchase of the emission rights to a French channel, the "Production Bible," and finally the originality. The Court condemns TELECINCO by virtue of Section 138 of Intellectual Property Act, to stop the broadcasting of the TV Show, to publish the Judgement on Newspapers and liable for compensation for monetary damages and dignitary tort.

Once the arguments taken into account by the Court in order to guarantee the protection of TV Shows have been analysed, we are focusing following on to the Radio format. In this Judgement under discussion issued by the Commercial Court nº 8 of Madrid, we analyse the infringement of the IP rights in regards to a Radio format program, which might derive in the adoption of preventive measures.

In that case, the Court just discuss about the adoption or non adoption of Preventive measures applied by the radio station "Cadena SER", against the "COPE", for the radio program "Tiempo de juego" for plagiarism of the radio format of "Carrusel deportivo."

In the first place, the Court excludes the originality requirement and the Intellectual Property protection for programs related to the transmission of news as they have not many differences in terms of imagination and creativity.

In the second place, "Cadena SER" did not have a "Bible Production" which might state the structure and hard copy of the idea.

Finally, even thought "Cadena Ser" did not have a "Bible Production", the radio program has not maintained from the beginning of the emission the same behaviour or characteristics, but they have always incorporated new changes and performances from time to time as they considered it fit.

In view of the arguments mentioned above, the Court considers precipitous to accept these preventive measures and for such reason, dismisses the claim of "Cadena SER".

Ignacio Triguero

Is Youtube only a service provider of data storage?

Judgment of the Court of commercial number 7 in Madrid from 20 September 2010:

The decision object of this article came to settle a demand filed by Telecinco against Youtube, on the understanding that the dissemination through the website of the defendant of various audiovisual works owned by the plaintiff, implies a violation of their intellectual property rights. This demand was rejected in its entirety based on the following arguments and imposing on the plaintiff the costs:

Firstly, the Court clarified that the activity carried out by Youtube service consists in an intermediation service in accordance with article 16 of the law of services of the information society (LSSI), and not in a content provider service as alleged by the applicant. None of the following activities carried out by Youtube and alleged by the applicant, turn its activity into a content provider service, these are, require a license to users that incorporate content, the selection of certain videos in response to previous criteria defined by the users, the fact that the website is designed by Youtube and distinguished with its brand, as well as perform a lucrative and commercial exploitation of the website.

Accordingly the Court considered that the responsibility of Youtube, as a provider of data storage services, is delimited to the content of the cited article 16 of the LSSI. This article exempts the responsibility of the cited providers of intermediation services with respect to the information stored, provided that they do not have actual knowledge that it is illegal or that injures property or rights of a third party subject to indemnity, or if they do, they act expeditiously to remove the data or make impossible the access to it.

In that regard, article 16 determines what is meant by “actual knowledge”, thereby limiting the responsibility of Youtube. This article establishes that the service provider has actual knowledge when a competent authority has declared the unlawfulness of the data, ordering their withdrawal or making impossible the access to them, or the existence of injury had been pronounced, and the provider knew the corresponding resolution. So, Spanish law seems to opt for a restricted and limited concept of actual knowledge of the unlawfulness as it is demand that it should be declared by a competent body.

However the Court considered that the more accurate interpretation is probably the one that, without restricting the concept to make it equivalent to a judicial resolution, conforms to the principles that inspire both the directive and the LSSI, which clearly prohibits establishing an obligation to control the intermediation service providers.

It is for all these reasons that the defendant has no obligation to monitor the data which will be hosted on its website in advance. On the contrary it is the plaintiff the one who must carry out this unpleasant task and provide YouTube with an effective knowledge in an individualized manner of those contents that may infringe their intellectual property rights. In that regard, it was proven the effectiveness of the system of detection, notification and verification of infringements of intellectual property rights by the defendant in all cases of previous allegations made by Telecinco.

In conclusion, the demand was rejected in its entirety, including the cease and desist action requested, since on the one hand, there was no decision by a competent organ declaring the unlawfulness of the data stored in Youtube, ordering their withdrawal or making impossible the access to them, and on the other hand, it was proven the effectiveness of the system of detection, notification and verification of infringements of intellectual property rights by the defendant.

Ignacio Gurpegui Aparicio

The Spanish criminal courts will continue considering that webs posting links that facilitate file downloads do not infringe the criminal code.

The Judgement issued by the Criminal Court No. 1 in Baracaldo is based on the strengthen interpretation of our criminal courts to avoid criminal conviction of the defendants that on their websites provide links to files protected by copyright law.

The defendants ran a website with links providing access to files protected by copyright law through a popular sharing software program. The defendants did not modify or offered the files, but they controlled the site and provided lists of files that could be achieved through exchange programs. The defendants did not gain a direct profit as a result of the visits to the exchange sites, neither by the download of the files. However, their gains were achieved through advertising products and services which were posted on its website.

The Judgment considers whether the aforementioned behaviour can be considered categorized within the scope of the Spanish Criminal Code. For such purpose, it determines that Section 20 of the Copyright Act states that an act of communication must be understood as any activity for which a plurality of people might have access to any work protected by copyright without prior distribution of copies. However, the Judgement considers that the defendants did not disseminated the files that the Internet users could achieve by entering in their website and they neither downloaded these files, but just offered links.

Therefore, concludes the Judgement, according to the majority position of the Court of Appeals, the defendants’ behaviour can not be fit into Section 270 of the Criminal Code, which punishes offenses against copyright. In any case, it could be deemed as necessary cooperation, activity that, according also to the Attorney General, is not of criminal nature.

The Judgement continues stating that even in the case that a link had connected to a server containing the entire file, the owner of the site could commit the offense only if it acted in cooperation with the server.

The Judgement includes a reference asking how the Act on regulation of internet downloads, the so-called Sinde Act, would affect the interpretation of the Criminal Code. At the time of the Judgment, the mentioned Act was not enacted yet.

The Judgment states that it is possible that the new Act could define the concept of serving content, and whether that definition may have implications in the current interpretation of our Criminal Courts.

Finally, the Judgement states that it cannot be considered that the defendant's behaviour could be considered as criminal because the profit they obtained did not relied on the number of downloads.

Sinde Act was enacted some weeks later. It did not amend the Criminal Code and forwarded to the jurisdiction of Administrative-Disputes Courts the authority to implement the Act. This referral has determined that the Court of Appeals have held that criminal jurisdiction is subsidiary and, accordingly, our Courts will continue to refrain from condemn criminal defendants of this type of behaviour.

Fernando González

Private recordings of celebrities without consent.

The Spanish High Court, by virtue of its Judgment dated March 30th, 2011, has decided about the possibility of claiming for damages in case of private recordings of celebrities without their consent based on the infringement of the Right of Reputation Act and of the Data Protection Act.

This matter arose as a result of a recording made by some paparazzi to certain celebrities who were at that time inside their own private house.

The recording was broadcasted in two television programs despite the celebrities contacted in advance with the television channel stating their opposition given that they considered that it was an infringement of their right of reputation.

Furthermore, the celebrities, made an attempt to execute their right of access pursuant to the Data Protection Act, however, it was denied by the television channel.

Firstly, the Celebrities brought actions asking for damages for infringement of their rights of reputation. When these proceedings were concluded, they brought new actions against the same television channel asking for damages for infringement of their right of access, rectification and cancelation of their personal data.

During the second proceedings, in first and second instances, the television channel answered the claim arguing the following; (i) that the Civil Courts were not competent to deal with this claim if, on preliminary bases, the competent administrative organization (The Spanish Data Protection Law Agency) had not stated that there had been an infringement of the Data Protection Act; and (ii) that the claimants should had brought the actions for infringement of the Data Protection rights jointly and in the same proceedings that they started intended to discuss the infringement of their rights of reputation.

With reference to the first argument, The Spanish High Court has stated that the Civil Courts are competent to decide on the actions asking for damages for infringement of the Data Protection Act without binding to the resolutions by the competent administrative organization. However, in these cases, the Civil Courts will have to decided, on preliminary bases, if there has been an infringement of the Data Protection Act.

Regarding the second issue, the Spanish High Court considered that both actions are asking for damages, that both are homogeneous and are based on the same facts, and therefore both actions have to be brought jointly and in the same proceedings.

In this manner, the Spanish High Court has confirmed that it is possible to ask for damages due to the infringement of the Right of Reputation jointly with the respective claim for damages in regards to the infringement of the Data Protection Act, stating further that these matters shall be discussed in the same Court proceedings.

Jesús Carrasco

Moderation of penalty clause.

The moderation of penalty clauses, as it is stated in Section 1154 of the Spanish Civil Code, is applied by the Regional Court of Cordoba within the field of the real state crisis and as result of it.

The bases of the case ruled by the Judgement consist on a private purchase contract entered in 2007 by and between the Purchaser and the Vendor, by virtue of which, it was agreed a total purchase price of 2.400.000 € and upon the signing of the contract, the Purchaser made an initial payment of 600.000€. The remaining of the price was agreed to be paid in 12 monthly instalments and the deposit was likewise legally considered as a penalty clause included in the Section 1152 of the Spanish Civil Code.

The Purchaser assigned the private purchase contract to a third party without the consent of the Vendor.

The Vendor requested to the initial Purchasers as they figured in the initial contract in order for them to sign the deed to complete the operation, and the assignee of the contract answered they were the new holders of the contract and that they could not fulfil the terms and conditions of the agreement as no bank had granted a loan to buy the property and, therefore, on their part, they requested the funds already paid or, otherwise, a deduction of 60.000 € out of the purchase price.

The claim issued by the assignee of the contract applied for the mentioned refund, and the Vendor answered to the claim appealing for the lack of capacity of the claimant and applying for the full compliance of the agreement.

The Court of First Instance dismissed the claim but considered that there is right of action to claim as the contract had been assigned with the tacit consent of the parties.

Nevertheless the Judgements concludes stating that there is not impossibility by the assignee to fulfil the contract as there was a lack of prevision and later lack of interest to obtain that amount of money which does not imply that the assignee it is not responsible to comply with the agreement entered.

Both parties appealed, and regarding the lack of capacity, the Regional Court highlights the requirements to assign a contract, namely, the compulsory consent of three parties contrary to the proceedings of transfer of credits. Besides, it concludes in a different way than the First Instance Court as in this Judgement, it is considered there is not tacit agreement to assign the contract.

This fact would imply the rejection of the claim, but the Judgement studies in-depth the claim to conclude there is not ex-post impossibility.

Regarding the counter-claim issued by the Vendor applying for the fulfilment of the private purchase agreement, which constitutes the base of this decision, the counter claim is partially considered, and demands the observance of the contract. However, in the event of breach of contract, it applies the rule established in Section 1154 of the Civil Code, which allows to the Courts to limit the penalty clause if part of the principal obligation was carried out by the debtor.

This is not due to consider the clause abusive, which would imply to change the regulation concerning the principle of independent Will, but because of the economic crisis that allows to the Courts to limit the penalty clause as if the contract had been observed.

Nevertheless, even though the breach of the contract has not occurred exclusively for the debtor's fault but for the current situation of markets, in this case there is a total breach of the contract, which it is not included in the Section 1154 applied by the Court in its Judgement to finally state the limitation of the penalty clause up to the 50%.

It would imply that all the penalty clauses included within the contracts signed before the crisis, could be now limited according to this rule that even though it is for equity reasons, I do consider and from a legal point of view, that it should have been dealt in a different way to achieve the financial purpose, like it happens with the clause named "rebus sic stantibus" which allows the amendments of the conditions of the contract when the external circumstances have substantially changed and it produces a serious imbalance between both parties.

Nevertheless, it is worthy to mention the extraordinary and subsidiary character of the application of this clause, and that is necessary that the circumstance that has produced this imbalance has to be unexpected for the different parties, as it has happened with our current market situation.

Silvia Ara

Credits with respect to joint and several surety in the bankruptcy proceedings

The object of this article is to analyze a controversial issue which is considered in recent times by the Mercantile Courts as a current incident involved in the Bankruptcy Proceedings and more specifically, to analyze the Judgement issued by the Court of First Instance no. 9 and Mercantile Court of Cordoba dated April, 19th 2010, in which the aforementioned incident is involved.

This incident is essentially based on establishing the treatment that should be granted to the additional guarantees provided by third parties in bankruptcy proceedings.

According to the aforementioned Judgement, when facing up this scenario there are different doctrinal positions which, in general terms, might be distinguished into the followings two positions:

Firstly, those who consider that such guaranties should not be involved in the Bankruptcy Proceeding, and therefore that it shall be considered that the credit with respect to the Guarantor shall be qualified as ordinary credit, as well as it is considered for the credit with respect to the principal debtor. This doctrine is called "civil doctrine" given that it only applies civil Law and not the bankruptcy proceedings regulations.

On the other hand, the second doctrinal position considers that such guarantees should be governed by the bankruptcy proceedings regulations. This second doctrinal position so-called "bankruptcy doctrine" is based on the nature of "precedent condition" that should be in place upon the possible payment default by the debtor, thus highlighting the subsidiary nature of the bail.

Therefore, just in those cases in which there is a payment default and providing always that the guarantor does not hold the benefit of discussion, the guarantee shall come into force, and in this respect, the credit shall be considered as standby facility loan with specific limitation.

The Judgement subject to analysis, after revising both thesis and taking into account further Judgements issued in Spain in the last few years, including the Judgement issued by the Mercantile Court No. 1 of Las Palmas dated February, 1st and April, 9th 2010, states its objection to the civil thesis by considering it excessively favourable to the interests of professional creditors (banks), being this thesis of individualist nature, oblivious of insolvency law, and more specifically, by considering that it might lead to a possible abusive request of voluntary bankruptcy proceedings by those third parties that have provided such additional guarantees intended to be entitled to receive the protection granted by the bankruptcy proceedings.

According to such objections, the Judgement opted to apply the bankruptcy thesis by considering that otherwise, credits with additional guaranties would be placed in a better position than the privileged credits, thus altering considerably the bankruptcy proceeding system.

Therefore, on the basis that the guarantor is only considered as a real debtor in those cases when the guaranteed debts are due, and providing always that those keep unpaid, the credit shall be qualified as a standby facility loan with specific limitation.

On the other side, once the debt is due, and considering the non compliance of its obligation by the principal debtor as a "precedent condition", the credit shall be qualified as standby facility loan for the amount of the principal claim.

Thus, in the specific case of the Judgement issued by the Court of Córdoba, it shall be considered as standby facility loan with specific limit, to that credit corresponding to the creditor with regards to a joint and several surety within a bankruptcy situation, even if the main debtor is not involved in an insolvency proceeding.

Paula Casado

EDITORIAL

Please contact:

Fernando González
Partner, Litigation and IP Department, Madrid
fernando.gonzalez@ssd.com

Jesús Carrasco
Partner, Litigation and IP Department, Madrid
jesus.carrasco@ssd.com

Silvia Ara
Associate, Litigation and IP Department, Madrid
silvia.ara@ssd.com

Paula Casado
Associate, Litigation and IP Department, Madrid
paula.casado@ssd.com

Ignacio Gurpegui
Junior, Litigation and IP Department, Madrid
ignacio.gurpegui@ssd.com

Ignacio Triguero
Junior, Litigation and IP Department, Madrid
ignacio.triguero@ssd.com