

Spain

New challenges in the ever-expanding IP field

Consolidation of IP law

In recent years the Spanish industrial property regulations have been modernised, thus raising them to a level equivalent to the laws of other EU member states regarding trademarks (in 2002), designs (2003) and competition (2007). The patent regulations were modernised in 1986 and then updated to include rules for unfair competition (1991), biotechnological inventions (2002) and the Bolar clause (2006). Further, in 2006 all the industrial property laws were brought in line with the EU IP Rights Enforcement Directive.

Thus, a robust body of regulations has been put in place to enable the Spanish courts to apply the various rights coherently.

In spite of this trend, in the field of patents in particular the European Union is seriously assessing the problems created by the system itself, which can sometimes lead to the grant of disproportionate rights. These may have an impact on the market if they are not sufficiently well deserved.

Prospective new EU patent regulations

On July 16 2008 the European Commission published a communication addressed to the European Parliament, the Council and the European Economic and Social Committee entitled “Industrial Property Rights: Strategy for Europe“. This stated that it is essential for patents to be granted only when they make a truly inventive contribution. It called on patent offices in Europe to collaborate to ensure high-quality rights and to avoid the grant of patents in non-patentable fields.

The final report on the investigation into the potential abuse of patent rights in the pharmaceutical sector was published in July 2009. After analysing the sector in depth, the commission concluded that it is necessary to investigate further the creation of a Community patent and a unified European patent litigation system. As far as the detected abuses are concerned, in its report the commission stated that it would investigate cases wherever it deemed appropriate.

Court proceedings: procedures and length

Industrial property proceedings begin in Spain through a claim being filed containing all the statements, facts and relevant exhibits known on the date the claim was brought. Due to the stringency of the Spanish litigation system, these cannot be included at a later date if it was possible to include them on the date when the claim was filed. In regard to technical reports, this point is crucial and must be borne in mind because if there is no justification for not providing such reports alongside the claim, they will be rejected if submitted at a later date.

After being served notice of the claim the defendant is allowed a non-extendible term of 20 business days to respond. The judge then summons the parties to a preliminary hearing at which:

- the disputed points are determined;
- evidence is proposed and admitted; and
- the judge sets a date for the trial.

Evidence is gathered during the trial by cross-examining the parties and the witnesses and the expert witnesses appointed by the parties and, if need be, the court-appointed expert witness. The parties’ lawyers then present their final conclusions. The judge usually issues the judgment within one to two months.

A plaintiff which claims that an IP right has been infringed may submit a request for preliminary injunctions, together with the claim or beforehand. This may be decided without hearing the other party. However, the judge normally summons the parties to a hearing, after which a decision on whether to order the measures is made. An appeal may be lodged against the ruling granting or denying the injunctions.

The length of time between filing a claim and a judgment being laid down is from 18 to 24 months in Barcelona and 24 to 36 months in Madrid. An appeal may take between 12 and 18 months. In recent years the economic situation has created a backlog in the commercial courts due to the large number of bankruptcy

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cases. Thus, cases are expected to take longer in the near future in spite of the establishment of new commercial courts.

Barcelona and Madrid: major IP jurisdictions.

In Spain, legal proceedings concerning intellectual property are heard in the commercial courts. These are normally based in the provincial capitals or the cities where, statistically speaking, such cases are most often filed.

Most of the commercial courts are based in Barcelona and Madrid and are competent to hear commercial cases, including IP cases, at first instance. The appeals are heard by the relevant provincial court.

In Spain, two appeal courts deal with most of the disputes in this field and specialise in commercial cases: the 15th Chamber of the Barcelona Provincial High Court (since 1992) and the 28th Chamber of the Madrid Provincial High Court (since 2006).

These provincial high courts' decisions are now becoming much more important in the field of industrial property, even though they are not considered to be case law, as only Supreme Court judgments are counted as case law. However, the Supreme Court takes four to eight years to issue a judgment on whether to quash a lower court ruling and appeals cannot be lodged with the Supreme Court for all industrial property cases.

In order to lodge an appeal to the Supreme Court against a judgment issued by a provincial high court, the appellant must show that it has a legal interest in so doing. According to the law, this involves proving that:

- the appealed judgment is contrary to Supreme Court case law;
- the judgment was based on points or issues in regard to which contradictory judgments have been laid

down by the provincial courts; or

- the judgment applied rules that have been in force for fewer than five years.

If there is no Supreme Court case law concerning the appeal in question, it is often necessary to show that contradictory judgments have been laid down by the provincial courts. This is quite complicated to do because two contradictory judgments by the same chamber of the same provincial court must be submitted, together with two judgments laid down by another chamber of another provincial court.

For these reasons and the impact of their doctrine on the courts of first instance, judgments laid down by the Barcelona and Madrid courts are always taken into account by other Spanish courts dealing with industrial property issues.

Patents, preliminary injunctions and patent invalidity

In legal proceedings concerning patent rights infringement it is customary for the holder of an exclusive right to request a preliminary injunction, valid until the main proceedings are over, to prevent the defendant from continuing conduct that would make it difficult or impossible to fulfil the judgment to be laid down on the merits of the case. For example, that may be because the patent holder would be caused irreparable damage if the exploitation of the possibly infringing product were not halted as a precautionary measure.

Preliminary injunctions are urgent measures that are ordered to ensure the future enforcement of the judgment to be laid down in the main proceedings. Therefore, preliminary injunctions are instrumental and dependent on the main proceedings, because they are

aimed at ensuring enforcement of the final outcome of the case. Thus, the completion of the legal proceedings also implies that the preliminary injunction come to end, since it either becomes final or is lifted because the patent holder's claims have been rejected.

According to the Patent Act, which applies to other industrial property laws, the preliminary injunctions that can be ordered include any measures aimed at ensuring the full enforceability of the judgment laid down in the main proceedings. These include the following:

- a cease and desist order regarding conduct that infringes the petitioner's right or prohibiting it if there is reasonable *prima facie* evidence to presume that such conduct may be imminent;
- seizure and confiscation of all produced or imported items that infringe the holder's rights and the equipment exclusively used for such production or to carry out the patented process;
- a payment to the court to guarantee compensation for any damages; and
- a note in the relevant registry or registries.

However, in the patent field, the damage that could be caused by ordering a preliminary injunction against the possible infringement of patent rights could be even greater than the damage that the proprietor is seeking to prevent. Therefore, the loss of market opportunity that the defendant suffers as a result of the injunction must be taken into account. The defendant's inability to launch or market a product could lead to its market share being captured by competitors, and it may be impossible to recover once the patent has expired or the injunction has been lifted.

The following conditions must be met in order for a preliminary injunction to be granted:

- There must be a danger in the delay (ie, the risk that a delay in accepting the claims of the party suffering the illegal situation will result in irreparable damage to its interests);
- The infringed party must have a *prima facie* case (ie, a provisional judgment, based on *prima facie* evidence, that the main claim is well founded);
- In the case of patents, there must be proof of industrial use of the patent in any World Trade Organisation country to a sufficient extent to supply the market; and
- The petitioner must guarantee that it can pay compensation for any damages that could be caused by the preliminary injunctions by depositing a surety.

The defendant may put forward arguments to

prove these conditions have not been met.

If it wishes to dispute that the requirement for a *prima facie* case has been met, the defendant has two options: it can provide *prima facie* evidence that the patent right has not been infringed, or it can provide *prima facie* evidence that the patent right is invalid.

Some patentees claim that it is currently impossible to challenge the validity of a patent in preliminary injunction proceedings, in spite of the fact that it is a means of defence recognised by the Patent Act. This claim, which has been accepted by some Spanish courts, is based on the possible presumption that the patent right is valid. Therefore, in the case of European patents, if the patent right has been granted after a prior examination by the European Patent Office, it could be considered that a preliminary injunction could not be rejected based on the patent being likely to be invalid, because a *prima facie* judgment on its validity had already been formed by the examiner before the patent was granted.

However, although such examination provides a greater guarantee than when a patent is granted without it, it is not conclusive. The offices responsible for granting patents cannot know all there is to know about a particular sector; nor do the examiners always have specific knowledge about the sector to which the invention applies. The examiner's conclusions may be tainted by human errors or defects.

This could lead to the undesirable result of patents being granted that are valid but involve no real technical development.

Granting preliminary injunctions based on patents that are invalid goes against the very foundations on which the patent system is based – the granting of a monopoly based on an invention that must meet certain requirements.

The difficulty of being able to analyse the validity of the allegedly infringed patent in preliminary injunction proceedings could lead to the opposite result to that sought by patent law – that is, the granting of protection to inventions that should not be considered as such.

New developments at the Spanish Patent and Trademark Office

There have recently been key developments at the Spanish Patent and Trademark Office. The Spanish *Industrial Property Gazette* is now published every day instead of every fortnight. Since its first issue 123 years ago the gazette had been published every two weeks, but since May 4 2009 it has been published every day except Saturdays, Sundays, national public holidays and Madrid local public holidays. The daily publication of the gazette means that the various administrative

processes can be published more quickly, thus speeding up procedures.

As of 2009 applications can be submitted for invention and utility model patents through the Internet. Trademarks and trade names can be renewed by filling in

the relevant electronic form.

These new developments implement measures that are part of the office's Strategic Plan of Adaptation to Electronic Management and should reduce the administrative burden.



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