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# Trade marks: online infringement of EUTM based on targeting

## Summary

The European Court of Justice (ECJ) has ruled that a defendant who infringes an EU trade mark (EUTM) by advertising or offering counterfeit goods for sale online may be sued in the country targeted by the website.

## Background

Generally, EUTM infringement proceedings must be brought before the courts of the EU member state in which a defendant is domiciled (*Article 97(1), EUTM Regulation (207/2009/EC)*) (EUTM Regulation) (Article 97(1)). EUTM infringement proceedings can also, as an alternative, be brought before the courts of the member state in which the act of infringement has been committed or threatened (*Article 97(5), EUTM Regulation*) (Article 97(5)).

The extent of the territorial jurisdiction of the court differs according to the basis chosen. When the infringement action is based on the defendant's domicile, jurisdiction potentially covers acts of infringement committed throughout the EU, whereas, when the action is based on Article 97(5), the action is restricted to acts of infringement committed or threatened within the member state where the court before which the action is brought is situated.

The ECJ has ruled that EUTM infringement acts consisting of online advertising and offers for sale were committed in the territory where the consumers or traders targeted are located, even if the defendant, online servers and products are located elsewhere (*L'Oréal and Others News brief "L'Oréal v eBay: good news for brand owners", www.practicallaw.com/9-507-0026).*

## Facts

A is a UK company which manufactures and sells audio equipment. H is a Spanish company which sells and supplies audio equipment.

A sued H in the UK for infringement of its EUTM, alleging that H had offered for sale to UK consumers imitations of A's goods bearing a sign identical or similar to the EUTM and had advertised those products on H's website and social media accounts.

The Intellectual Property Enterprise Court (IPEC) refused to accept jurisdiction in relation to infringement of A's EUTM (*see News brief "Jurisdiction over online EUTM infringement: the ECJ hits the target", www.practicallaw.com/w-022-1254*). It held that, under Article 97(5), only the

courts in Spain had jurisdiction, as Spain was the country of H's domicile and also the country where the act of infringement (taking steps to put a sign on a website) was committed.

A appealed. The Court of Appeal referred the question of jurisdiction to the ECJ.

## Decision

The ECJ ruled that, under Article 97(5), an EUTM owner could bring infringement proceedings against a third party for unauthorised use of a sign identical to that EUTM in advertising and offers for sale displayed electronically for identical or similar products to those for which the EUTM was registered, before an EUTM court of the member state where the consumers or traders to whom that advertising and those offers for sale were directed were located. This was the case even if the third party took decisions and steps necessary to bring about the electronic display in another member state.

If Article 97(5) was not interpreted in this way, a defendant would only have to ensure that the territory where they set up their website and activated the display of their advertising and offers for sale was the same as that in which it was established, to prevent EUTM owners from resorting to Article 97(5) as an alternative to Article 97(1).

It was for the national referring court to decide whether the advertising and offers for sale on the website and platforms in issue were targeted at UK consumers or traders, on the basis of factors such as the details about the geographical areas where the products were to be delivered.

## Comment

While the ECJ has ruled on matters of international jurisdiction relating to online infringements of national trade marks and offline infringements of EUTMs, this is the first time that the court has ruled on international jurisdiction in an online EUTM infringement case. The court has extended the interpretation of Article 97(5) further than its literal wording, which does not specifically refer to a targeting requirement, although the EUTM Regulation defines infringement as acts of advertising and offers of sale which may indirectly refer to targeting. A territorial limitation to the place of the causal events would also make little sense in the light of the contrast between full jurisdiction based on the defendant's domicile and the territorially limited jurisdiction based on place of infringement.

The ECJ's reliance on *L'Oreal*, a case concerning the applicability of EUTM regulations to an online platform established outside the territory of the EU, rather than, as here, the determination of jurisdiction as between member states, is questionable.

*Case: AMS Neve and others v Heritage Audio SL and others C-172/18.*

# Patents: interpretation of SPC Regulation

## Summary

The Advocate General (AG) has delivered an opinion on the interpretation of Article 3 of the Supplementary Protection Certificate (SPC) Regulation (*469/2009/EC*) (2009 Regulation) (Article 3).

## Background

The purpose of an SPC is to re-establish a sufficient period of effective protection of the basic patent by permitting the holder to enjoy an additional period of exclusivity on the expiry of that patent. This is intended to compensate, partly, for the delay to the commercial exploitation of an invention caused by the time elapsed between the date on which the application for the patent was filed and the date on which the first marketing authorisation in the EU was granted.

The grant of an SPC is governed by the 2009 Regulation. Article 1(b) of the 2009 Regulation defines "product" as the active ingredient or combination of active ingredients of a medicinal product. "Basic patent" means a patent which protects a product, a process to obtain a product or an application of a product, and which is designated by its holder for the purpose of the procedure for grant of a certificate.

Article 3 provides that a certificate shall be granted if, in the EU member state in which the application is submitted and at the date of that application, the product is protected by a basic patent in force.

The European Court of Justice (ECJ) has held that a product composed of several active ingredients with a combined effect may be protected by a basic patent in force under Article 3(a) where, even if that combination was not expressly mentioned in the claims, those claims related necessarily and specifically to that combination (*Teva* two-part test) (*Teva UK Ltd and others v Gilead Sciences Inc, see News brief "Patents: interpretation of Supplementary Protection Certificate Regulation", www.practicallaw.com/w-016-3653*).

Markush claims represent large classes of compounds by means of a structural formula (Markush formulae). Under the European Patent Office (EPO) guidelines, Markush formulae can properly be used where the alternatives are of a similar nature, having a common property or activity and a common structure, for example, a significant structural element shared by all the alternatives.

## Facts

G owned an SPC for a product marketed in Europe used in an anti-retroviral medication for the treatment of HIV and AIDS. The claims of the basic patent were based on a Markush formula. The estimated number of compounds covered by claim 1 of the patent was extremely large, but the number of compounds specifically disclosed was approximately 100. There was no reference to the product anywhere in the specification.

S brought proceedings to clear the way for the marketing of a generic product before the expiry of G's SPC. S argued that on the true construction of Article 3(a), it was not a product protected by the patent.

The Patents Court held that it was a product protected by the patent. S appealed, arguing that, given the large number of compounds covered by the claim the *Teva* two-part test was not satisfied.

The Court of Appeal stated that, as *Teva* related to a medicinal product composed of several active ingredients, it was unclear whether the *Teva* two-part test was applicable to medicinal products composed of a single active ingredient. It stayed the proceedings and referred questions to the ECJ on the interpretation of Article 3(a), in particular for clarity in the present situation with a single active ingredient product and Markush formula claims, whether the test should be that a skilled person considering the claims on the one hand and the structure of the product in question would immediately recognise that the active ingredient in question was one of those specified by the formula (an infringement analysis), or whether the specific substituents necessary to form the active ingredient of the product must be amongst those which the skilled person could derive, based on their common general knowledge, from a reading of the claims in the patent (a disclosure analysis).

## Decision

In the AG's opinion the *Teva* two-part test applied both to products consisting of a single active ingredient and products composed of several active ingredients. The concept of the core inventive advance of the patent did not apply and was of no relevance in the context of Article 3(a).

Article 3(a) did not preclude the grant of an SPC for an active ingredient which was covered by a functional definition or a Markush formula provided that the *Teva* two-part test was satisfied. The *Teva* test is technologically neutral in nature: the form of a claim, whether functional or a Markush formula, is not relevant provided it satisfies the test.

The *Teva* two-part test must be applied from the point of view of a person skilled in the art and on the basis of the prior art at the priority date of the basic patent.

The first part of the *Teva* two-part test was not satisfied in respect of a product if, from the point of view of a person skilled in the art and on the basis of the prior art at the priority date of the basic patent, the claims in a patent in relation to that product were not required for the solution of the technical problem disclosed by a patent. In other words, the claims must provide the inventive advance: the description and drawings alone are not enough.

The second part of the *Teva* two-part test required that although the product does not have to be "specifically identifiable" in the claims, a person skilled in the art would have been able, in the light of all the information contained in a patent, on the basis of the prior art at the priority date of the patent in question, to derive the product in question. This was not so where, in the light of all the information contained in a patent, a product or constituent element of the product remained unknown to a person skilled in the art on the basis of the prior art at the priority date of the patent.

## Comment

Unlike the referring courts, the AG considered that *Teva* was clear. The AG's opinion highlights once again a disclosure test in establishing whether a product is covered by the claims of a patent, rather than an infringement-based analysis. The message from the AG is that the *Teva* two-step test should be applicable to any form of claim, here a Markush formula, and cover both single and combination products.

*Case: Royalty Pharma Collection Trust v Deutsches Patent-und-Markenampt C-650/17; Sandoz Ltd and another v GD Searle LLC and another C-114/18.*


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