

Spain

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1 Intellectual property law

Under what legislation are intellectual property rights granted? Are there restrictions on how IP rights may be exercised, licensed or transferred? Do the rights exceed the minimum required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

Copyrights are granted under the Spanish Copyright Act of 12 April 1996 (Copyright Act).

Trademarks and trade names are granted under the Spanish Trademark Act of 7 December 2001 (Law 17/2001) (Trademarks Act).

Patents and Utility Models are granted under the Spanish Patents Act of 20 March 1986 (Law 1/1986) (Patents Act).

Industrial Designs are granted under the Spanish Legal Protection of Industrial Design Act of 7 July 2003 (Law 20/2003) (Industrial Design Act).

The main restriction on how rights may be exercised, licensed or transferred is that all the transfers of IP rights shall be formalised in written form and, except for copyrights, they shall be registered in the corresponding public registry to be effective in relation to good faith third parties.

The rights granted by Spanish legislation exceed the minimum required by the TRIPs agreements but just to the extension stated in the applicable EU Directives.

2 Responsible authorities

Which authorities are responsible for administering IP legislation?

For patents, utility models, trademarks, trade names and industrial designs, the authority responsible for administering IP legislation is the Spanish Patent and Trademark Office. This office manages the registration of all issues in the corresponding registries.

There is also a Copyright Office but its role is minor since copyrights do not need to be registered in order to be valid and enforceable.

For specific aspects of copyright (arbitration, mediation and digital piracy) there is also the Spanish Intellectual Property Commission, which is responsible to the Ministry of Education, Culture and Sport.

3 Proceedings to enforce IP rights

What types of legal or administrative proceedings are available for enforcing IP rights?

The proceedings available under Spanish law to enforce IP rights vary depending on the IP rights to be enforced. For all intellectual property rights apart from copyrights, it is mandatory to register them in the relevant registry. The exceptions to this general rule are well-known and famous trademarks.

The administrative proceedings available for enforcing IP rights (excluding copyrights) are those established in the proceedings before the Spanish Patent and Trademark Office regarding trademark applications (oppositions, appeals, etc).

In relation to copyright, there is a relatively new administrative procedure stated in the 43rd final Disposition of the Spanish Sustainable Economics Act of 4 March 2011 (Law 2/2011) and incorporated into the Spanish Copyright Act to enforce copyrights against the infringements committed for profit by internet services providers on the internet. This procedure would not affect the final users.

4 Remedies

What remedies are available to a party whose IP rights have been infringed?

There are two types of remedies: civil and criminal. According to civil law the following actions are available: cease and desist actions, the adoption of the measures necessary to avoid the continuation of an infringement, destruction of illegal goods, compensation for damages, and the publication of the judgment at the expense of the party declared guilty.

According to criminal law (article 270 of the Spanish Criminal Code) anyone who, for profit and to the detriment of a third party, reproduces, plagiarises, distributes or publicly broadcasts, in whole or in part, a literary, artistic or scientific work, or an artistic reworking, rendition or performance of such a work, regardless of the medium or the means by which it is broadcast, without the authorisation of the holders of the relevant intellectual property rights or their assignees, shall be sentenced to imprisonment and fines.

The same punishment could be imposed in the event of trademark or patent infringements for profit and to the detriment of a third party (articles 273 and 274 of the Spanish Criminal Code).

5 Competition and abuse of IP rights

What consideration has been given in legislation or case law to competition in the context of IP rights, and in particular to any anti-competitive or similar abuse of IP rights?

The General Media Act, of 31 March 2010 (Law 7/2010) (Media Act) makes reference to competition rules with regard to broadcasting rights' acquisition agreements between football clubs and audiovisual operators.

In particular, article 21 of the Media Act sets out that such acquisition agreements are subject to EU and Spanish competition law, ordering that the acquisition of broadcasting rights must be carried out in a transparent, objective, non-discriminatory manner. In addition, article 21 establishes that acquisition agreements should be limited to four years (despite the fact that the Spanish Competition Authority has limited such duration to three years in a landmark case discussed in question 32).

6 Remedies for deceptive practices

With respect to trademarks, do competition or consumer protection laws provide remedies for deceptive practices in addition to traditional 'passing off' or trademark infringement cases?

According to the Spanish Unfair Competition Act, of 10 January 1991 (modified by the Act of 30 December 2009, (Law 29/2009) the unauthorised use of a sign owned by a competitor (being a trademark or not) can be prosecuted as an 'act of confusion' (article 6), 'act of deceit' (article 7), 'act of imitation' (article 11) or 'act of taking advantage of the reputation of a third party' (article 12) according to the circumstances of the particular case.

The remedies are in line with those discussed above: cease-and-desist actions, the adoption of the measures necessary to avoid the continuation of an infringement and to annul its effects, the rectification of false and misleading information, compensation for damages, and the publication of the judgment at the expenses of the party declared guilty.

7 Technological protection measures and digital rights management

With respect to copyright protection, is WIPO protection of technological protection measures and digital rights management enforced in your jurisdiction? Does legislation or case law limit the ability of manufacturers to incorporate TPM or DRM protection limiting the platforms on which content can be played? Could TPM or DRM protection be challenged under the competition laws?

The WIPO protection of technological protection measures and digital rights management has been implemented into Spanish law by virtue of Act 23/2006 of 7 July 2006, which modifies the Copyright Act.

Manufacturers who incorporate TPM shall respect the legal limits. Regarding the exception of reproduction for private use, the manufacturers could incorporate TPM to the extent necessary, but allow the user to make a certain number of copies.

There is no limitation on incorporating DRM systems.

8 Industry standards

What consideration has been given in legislation or case law to the impact of the adoption of proprietary technologies in industry standards?

The Patents Act does not include any specific provision regarding this issue. This Act sets an obligation on the patentees to grant licences when, among other causes, the patent is not being exploited, it is necessary for the exports of the country and it is necessary as a result of a dependency between patents or for reasons of 'public interest'.

Competition

9 Competition legislation

What legislation sets out competition law?

The basic framework of Spanish competition law is set out in Law 15/2007 of 3 July 2007 (Competition Act) and in Royal Decree 261/2008, of 22 February, approving the Defence of Competition Regulation (Implementing Regulation), which develops certain aspects of the Competition Act, namely, procedural rules, de minimis rules and leniency rules.

Spanish competition rules mirror EU competition legislation. Article 1 of the Competition Act is equivalent to article 101 of the Treaty on the Functioning of the European Union (TFEU) and prohibits agreements, collective decisions or recommendations, or concerted or consciously parallel practices, which have as their object to produce or maybe produce the effect of prevention, restriction or distortion of competition in all or part of the Spanish market.

Article 2 of the Competition Act prohibits any abuse by one or more dominant undertakings in all or part of the Spanish market. Pursuant to the Competition Act, mergers that meet certain thresholds are subject to merger control.

In addition, articles 101 and 102 TFEU can be directly enforced in Spain.

10 IP rights in competition legislation

Does the competition legislation make specific mention of IP rights?

Spanish competition legislation makes very limited specific mention of IP rights. For instance, in the context of merger control, the parties to a merger must inform on IP rights under certain circumstances and important patents are to be taken into account in the merger control review process. Otherwise, the interaction between IP rights and antitrust has been developed by the case law.

On the other hand, as a result of the direct application of EU competition law in Spain, EU block exemption regulations are of application to agreements having purely domestic effects (as stated in article 1.4 of the Competition Act). Thus, with regard to IP rights the following regulations apply:

- EC Regulation 772/2004 on the application of article 101(3) TFEU to categories of technology transfer agreements (the Technology Transfer Block Exemption Regulation, or TTBER), which exempts certain licensing agreements for the transfer of technology from the prohibition on anti-competitive agreements, subject to certain requirements; and
- EC Regulation 1217/2010 on the application of article 101(3) TFEU to categories of research and development agreements (R&D Block Exemption Regulation, or RDBER), which includes provisions regarding IP rights.

Agreements related to IP rights that comply with the above regulations are exempted from the prohibition on anti-competitive agreements enshrined in article 1.1 of the Competition Act.

11 Review and investigation of competitive effect

Which authorities may review or investigate the competitive effect of conduct related to IP rights?

The new National Markets and Competition Commission (CNMC) has powers to investigate anti-competitive agreements and abuses of dominance, including cases involving IP rights.

In June 2013, Law 3/2013 came into force, creating the CNMC. The new law modifies the current regulatory oversight system by creating a new body that integrates the previous National Competition Commission (CNC) and most of the sectoral regulators: energy, telecommunications, media, post, railway transport, air transport and gambling sectors.

The law organises the new institutional framework, leaving largely intact the substantive laws on competition and sectoral regulation.

The Investigation Directorate of the CNMC will be in charge of carrying out the investigations, whereas the CNMC Council will have the power to make decisions. The competition authorities of the autonomous communities (Spanish regions) retain jurisdiction over conduct exclusively affecting their respective territories.

12 Competition-related remedies for private parties

Do private parties have competition-related remedies if they suffer harm from the exercise, licensing or transfer of IP rights?

Private parties who have suffered harm as a result of anti-competitive conduct (including those related to licensing or transfer of IP rights) may file a complaint before the CNMC Investigation Directorate

or the regional competition authorities. In the event that competition rules are found to have been breached, the CNMC or regional competition authorities may impose fines on infringers and order the cessation of the anti-competitive conduct. In addition, parties may apply for interim relief before the competition authorities.

On the other hand, private parties may initiate judicial proceedings before the commercial courts in order to seek a declaration that conduct has breached competition law and request damages or the annulment of contracts that infringe competition rules.

13 Competition guidelines

Has the competition authority issued guidelines or other statements regarding the overlap of competition law and IP?

The previous authority (the CNC) did not publish specific guidelines regarding the overlap of competition law and IP rights. However, two documents published by the CNC partially relate to the topic: the 2009 report related to the activities of collecting societies and the 2008 study on the competitive conditions of the Spanish markets related to the exploitation of football broadcasting rights.

On the other hand, the guidelines issued by the European Commission (like the TTBER guidelines) are of interpretative value.

14 Exemptions from competition law

Are there aspects or uses of IP rights that are specifically exempt from the application of competition law?

IP rights, by definition, provide for a legally protected right to exclude non-owners. Other than that, no specific exemptions are provided in the Competition Act with regard to IP rights.

As mentioned in question 10, the TTBER and RDBER are applicable in Spain. Pursuant to article 1.4 of the Competition Act, agreements meeting the conditions set out in those regulations are exempted from the prohibition of anti-competitive agreements established in article 1.1 of the Competition Act.

15 Copyright exhaustion

Does your jurisdiction have a doctrine of, or akin to, 'copyright exhaustion' (EU) or 'first sale' (US)? If so, how does that doctrine interact with competition laws, for example with regard to efforts to contract out of the doctrine, to control pricing of products sold downstream and to prevent 'grey marketing'?

Yes. Article 36 of the Trademarks Act establishes that the holder of a registered trademark in Spain cannot prevent the use of such a trademark by third parties regarding products placed within the European Economic Area (EEA) by the holder of the trademark or with its consent. The above is not applicable in the event that the holder of the trademark has legitimate reasons to oppose the subsequent commercialisation of the products, in particular where the conditions have been modified after the initial commercialisation.

Similarly, under article 52.2 of the Patents Act, patent rights in Spain do not extend to products placed in the territory of an EU member state by the holder of the trademark or with its consent.

Regarding copyright, article 19.2 of the Copyright Act states that the distribution right shall not be exhausted within the EU in respect of the original or copies of the work, except where the first sale or other transfer of ownership in the EU of that object is made by the rights holder or with its consent.

Thus, IP rights owners are not able to prevent parallel imports regarding products placed in the EEA on the basis of IP rights protection. The same applies to pricing; resale price maintenance is prohibited under the Competition Act.

16 Import control

To what extent can an IP rights holder prevent 'grey-market' or unauthorised importation or distribution of its products?

As stated in question 15 above, the IP rights exhaustion principle applies in Spain. Thus, once a product is placed within the European Union by IP rights holders or with their consent, they cannot prevent sales in Spain. On the other side of the spectrum, IP rights holders may prevent sales of goods placed outside the EU.

17 Competent authority jurisdiction

Are there circumstances in which the competition authority may have its jurisdiction ousted by, or will defer to, an IP-related authority, or vice versa?

Not in principle.

Merger review

18 Powers of competition authority

Does the competition authority have the same powers with respect to reviewing mergers involving IP rights as it does with respect to any other merger?

The CNMC has exclusive jurisdiction regarding mergers meeting the thresholds set out in the Competition Act (unless such mergers have European dimension). The CNMC has the same powers concerning concentrations involving IP rights in regard to any other kind of concentration.

For the purposes of Spanish merger control, acquisition of intangible assets such as IP rights may constitute an economic concentration as long as turnover can be attributed to such assets.

19 Analysis of the competitive impact of a merger involving IP rights

Does the competition authority's analysis of the competitive impact of a merger involving IP rights differ from a traditional analysis in which IP rights are not involved? If so, how?

The CNMC takes account of the possible effects of IP rights involved in the proposed concentration regarding, for instance, the strengthening of market power of the resulting entity, possible foreclosure of competitors or entry barriers.

From a procedural standpoint, the standard merger control form annexed to the Implementing Regulation requests information from the parties with regard to IP-related barriers to entry in the relevant markets. Parties should give information on patent ownership or licensing.

In addition the CNMC has the power to request the submission of a standard merger control notification in cases qualifying for the reduced form where the concentration involves important patents.

20 Challenge of a merger

In what circumstances might the competition authority challenge a merger involving the transfer or concentration of IP rights?

The substantive test applied by the CNMC in merger control is whether the proposed concentration may hinder the maintenance of the effective competition in all or part of the Spanish market.

In concentrations involving IP rights, the CNMC will analyse the effects of the combination of IP rights by the merging entities from a horizontal and vertical standpoint. For instance, the CNMC will assess whether the control by the resulting entity over patents or other kinds of IP rights may foreclose rivals, for example, by creating the ability to foreclose access to inputs. The CNMC will also look closely to whether, as a result of the combination of IP rights by the merging parties, barriers to entry are created or increased.

21 Remedies to alleviate anti-competitive effect

What remedies are available to alleviate the anti-competitive effect of a merger involving IP rights?

Pursuant to the Competition Act, parties may offer remedies during the merger control proceedings (both in phase 1 initial investigation and phase 2 in-depth review) in order to alleviate competition concerns. Such remedies may include IP rights licensing or structural remedies such as the divestment of brands. The CNMC will assess whether any proposed commitments remedy the anti-competitive risks detected before clearing the transaction. Once the transaction is approved, commitments become mandatory for the parties.

On the other hand, the CNMC may clear a merger subject to conditions (not proposed by the parties), which may also include IP rights licensing. For instance, mandatory sub-licensing of premium audiovisual content was imposed in 2002 regarding the merger between two major pay-TV platforms; likewise, the reduction in the duration of the sensitive IP licences may be a remedy. Similarly, the CNMC may impose limits on the duration of exclusive contracts for the acquisition of audiovisual content as a remedy in merger control cases. For instance, the previous authority (the CNC) imposed in 2012, in connection with authorising the merger between television operators Antena3 and LaSexta, that the merged entity should limit its contracts for the acquisition of audiovisual content to three years, among other conditions.

Specific competition law violations

22 Conspiracy

Describe how the exercise, licensing, or transfer of IP rights can relate to cartel or conspiracy conduct.

Agreements between undertakings regarding the exercise, licensing, or transfer of IP rights may fall foul of article 1 of the Competition Act and 101 TFEU. As mentioned in question 10, RDBER and TTBER are applicable in Spain.

Price fixing and market sharing agreements between competitors are prohibited under article 1 of the Competition Act. Agreements involving IP rights that have such effects are then prohibited (for instance cross-licensing between competitors amounting to market sharing).

Very long licensing agreements, for instance, of football broadcasting rights, involving extension clauses have been deemed as anti-competitive by the CNC due to their foreclosing effects.

23 (Resale) price maintenance

Describe how the exercise, licensing, or transfer of IP rights can relate to (resale) price maintenance.

Minimum price resale maintenance is a prohibited hardcore competition restriction. IP rights licences containing provisions amounting, directly or indirectly, to minimum price maintenance are thus forbidden. Price recommendations are allowed, as long as such recommendations do not entail, as a matter of fact, minimum price maintenance.

24 Exclusive dealing, tying and leveraging

Describe how the exercise, licensing, or transfer of IP rights can relate to exclusive dealing, tying and leveraging.

Exclusive dealing is not prohibited per se under the Competition Act. However, in cases where competitors are foreclosed, exclusive dealing may be anti-competitive, subject to the circumstances of each particular case.

With regard to tying, article 1(e) of the Competition Act establishes, as an example of forbidden conduct, making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations, which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

In addition, article 2(d) of the Competition Act prohibits dominant companies from making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations that, by their nature, have no connection with the subject of such contracts. Pursuant to that prohibition, dominant companies are prevented from incurring tying practices.

25 Abuse of dominance

Describe how the exercise, licensing, or transfer of IP rights can relate to abuse of dominance.

The existence of IP rights does not constitute an abuse of dominance by itself. However, the exercise of IP rights may amount to such an abuse where, for instance, a dominant undertaking places a competitor in a disadvantageous position due to the terms of the licence, incurs tying or the licensing system devised by the dominant undertaking is not sufficiently transparent, objective and fair.

On the other hand, the CNC has fined the collecting societies SGAE, AIE, EGEDA and AGEDI in a series of decisions for abusing their dominant position by applying unfair and discriminatory prices.

26 Refusal to deal and essential facilities

Describe how the exercise, licensing, or transfer of IP rights can relate to refusal to deal and refusal to grant access to essential facilities.

In limited circumstances, a refusal to license may amount to an abuse of dominant position. In this regard, the CNMC would follow the criteria set out in the European Commission and the European Court of Justice.

Remedies

27 Remedies for violations of competition law involving IP

What sanctions or remedies can the competition authority or courts impose for violations of competition law involving IP?

In cases where the prohibitions on anti-competitive agreements or abuse of dominance are breached, the CNMC Council (or the regional competition authorities) has powers to:

- impose fines up to 10 per cent of the turnover of the infringing party;
- order the cessation of the conduct;
- impose structural or behavioural obligations (compulsory licensing and divestitures are thus possible); and
- order the removal of the effects of the anti-competitive conduct.

In addition, complainants may request interim relief.

Regarding mergers, the CNMC Council may subject the approval to conditions that may include brand divestitures or compulsory licensing.

Commercial courts may grant damages to parties that have been harmed due to anti-competitive practice.

28 Competition law remedies specific to IP

Do special remedies exist under your competition laws that are specific to IP matters?

There are no specifically regulated remedies for cases involving IP rights.

Update and trends

In our view an upsurge of IP rights-related antitrust cases is likely to occur in the near future as technology markets develop as is, at present, happening at EU level; for example, the investigation concerning Google, Apple and Samsung over use of essential patents. In fact, the CNC has increased the number of investigations on conduct involving IP rights in IT markets triggered by complaints (*Oracle* and *Microsoft*, see question 32).

29 Remedies and sanctions

What competition remedies or sanctions have been imposed in the IP context?

The CNC has imposed fines and ordered the cessation of certain conduct. In the context of merger control, the CNC has endorsed operations in the media sector subject to the licensing of premium content.

In addition, commercial courts have awarded damages stemming from anti-competitive conduct related to football broadcasting rights licensing.

30 Scrutiny of settlement agreements

How will a settlement agreement terminating an IP infringement dispute be scrutinised from a competition perspective?

As far as we are aware, the CNC has not dealt with IP rights disputes being settled in the past. Settlement agreements would have been analysed by the CNC in the light of the Commission's TTBER guidelines.

Economics and application of competition law**31 Economics**

What role has economics played in the application of competition law to cases involving IP rights?

Following the trend initiated by the European Commission, the CNMC is willing to increase the role of economic analysis (this trend is not specific to IP rights related cases).

Proof of the above is that the CNC created (in 2008) a separate Chief Economist Unit, with the purpose of providing specific economic advice to the CNC Investigation Directorate and Council in cases involving complex economic issues.

32 Recent cases

Have there been any recent high-profile cases dealing with the intersection of competition law and IP rights?

Major recent cases refer to Spanish football audiovisual broadcasting rights.

Following the 2007 merger between Sogecable and AVS (which at the time held the majority of football broadcasting rights), the CNC initiated a preliminary investigation of the acquisition and resale of football broadcasting rights in Spain. Thereafter, the CNC opened infringement proceedings against several broadcasters and Spanish football clubs.

By the decision of 14 April 2010, the CNC ruled that exclusive contracts for the acquisition and resale of football broadcasting rights for Spanish League and Cup matches with a duration of more than three seasons are anti-competitive.

While recognising that these contracts could lead to efficiencies, the CNC considered that the contracts' maximum duration must not exceed three years. It is remarkable that the CNC issued its decision a few days after publication of the Media Act, which limits the maximum duration of exclusive football broadcasting rights agreements to four years, and thus, the decision is inconsistent with the Media Act on this point. The court in charge of the judicial review has confirmed the CNC decision. Several parties have appealed before the Supreme Court on points of law.

On 17 March 2011 the CNC fined Mediapro (a media operator that, at present, holds the broadcasting rights of Spanish clubs) for abusing its dominant position by hindering competition since the licensing system devised by Mediapro was not sufficiently transparent, objective and fair regarding all the companies asking for distribution rights.

On 4 March 2010, a civil court in Madrid ruled that Sogecable and its subsidiary AVS had abused of its dominant position in the football broadcasting rights resale market with regard to the price charged to several cable operators, which are part of the Cableuropa group, plaintiff of the case, in relation to pay-per-view matches (facts go back to the 1996–1997 to 2008–2009 seasons). The court ruled that the guaranteed minimum amounts charged by AVS under the licences were excessive. According to the court, the conduct above amounted to an abuse of dominant position in breach of article 82 of the EC Treaty (current article 102 of the TFEU), as Sogecable and AVS had imposed unfair prices upon cable operators.

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In 2012, the CNC initiated investigations against Microsoft for allegedly entering into anti-competitive agreements and abusing its dominant position in a case related to the resale of software licences. The CNC closed the investigation by its decision of 14 March 2013. The CNC Council found that Microsoft did not unreasonably prevent or limit the resale of used software licences.

In its decision of 26 February 2013, the CNC ended an investigation against Oracle for an alleged abuse of dominant position. The

complainant in the case claimed that Oracle had abused its dominant position by deciding to stop manufacturing products that were compatible with the complainant's products. The CNC Council found that Oracle had no dominant position in the market for relative database management systems (the complainant proposed a narrower market). Despite closing the investigation, the CNC decision includes conclusions that will serve for the analysis of future cases concerning relational database management systems.