

QUESTION B - SPANISH NATIONAL REPORT
Legal restrictions against abuse of IP rights and IP abusive litigation in Spain¹

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1. Introduction

The protection and defence of IP rights against illegal or abusive behaviours are issues widely addressed by Spanish legislation, case law and jurisprudence. Nevertheless, the abuse of IP laws and IP abusive litigation are rarely studied topics in Spanish private law. Consequently, in this chapter we intend to offer, in a succinct

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manner, a general overview of these issues from the perspective of intellectual property (3), competition law (4) as well as other applicable laws (5). Thus, we are going to start describing the most relevant characteristics of Spanish IP rights protection (2) and we will conclude with a critical vision of the current situation regarding IP abuse of law and abusive litigation in Spain (6).

2. Scope of the IP legal protection in Spain

2.1. Overview of IP rights protection

The scope of the IP legal protection in Spain is extensive and complex. It includes the following types of IP rights:

- **Copyright and related (neighbouring) rights:** These rights are defined in the Spanish Copyright Act² (hereinafter, **SCA**). The SCA grants rights to authors, performers, producers (audio-visual and phonographic), broadcasters, photographers for “mere” photographs³ and also recognised rights regarding software, edition of works non protected and edition of works in public domain⁴ and databases. In addition, the SCA recognises rights to other right holders such as editors (by means of editorial contracts or in case of a collective work) and heirs.

The SCA grants moral⁵ and economic rights to the authors and performers. The economic rights could be classified in two categories: exclusive rights (reproduction, distribution, public communication and transformation) and remuneration rights⁶.

- **Trademarks:** Trademarks can be protected in Spain as International⁷, European and National trademarks. Notwithstanding, legal proceedings in case of infringement are similar for these three types of trademarks. These legal proceedings are provided by the Spanish Trademark Act (hereinafter **STA**)⁸.

² Royal Legislative Decree 1/1996, of April 12th, approving the revised text of the Copyright Act, regulating, clarifying and harmonizing the current legal provisions on the subject.

³ A “mere” photography is defined by the SCA as the photography or other reproduction obtained by a procedure analogous to the photographic procedure, which could not be considered as a protected work (for instance, because it lacks originality). In this case whoever takes this photography or reproduction has the exclusive right to authorize their reproduction, distribution and public communication, in the same terms recognized in the SCA to the authors of photographic works. This right will have a duration of twenty-five years computed from January 1st of the year following the date of photography or reproduction. (Art. 128 SCA).

⁴ Art. 129 SCA

⁵ Moral rights are non-waivable, inalienable and perpetual. (Art. 14 SCA).

⁶ For further explanation, see below (3.1.2).

⁷ An international trademark may be applied for with the Spanish Patent and Trademark Office (hereinafter **SPTO**) by individuals or legal entities with Spanish citizenship or residing in Spain or that possess a real and effective industrial or commercial establishment in Spain.

⁸ Trademarks Act, Act n°17/2001, of December 7th.

- **Patents:** Currently, Spanish patent applicants can request the “so-called” PCT Patent, a European Patent or a National Patent. Nevertheless, the “European Unitary Patent” cannot be requested in Spain, because Spain refused to be part of the Unitary Patent System. As regards the current Spanish Patent Act (hereinafter **SPA**)⁹, which came into force on 1st April 2017, it brought about an important improvement in patent protection, especially with regard to the simplification of the grant procedure, the simplification of granting proceedings for obtaining compulsory licences, amongst other aspects which will be analysed further.
- **Utility models:** SPA protects not only patents but also “minor inventions” which do not fulfil the patentability requirements. Utility models are defined as “industrially applicable inventions that, being new and involving inventive activity, consist in giving an object or product a configuration, structure or composition that results in a practically appreciable advantage for its use or manufacture”¹⁰. The scope of protection of utility models extends to any product or compositions with the exception of non-patentable materials and inventions, biological material and pharmaceutical substances and compositions. The duration of the protection is ten years.
- **Supplementary protection certificates of medicines and phytosanitary products:** the current SPA expressly incorporates a mention to Supplementary Protection Certificates (hereinafter, **SCP**)¹¹. The SPA only establishes some procedural rules about the application for SCP, which should be filed with the SPTO. The SPTO will grant this protection if the application fulfils the requirements of the applicable European regulations.
- **Industrial designs:** Industrial Designs will be protected in Spain if they have been registered as Community or National designs. Therefore, they can be also protected as unregistered Community Designs if they meet the requirements set by Regulation No 6/2002 of 12 December 2001 (novelty¹² and individual¹³ character). The Spanish Design Act (hereinafter **SDA**)¹⁴ protects “*the appearance of all or a part of a product, which derives from the characteristics of, in particular, the lines, contours, colours, shape, texture or materials of the product itself or its ornamentation*”. A National Design may be applied for (with the SPTO) by individuals or legal entities with Spanish citizenship or residing in Spain or that possess a real and effective industrial or commercial establishment in Spain, by individual or legal entities who enjoy the benefits of the Paris Convention¹⁵, as well as nationals of the member states of the World Organization of Commerce. Therefore, foreign individuals or legal entities not included above may also obtain the registration of designs

⁹ Patent Act, Act 24/2015, of July 24th.

¹⁰ Article 137.1 Patent Act, Act 24/2015, of July 24th.

¹¹ Design Act, Act 20/2003, of July 7th.

¹² Article 5, Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.

¹³ Article 6, Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.

¹⁴ Act 20/2003, July 1st, of legal protection to Industrial Design.

¹⁵ Paris Union Convention for the protection of Industrial Property of 20 March 1883.

if their country reciprocally allows the registration of national designs to Spanish individuals or legal entities¹⁶.

- **Plant Varieties:** Spain became a member of the International Union for the Protection of New Varieties of Plants (UPOV) in 1980, signing the Act of 1961 and the Additional Act of 1972. Subsequently, in 2007, Spain ratified the 1991 Act. Prior to this last ratification, Spain adapted its current legislation in Plant Varieties to the provisions contained in the 1991 Act¹⁷. As member of the European Union, the protection granted by the Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights is applicable in Spain. Nevertheless, in contrast to other IP rights, both protections (European and National) are not cumulative¹⁸.

- **Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI):** In Spain, the legal regime of PDO and PGI is quite complex. This complexity derives from the administrative and geopolitical structure of Spain¹⁹. Thus, in Spain, we find the so-called “supra-autonomous” PDO and PGI²⁰ and the “autonomous” PDO and PGI. Furthermore, traditional specialities guaranteed²¹ are also protected in Spain.

- **Topographies of Semiconductor Products:** They are intended as a means of protecting the diagram of pathways of the different layers and elements making up an integrated circuit, their three-dimensional arrangement and their interconnections, which are the elements that constitute its "topography". The duration of the protection is ten years, counting from the end of the year in which the topography was first registered or used anywhere in the world.²²

¹⁶ Article 4 SDA.

¹⁷ Act 34/2002, of July 11th, on the legal regime for the protection of plant varieties.

¹⁸ Article 92 Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights.

¹⁹ Spanish political and administrative subdivision was created in accordance with the Spanish Constitution of 1978. There are 17 Autonomous Communities and 2 Autonomous Cities (Ceuta and Melilla). The Autonomous Communities are granted political competences by the Constitution, which are developed in each Autonomous Community’ Statute (Article 147 of the Spanish Constitution). One of these competences regards “*agriculture and livestock raising, in accordance with general economic planning*” (Article 148.1. vii of the Spanish Constitution). Therefore, the Autonomous Communities may establish laws regarding appellations and indications of origin of products whose territorial scope remains within the Autonomous Community. Currently, all Spanish Autonomous Communities have their own appellations and indications of origin laws.

²⁰ Act 6/2015, of May 12th, of PDO and PGI within supra-autonomic geographical scope (hereinafter “**Act 6/2015**”). The term “supra-autonomous” means that the scope of the appellation or indication of origin is extended to several Autonomous Communities.

²¹ The traditional specialities guaranteed are regulated by the Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (Articles 17 to 26).

²² Act 11/1988 of May 3th, for the Legal Protection of the Topographies of Semiconductor Products.

2.2. Main infringing acts regarding IP rights

As mentioned in the introduction, due to space limitations, henceforth we will only refer to the most important features of some of the IP types described in the precedent section (essentially, copyright, trademarks, patents, designs and appellations of origin).

Thus, the main infringing acts regarding these IP rights can be classified in two categories: *off-line* infractions (2.2.1) and *on-line* infractions (2.2.2).

2.2.1. Off-line infractions

The counterfeiting and the distribution of counterfeit products are the main off-line infractions, especially, for copyright, trademarks, patents and designs. These infractions are usually perpetrated by organised groups which make unauthorized reproductions and distribute the counterfeits items through dealers or street sales. This last conduct is known in Spain, as *Top-manta* and it affects notably copyrighted works and trademarked products but, lately, also PDO and PGI products. There are other types of *off-line* infractions which are specific to some IP rights. For instance, the unauthorized reproduction of books in copy shops is a common infringement of copyright. Moreover, regarding PDO and PGI some specific conducts are considered as infractions, such as: the unauthorized use of indications, names, trade names, trademarks, symbols or emblems that refer to the names protected by appellations and indications of origin²³; the use of names, symbols or emblems which, due to their phonetic or graphic similarity with the name of an appellation or indication of origin, may lead to confusion about the nature, quality or geographical origin of agricultural and food products, even if they are preceded by the terms "type", "style", "gender", "imitation" , "substitute" or other analogues²⁴; the improper possession, negotiation or use of documents, labels, labels, seals and other identification elements of an appellation or indication of origin²⁵; the absence of sufficient elements to clearly differentiate the qualification and origin in the labels and presentation of the appellation or indication of origin products²⁶.

2.2.2. On-line infractions

These infractions are increasingly frequent due to the growth of on-line commerce and networks. The main infractions are unauthorised distribution (either counterfeit and non-counterfeit products²⁷) by the means of websites or marketplaces, the unauthorised reproduction and communication to the public of copyrighted works and the misuse or unauthorised use of trademarks, PDOs and PGIs as domain names or metatags. One of the areas where different types on-line infringements have prolif-

²³ Article 32, d), Act 6/2015.

²⁴ Idem

²⁵ Article 32, f), Act 6/2015.

²⁶ Article 32, h), Act 6/2015. For further information, cfr. Articles 30-32, Act 6/2015.

²⁷ Obviously, in this case, we make reference to products non affected by the exhaustion of distribution rights.

erated the most is copyright. Amongst these new conducts we can highlight the following ones: direct downloads, “*peer-to-peer*” exchanges, “*web-linking*”²⁸, “*share-hosting megasites*”²⁹, “*search engines*”³⁰, “*kodi-boxes*”, “*network personal video recorder*”, “*passive streaming*”, “*stream cyberlocker*” services³¹, “*stream-ripping*”³².

2.3. Active legitimation for the enforcement of IP rights

In a nutshell, since this aspect will be stressed further in the following sections, people entitled to bring legal proceedings regarding IP rights in Spain are: IP right holders (who must comply with all the requirements established by the specific applicable law), licensees³³, the collective management entities only in respect to copyright and related rights entrusted by right holders to them, and the so-called “Regulatory Councils” or “Regulatory Entities”³⁴ concerning PDO or PGI claims.

3. IP right holders’ “abuses of rights”: prevention and remedies under IP law

As is generally known, IP laws grant exclusive rights to the right holders. This means that the right holders have not only the exclusive right to use and to exploit the IP right but it also implies the right to bring actions against any trademark infringement. Nevertheless, these rights are not unfettered. First, there are limits regarding the obtention and the asserting of rights (3.1). Moreover, IP laws determine

²⁸ Internet Service Providers who make available links to files with unauthorized copyrighted contents.

²⁹ Internet Service Providers who offer cloud storage services and access via links to unauthorized copyrighted contents.

³⁰ Internet Service Providers who offer link search services that lead to files with unauthorized content.

³¹ A *streaming cyberlocker* is a web platform where a video uploader stores content.

³² Stream ripping involves ripping a track from a streaming platform before converting it into a downloadable file that the user can use offline for as long as they want.

³³ For instance, the SPA, recognizes active legitimation to those who accredit that they have duly requested the registration of the legal act or contract which incorporate the right that is intended to be enforced. Nevertheless, such registration must be granted (Article 117.1 SPA). Furthermore, Article 117.2 SPA considered legitimated for bringing actions to the holder of an exclusive licence. These rules are also applicable for active legitimation regarding trademarks (1st Additional Disposition STA). For further information, see García Luengo R B (2008) Artículo 41. In Bercovitz Rodríguez-Cano A and García-Cruces González J A (dirs.), *Comentarios a la Ley de Marcas*, 2nd ed, Thomson-Reuters Aranzadi, Cizur Menor (Navarra).

³⁴ A Regulatory Council is a legal entity within a PDO or PGI which has, amongst others, the following legal duties: promotion and defence of the PDO or PGI, registration of the PDO or PGI trademark, domain name and other possible IP rights concerning this PDO or PGI, monitoring and registration of producers and other “operators”, establishment and control of minimum requirements regarding the labelling of the PDO or PGI, determination of the annual maximum output limit of PDO or PGI products.

some situations in which the behaviour of the IP holder may be considered as an “abuse of law” (3.2). Finally, IP laws also prevent the abuse of the right to bring actions for IP infringement, providing some remedies which can be used by the defendant and, sometimes, by a third party (3.3.).

3.1. Restrictions on obtaining or asserting IP rights

3.1.1. Overview of restrictions regarding the obtention of IP rights

As we stressed above, IP protection in Spain is quite extensive, hence, in this Section, due to space limitations, we only highlight some of the most relevant examples:

- The first remarkable restriction concerns the prohibition of **registration of an IP right contrary to the law, public order or good customs**. We find this provision in Article 5.1 SPA, Article 5.1 f) STA and Article 12 SDA (Article 12). The SPA is particularly thorough in listing which inventions are especially prohibited (i.e. processes for cloning human beings, processes for modifying the germ line genetic identity of human beings and uses of human embryos, the use of human embryos for industrial or commercial purposes, processes for modifying the genetic identity of animals which are likely to cause them suffering, without any substantial medical or veterinary utility for the man or the animal, and the animals resulting from such procedures).
- Moreover, IP laws focus on the attribution of IP rights in some problematic cases such as **inventions or creations made within the framework of an employment or service relationship**. For instance, the SPA contains very specific rules which cover almost all the possible scenarios: inventions made during the employment or service contract, which result from investigative work included expressly or implicitly within the subject matter of the contract or employment relationship (**A**); inventions created outside of the scope of the contract (**B**) and inventions related to the subject matter of the contract and obtained using either knowledge acquired within the company or technical resources or other means provided by the company (**C**). Only in case B will the inventor be entitled as the patent holder. In scenarios A and C the company (or employer) has a preminent role. In case A, the company will be the patent holder and the inventor will not be entitled to any supplementary remuneration³⁵. In case C, the company is allowed to take ownership of the patent or reserve a right to use the patent. Nevertheless, in this case, the inventor is entitled to an equitable remuneration. Furthermore, the SPA contains the regulation of a very specific case regarding researchers who work for public entities such as Universities or Public Research Centres. The SPA designates as patent holder the

³⁵ “(E)xcept if his or her personal contribution to the invention and the importance of the invention to the employer clearly exceed the explicit or implicit content of his or her contract or employment relationship” (Article 15.2 STA).

public entities regarding the inventions made by their research staff, regardless of the nature of their legal relationship³⁶.

In case of creations (works) protected by copyright, the SCA establishes in article 51.2 a presumption of exclusive transfer of exploitation rights from the employee to the employer. Two conditions must be fulfilled in order to apply this presumption: first, the work should be included in the subject matter of the employment relationship and, second, there should not be any terms regarding transfer of rights in the contract. Nevertheless, the transfer of exploitation rights will be limited to the “usual” activity of the employer.

- There is another important restriction regarding IP right obtention in case of trademarks. A trademark must not interfere with **previous rights which are not held by the trademark proprietor** such as names or pseudonyms, signs which reproduce, imitate or transform copyrighted works, other trademarks or similar commercial names and PDO or PGI. Amongst these provisions, one case should be highlighted: the prohibition of registration of a trademark which is a first name and/or family name that the public link with somebody other than the trademark applicant even if it is, in fact, the applicant’s first name or surname³⁷. A trademark containing the first name and family name of the applicant can also be rejected if there is an identical previously registered trademark which has not been challenged or was authorised³⁸.

³⁶ Article 21 SPA. Nevertheless, the inventor or inventors will be entitled to participate in the exploitation profits obtained by these entities (Article 21.4 SPA).

³⁷ See Spanish Supreme Court (here-in-after “SSC”) Judgment of 30 September 2014 (ECLI: ES:TS:2014:3979), case “*Codorniu S.A. vs. Josep Maria Raventós I Blanc S.A.*” (regarding a conflict between the (previous) Spanish trademarks “Hijos de M. Raventós” e “Hijos de M. Raventós Raymat Codorniu”, owned by *Codorniu S.A.* and “Raventos I Blanc Manuel Raventós” owned by *Josep Maria Raventós I Blanc S.A.*, all of them for products of class 33 Nice Nomenclator -alcoholic beverages except beer-). In this case, the SSC determined the annulation of “Raventos I Blanc Manuel Raventós” trademark, in spite of the family name of the *Josep Maria Raventós I Blanc S.A.* CEO was Raventós, because potential risk of confusion with the previous trademarks owned by Codorniu.

³⁸ SSC Judgment of 29 October 2009, Carmen Thyssen-Bornemisza case (ECLI: ES:TS:2009:6457). In this case, two Spanish trademarks Colección de Arte Catalán Carmen Thyssen-Bornemisza and Colección Carmen Thyssen-Bornemisza were trying to be registered by the baroness Thyssen-Bornemisza. The Foundation Thyssen-Bornemisza appealed the registration of these trademarks on the grounds of the existence of two previous and notorious Spanish trademarks (“Fundación Colección Thyssen-Bornemisza” and “Museo Thyssen-Bornemisza”) and the risk of confusion or association amongst these trademarks and the ones owned by the baroness. The SSC determined that “(i) *it is indifferent in this respect, contrary to what the appellant affirms, that the owner of the registered trademark would have created his own sign in some conditions or others. If the trademark has been registered and has not been cancelled, it becomes effective against the subsequent ones. It is therefore irrelevant that according to the account of the facts explained "the baron and the baroness were those who, at the same time, (i) constituted the Foundation and the Museum, contributing their own name, and (ii) endowed with their own resources (works of art) the initial heritage of this same Foundation and Museum. [...]"*. What is

- Furthermore, there is a specific **prohibition relating to the registration of a trademark by agents or representatives of this trademark** without the consent of the trademark proprietor (Article 10 STA)³⁹.
- Another problematic situation is the case of **several potential right holders**. For instance, the SCA provided for so-called co-authorship when the work is a “single result” of the collaboration of several authors (Article 7 SCA). These co-authors have equal rights regarding the work and the work’s exploitation should be agreed by all of them⁴⁰. Nevertheless, if the work resulting of the contribution of several authors was created, coordinated, published and distributed by a natural person or a legal entity, the right holder will be this natural person or this legal entity (Article 8 SCA⁴¹).

3.1.2. Overview of restrictions regarding the assertion of IP rights

Spanish IP laws establish a considerable number of restrictions which can be classified in two groups: (i) compulsory licences and (ii) limitations of IP rights without any remuneration or compensation.

(i) **Compulsory licensing provisions**. We find this kind of provision in the SPA, the SCA and Act 34/2002 of July 11th on the legal regime for the protection of plant varieties (hereinafter SPVA):

- Regarding **patents**, compulsory licences are granted in many cases, such as: lack or insufficiency of exploitation of the patented invention (Article 92 SPA); dependence between patents, or between patents and plant variety rights (Article 93 SPA); practices identified as anticompetitive by a final and binding (national or EU) administrative or jurisdictional decision (Article 94 SPA); existence of reasons of public interest (Article 95 SPA); manufacture of pharmaceutical products intended for export pursuant to Regulation (EC) No 816/2006 of the European Parliament and of the Council of May 17, 2006 (Art. 96 SPA). Moreover, the SPA established the

really decisive is that the legal person who owns the "Thyssen-Bornemisza Collection" trademark has full legitimacy to oppose the new sign, whatever be the historical origins of that legal person or the relations between those who propitiated it and their heirs”.

³⁹ Nevertheless, this prohibition affects only identical trademarks. In case of similar trademarks which can be confused by the public, the analysis should not stop at the similarity between signs but also take into account the products or services identified by the trademark and the existence of a link between both trademarks from the customers’ point of view. For further information, see García Martín I and Jiménez Serranía V (2011) Algunas consideraciones en relación al registro de la marca del principal por el “agente o representante” en la distribución internacional. In Galán Corona E and Carbajo Cascón F (coord.) Marcas y distribución commercial, Ediciones Universidad de Salamanca (Salamanca).

⁴⁰ We find a similar provision in Article 10 of the SPA regarding the right to obtain a patent by all the persons who are the inventors. Thus, if the patent registration is obtained only by one of the inventors, the others can claim co-ownership of the patent (Article 12 SPA).

⁴¹ Even though there is a provision in Article 8 SCA establishing the possibility of a different agreement about the attribution of rights, it is not a frequent occurrence.

procedure for granting compulsory licences (Articles 97 to 99)⁴² and the legal regime of these licences regarding their characteristics, transfer, modification and cancellation (Articles 100 and 101)⁴³.

- The SCA also establishes several cases of compulsory licences or, properly called, “**remuneration rights**”. These compulsory licences are generally related to either a limitation (which is granted due to the difficulties in accurately monitoring the use or exploitation of the work) or the so-called secondary uses. They have some common legal features: they are unwaiverable, non-transferable and subject to mandatory collective management⁴⁴. These cases are: private copying (Article 31.2), press-clipping (Article 32.1 II); “teaching illustration” (Article 32.4)⁴⁵, diffusion of works and articles regarding current issues (Article 33), public lending of works made by cultural and scientific entities (Article 37.2), rental of phonograms and

⁴² In a nutshell, to be granted a compulsory licence one must first prove that one has tried unsuccessfully, for a reasonable period of time, to obtain the granting of a contractual licence with reasonable terms. There are some exceptions to this requirement such as national emergencies, non-commercial public use or recognised anticompetitive practices (Article 97 SPA). Thus, the application for the granting of a compulsory licence should be submitted to the Spanish Patent and Trademark Office (here-in-after SPTO) along with a justification of the reasons for this granting. The SPTO will transfer a copy of the application with the documents that accompany it to the patent holder, so that the latter can answer it within a maximum period of one month. Afterwards, the SPTO, based on allegations and evidence presented, will determine if there are substantial grounds for granting the licence and will invite the parties to designate a mediator (or, failing this, three experts - one for each party and a third one appointed by the SPTO-) in order to negotiate the conditions of this licence. The parties will have two months to reach an agreement. In case of disagreement (either for the appointment of the mediator or the conditions) the SPTO will rule on the granting of the licence and its conditions.

⁴³ The main characteristics of compulsory licences establishing by the SPA are the following ones: they are not exclusive; they should be fairly remunerated; the patent holder must always behave in good faith; they can only be transferred in the course of a change of ownership of the exploiting company; sublicensing is forbidden; severe or persistent breach of contract by the licensee may result in the cancellation of the licence by the SPTO.

⁴⁴ For further information, see Martín Salamanca S and Teijeira Rodríguez M (2017) *Derecho de autor* in Lastiri Santiago M and Ruiz Muñoz M (coord.) *Derecho de la propiedad intelectual. Derecho de autor y propiedad industrial*, Tirant-lo-Blanch, Valencia.

⁴⁵ This “teaching illustration” refers to the acts of partial reproduction, distribution and public communication of works or publication, printed or likely to be, when the following conditions concur simultaneously: 1. These acts are carried out solely as an illustration for educational and scientific research purposes. 2. They are limited to a chapter of a book, an article in a magazine or an excerpt of to up to 10 percent of a book. 3. They have to be carried out in universities or public research centers, by their staff and with their own means and instruments. 4. At least one of the following conditions concur: a) the distribution of partial copies is made exclusively among students and teaching or research staff of the same center in which the reproduction is made; b) only the students and the teaching or research staff of the center, where the partial reproduction of the work is made, can have access to it either through access to the copies or through acts of public communication (for instance, through internal and close networks).

audio-visual recordings (Articles 90.2 - regarding authors- and 109 - regarding artists-), public communication of audio-visual works (90.3 and 90.4 -regarding authors-, 108 - regarding artists-, 116 and 122 -regarding producers-). There are also two other remuneration rights which intend to solve two exceptional situations. First, Article 37.bis.7, determines an equitable compensation for the genuine right holder in case an orphan work stops to be considered as such. Second, Article 110 bis establishes an additional annual remuneration in favour of phonographic artists if two requirements are fulfilled: the artist had agreed to a payment in one lump sum for the transfer of the exploitation rights and more than 50 years have elapsed since the first publication of the phonogram or its first communication to the public.

- Concerning **plant varieties**, the SPVA establishes two kinds of compulsory licences: those which will be granted by the Council of Ministers if certain conditions are fulfilled (Article 24)⁴⁶ and those granted due to the dependence between plant varieties and patents and vice versa (Article 25).

(ii) **Limitations of IP rights without any remuneration.** Spanish IP law establishes an important number of limitations of rights which are specific for each IP figure. Nevertheless, there is a recurrent provision which regards the so-called “exhaustion of rights”. This limitation is expressly recognised for patents (Article 61.2 SPA), copyright (Article 19.2 SCA), trademarks (Article 36 STA), industrial designs (Article 49 SDA) and plant varieties (Articles 16 SPVA)⁴⁷. Furthermore, although this limitation is not expressly determined in the Act 6/2015, most Spanish scholars have concluded that it is applicable also for PDO or PGI⁴⁸.

Regarding specific IP limitations, they can be classified in two groups depending of the nature of the allowed exploitation or use: (a) limitations related to a “higher public interest” (such as public health, security or legal procedures, information, research, teaching, access to the works for the disabled)⁴⁹ and (b) limitations related

⁴⁶ These conditions are the following: (1) The applicant should be able to exploit the plant variety in a competent manner; (2) The plant variety holder has refused to grant a licence to the applicant or he is not willing to grant it under reasonable conditions; (3) More than three years have passed between the granting of the plant variety protection and the licence application; (4) The applicant has paid the fees provided for the granting of the license.

⁴⁷ The wording regarding the requirements of this limitation is similar in the articles listed (“*protected product placed in the EEE market by the owner or original holder or with his/her consent*”) with the exception of SPVA in which the relevant market is the Spanish one and not the EEE market.

⁴⁸ See, Montero García-Noblejas P (2016) Denominaciones de origen e indicaciones geográficas, Tirant-lo-Blanc, Valencia, p. 340; Cortés Martín, J M (2003) La protección de las indicaciones geográficas en el comercio internacional e intracomunitario, Ministerio de Agricultura, Pesca y Alimentación. Centro de Publicaciones, Madrid, p. 418; and Botana Agra, M.J. (2001) Las denominaciones de origen, Marcial Pons, Madrid, p-204.

⁴⁹ This group of limitations includes: regarding copyright (SCA), use of works for security and official procedures (Article 31 bis), access to works for the disabled (Article 31 ter), quotation use (Article 32.1), illustration use (Article 32.3), use of works for reporting current events (Article 35.1), use of works located on public roads (Article 35.2), use of works in public acts and religious ceremonies (Article 38);

to “innocuous” or “fair” commercial uses (such as illustration regarding advertising of spare parts compatible with an IP product, parody, experimental use or the so-called “farmer” privilege)⁵⁰.

3.2. Abuse of IP rights and remedies under IP laws

The “antisocial” exercise of IP rights or “abuse of law” is a rarely studied issue in Spanish law. However, the different IP laws include certain situations of abuse and establish some legal consequences. The most important are the following ones:

- **Abusive registration.** It is a characteristic abuse regarding industrial property rights⁵¹. It is intended to block competitors' access to protection by the corresponding IP right.

This situation is very frequent in the field of *patents*, where blocking strategies are developed through the so-called *defensive patents* and *patent thickets*. One way to combat this abuse would be to exercise the nullity action provided for in Art. 102

regarding patents (SPT), private non-commercial uses (Article 61.1 a), legal limitations (patentability prohibitions due to public order, public health or moral reasons, Article 65); regarding designs (SDA), private non-commercial uses (Article 48 a), reproduction of the design made for illustrative or educational purposes (provided that such acts are not contrary to fair commercial uses, do not unduly prejudice the normal exploitation of the design and the source of these is mentioned, Article 48 c); regarding plant varieties (SPVA), private non-commercial uses (Article 15 a), public interest uses (public health, national defence or environment; these uses should be determined by Royal Decree agreed by the Council of Ministers on the proposal of the Minister of Agriculture, Fisheries and Foodstuffs, Article 17).

⁵⁰ Are included in this group: regarding copyright (SCA), temporary acts of reproduction (Article 31.1), use of works for reporting current events (Article 35.1), use of works located on public roads (Article 35.2), parody (Article 39); regarding trademarks (STA) reproduction of a trademark in dictionaries (Article 36), use of the name and address of the trademark (Article 37.1 a), use of descriptive indications (Article 37.1 b) and use of the trademark regarding spare parts and accessories (Article 37.1 c); regarding patents (SPT), experimental uses (Article 61.1 b and c), “magistral formula” (Article 61.1 d); patent use in means of transport in transit (vessels, aircraft, apparatus for locomotion by land, Article 61.1 e and f), previous use in good faith (Article 63); regarding design (SDA), experimental uses (Article 48 b), the equipment and repair work of ships and aircraft registered in another country when they temporarily enter Spain or the import of spare parts and accessories intended for repair (art.48 d), previous use in good faith (Article 50); regarding plant varieties (SPVA), experimental uses (Article 15 b), uses performed for the purpose of creating new varieties (Article 15 c), farmer’s privilege (farmers are authorized to use the product of the harvest obtained from planting propagation material of a protected variety. In order to benefit from this privilege three requirements must be fulfilled: the propagation material must be lawfully acquired, it must not be hybrid or synthetic and it must only be use for propagation purposes on the farm of the acquiror, Article 14).

⁵¹ Copyrighted works do not need prior registration to enjoy the SCA legal protection (Article 10 SCA).

SPA⁵². Regarding *trademarks*, we find several provisions in the STA that refer to remedies to abusive registration. First, Article 51.1 b) establishes *bad faith* as a cause of absolute nullity. Within this category (“bad faith” registration) we find, first of all, the application for *the registration of a trademark which was already being used by a person other than the applicant*. To declare the existence of bad faith in this case, three requirements are necessary: the applicant should know that the trademark was used, this use should be made in the Spanish territory⁵³, and the use of the mark should have reached a certain prominence⁵⁴. Secondly, we find the case of an *application for a speculative or pure blocking brand*. In this case, it must be proved that the trademark is registered with no intention of use in the short or medium term⁵⁵ and that it is carried out with an obstructive purpose. Moreover, as mentioned above, there are prohibitions of registering a *sign contrary to the law, public order or good customs* (Article 5.1 f) as well as the *registration of a trademark with fraud of the rights of a third party or in violation of a legal or contractual obligation* (Article 2.2). Finally, the *registration of a trademark by an agent or commercial representative* is also abusive (Article 10). Regarding the design registration (SDA), the registration as industrial design of *elements protected by trademarks* (Article 13 f) and *copyright* (Article 13 g) would be an abuse. The legislator considers these circumstances as a cause of denial of protection⁵⁶. Moreover, within the possible abuses of law in the registry we find the application for IP registry filed by only one of the co-inventors or co-creators. In these cases, it

⁵² The reasons for requesting this nullity may be: the non-concurrence of any of the patentability requirements (novelty, inventive activity and industrial application, ex Art. 4.1, 6, 8 and 9 SPA), a description of the invention unclear and incomplete or any of the other causes of nullity provided in the aforementioned precept. The action can be exercised throughout the legal life of the patent or even in the five years following its expiration (Art. 103.2 SPA) and its effects are “ex tunc”, which implies that the patent was never valid (Art. 104.1 SPA). The problem with this solution is that it is expensive since it would be necessary to address several patents. Moreover, the defendants often try to negotiate, which generates a hold-up effect. This is why, in many cases, antitrust law is used (see below).

⁵³ The fact that the applicant or right holder knows or should know that a third party is using a similar trademark abroad is not sufficient, in itself, to allow the conclusion that the person making that application is acting in bad faith. (ECJ Judgment 27 June 2013, case C-320/12, *Malaysia Dairy Industries*, ECLI:EU:C:2013:435).

⁵⁴ Nevertheless, it is not necessary that the trademark be notorious. It would be enough to prove that the trademark use has been prolonged over time and that the trademark sales have reached an estimated level. See, Fernández-Novoa C (2004) *Tratado sobre Derecho de Marcas*, Marcial Pons (Madrid), 2^o ed., p.641.

⁵⁵ In Spanish trademark law, as in European trademark law, the applicant does not bear the burden of proof of the use of the requested trademark. See, Fernández-Novoa C (2004) *Tratado (...)*, ob.cit., p.643-644.

⁵⁶ A similar provision exists regarding trademarks. In this case, it is a cause of relative nullity of the trademark.

is established that, unless otherwise agreed, the right belongs equally to all inventors or creators⁵⁷. The solution offered to these situations is the exercise of a co-ownership claiming action⁵⁸.

Finally, could also be considered as an abuse the *lack of mention of the author or inventor* in the registration application⁵⁹.

- **Abuse in the exercise of IP rights.** Leaving aside the situations of abusive litigation (or *sham litigation*), we find three situations that can be considered common to most IP rights: the *unjustified refusal to grant licenses*, *licensing under abusive conditions* (i.e. not equitable, discriminatory, not consistent with the actual use) and *the lack of exploitation and use of the rights*. Regarding the first two situations, it should be borne in mind that this type of abuse often involves abuse of a dominant position, especially in cases of patents and copyright (see below)⁶⁰. In addition, as we highlighted in the previous section, in the case of patents, there is a legislative provision for the granting of compulsory licenses in cases of antitrust infractions. Concerning the question of *the lack of exploitation of the IP right*, we find two types of situations: on the one hand, *the lack of use or exploitation by the owner of the registered right* (typical of industrial property rights) and, on the other hand, *the*

⁵⁷ Article 14.2 SDA.

⁵⁸ Article 16 SDA (A term of 3 years -from the date of publication of the design registration in the "Official Bulletin of Industrial Property"- is established for the exercise of the action, except in case of bad faith). Concerning patents, see Articles 10.2 and 12 SPA.

⁵⁹ Article 19 SDA. In the case of a trademark logo, it would be necessary to prove the transfer of the exploitation rights from the logo's author. Otherwise, the trademark applicant or owner could be considered a copyright infringer.

⁶⁰ As we will see, in the field of copyright (SCA), abuses committed by collective management entities that have been considered multiple times as abuses of dominant position have been especially relevant in practice. It must be reminded that, regarding copyright licences, we find two types of possibilities: licenses granted directly by the rights holder (what is known as the "individual management" of rights) and licenses granted collectively ("collective management"). In this second case, at present, we can find two types of legal persons that perform these tasks: the independent management entities (IMEs) and the collective management organisations (CMOs). IMEs were legally recognised by the Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market. An IME is any organisation which is authorised by law or by way of assignment, licence or any other contractual arrangement to manage copyright or rights related to copyright on behalf of more than one right holder, for the collective benefit of those right holders, as its sole or main purpose, and which is: (i) neither owned nor controlled, directly or indirectly, wholly or in part, by right holders; and (ii) organised as a for-profit entity (Article 3 b) Directive 2014/26/EU). Moreover, CMOs exist since the 19th century. They are organisations which are authorised by law or by way of assignment, licence or any other contractual arrangement to manage copyright or rights related to copyright on behalf of more than one right holder, for the collective benefit of those right holders, as their sole or main purpose, and which fulfils one or both of the following criteria: (i) they are owned or controlled by their members; (ii) they are organised on a not-for-profit basis (Article 3 a) Directive 2014/26/EU).

lack of exploitation or insufficient exploitation by the licensee of the right (more frequent in copyright, especially in publishing contracts). With regard to the solutions given by the legislator, we find, as regards industrial property rights, provisions determining the expiration of the registered IP right due to lack of use and, in some case, the granting of compulsory licenses (*see above*).

Furthermore, as regards industrial property rights, we could point out two other problematic issues: the *unilateral decision to terminate the license* and the *denial or the lack of action in defence of the industrial property rights by the holder*. In the first case, it has to be kept in mind that the contract can be terminated unilaterally only if it is a contract of indefinite duration. SPA, SDA and SPVA establish, as maximum duration for the licensing contract, the duration of the protection of the right (unless the parties have established a shorter term)⁶¹. Consequently, a unilateral decision to terminate the licence would not produce effects⁶². The second situation raised is especially problematic in cases where there are licensees that could be harmed by the inaction of the owner. The solutions given by the legislator are essentially two. The first is that the licensee is allowed to exercise the action in his own name⁶³. Secondly, the licensee is allowed to request urgent precautionary measures.

Alongside these situations, there is another series of cases of abuse, more specific to each type of protection. Thus, in the case of *patents*, we find the case of the *potential abuse by the employer regarding the inventions of the employees or service providers*. To avoid these abuses, the SPA establishes the need for proof of the existence of an employment or service contract⁶⁴. Regarding trademarks, an abusive behaviour would be the *prohibition of the use of the trademark for certain uses*, for example, for the indication of the destination of a product or service, especially in the case of spare parts or accessories. We have already seen in the previous section that the STA offers a solution to this potential abuse. The STA establishes a limit to the prohibition of certain uses of the brand by third parties (Article 31), provided that these uses are made “in accordance with fair practices in industrial or commercial matters”.

With regard to copyright, the consideration of abuse of rights has been raised in the case of a claim by a CMO (EGEDA) regarding the payment of the remuneration for the public communications of works in televisions placed in hotel rooms. Such a

⁶¹ García Vidal A (2017) La licencia contractual de explotación de una variedad protegida con un título de obtención in García Vidal A (dir.) Derecho de las obtenciones vegetales. Tirant-lo-Blanch, Valencia, p. 863.

⁶² Nevertheless, unilateral withdrawal is possible as a cause for termination of the trademark license agreement, given the possibility of successive renewals.

⁶³ It must be proven that the action of the holder has been required and that it has been denied and that a period of three months has elapsed since the requirement.

⁶⁴ Unless proven otherwise, the relationship is considered valid in the event that a patent application is filed within the year following the termination of the employment or service relationship.

claim was considered abusive by the hotel managers and owners, since they considered that the broadcast of a work in a hotel room television was not public communication. However, in this case, the Spanish Supreme Court considered that there was no abuse, but a normal and legitimate exercise of the rights attributed to the CMO⁶⁵.

- **Abuse in the extinction of the right.** In the case of industrial property rights, the termination of the right may be waived by the owner (SPA, Article 110.4) This waiver, if carried out in an abusive manner, may affect the *rights of third parties and harm them in their interests*. The solution offered by the legislator is the anticipation of the inadmissibility of this resignation unless the consent of all third parties that may be affected is present.

3.3. Abusive litigation regarding IP rights and remedies under IP laws

The SPA is the only legal text that directly addresses certain abusive situations. In the rest of the cases, the general rules established in the Civil Code and developed by jurisprudence should be used (see below).

Thus, the SPA includes a specific action that can be exercised by any interested party against an accusation of patent infringement. It is a declarative action of non-infringement (also known in Spanish as *boasting* or *negative*).

Moreover, article 78.2 of the SPA establishes that the owner of the patent cannot exercise any of the actions for violation of the patent right against those who exploit the objects that have been introduced into the trade by “persons who have compensated him adequately for the damages caused”.

4. Restrictions and remedies under competition law in Spain

4.1. Overview

Competition policy is aware of the pro-competitive nature of intellectual property rights and their importance for the economy and for society as a whole. Therefore, competition law is conceived as a limit against specific behaviours developed by holders of intellectual property rights. However, Spanish jurisprudence considers that intellectual property rights must be fundamentally appreciated from a “*schumpeterian*” perspective of dynamic competition or development based on innovation in the medium or long term⁶⁶.

⁶⁵ Spanish Supreme Court, Judicial Decree of 24 October 2018, Appeal 1420/2016. ECLI: ES:TS:2018:11032³.

⁶⁶ These exclusive rights produce incentives for subsequent innovation and the consequent promotion of technical, cultural and economic development. See, Uribe Piedrahita C and Carbajo Cascón F (2013) *Regulación ex ante y control ex post. La difícil relación entre propiedad intelectual y derecho de la competencia*, ADI, Vol. 33, pgs. 283 y ss.; Costas Comesaña J and Vega Torregrosa A (2017) *Derecho*

This interdependence is reflected in the IP laws, as we have seen previously. In the case of antitrust law, we will find that IP rights are going to be analysed both from the perspective of the abuse of a dominant position (Art. 2 LDC and 2 FTEU) and from the perspective of horizontal agreements and vertical agreements (including regulations of Art. 101.3 FTEU).

In Spain, especially in recent years, the apprehension of IP rights by competition law has been increasing, especially in cases of abuse of a dominant position in the field of copyright (4.2). On the other hand, with respect to collusive behaviours there is increasing control over the regulatory councils of appellations of origin (4.3).

4.2. Abuses of dominant position. Special reference to copyright.

Although the Spanish Competition Authority has on occasion analysed the abuse of a dominant position with respect to other IP figures (especially patents⁶⁷), the “*star*” figure in Spain regarding this infringement is copyright (more specifically, collective copyright management). There is a wide range of decisions by the Spanish competition authority, as well as national courts due to the particular situation of the CMOs.

de la Competencia y propiedad industrial, comercial o intelectual in Beneyto J M and Maíllo, J (dirs.), *Tratado de Derecho de la Competencia*, 2ª ed., T. I Bosch, pgs. 555 y ss.

⁶⁷ Nevertheless, in the most prominent cases the abuse of a dominant position has not been characterised. An example is the Spanish Competition Authority Resolution of May 23, 2005, Sanctioning File R. 626/2004, *Farmacéuticos Formulistas*. In this case the Spanish Association of “Formulist” Pharmacists filed a complaint against Abbot Laboratories S.A.. The complaint was based on Abbot's refusal to supply the active substance called “sibutramine” to several pharmacies belonging to the complainant association. “Sibutramine” it is an active substance that is used as a component of anti-obesity drugs and Abbot held several patent rights regarding this active substance. The complainant association had alleged that Abbot held a dominant position in the relevant market of “sibutramine” due to the patents he owned on that product and that it could not refuse to supply the active substance to pharmacists for the preparation of master formulas. The refusal of supply, according to the complainant, constituted an abuse of a dominant position. In this case it was held that, although the patent rights do not extend to the preparation of prescriptions, in order to apply this exception, there must be an individualised medical prescription for the product. In this case, pharmacists had requested the supply of “sibutramine” without providing the medical prescriptions required by the SPA and, therefore, the exception cannot be applied. Consequently, Abbot's refusal was perfectly legitimate and, therefore, the company had not engaged in the abuse of a dominant position. Another example would be the Resolution of the Spanish Competition Authority of June 14, 2005, Sanctioning File 581/04, *CERAFRUT / BAYER*. In this case, among other aspects, Bayer (as successor of the Aventis companies) was accused of an abuse of dominant position on the Iprodiona patent. In this case, however, it was considered that there are, several active substances that can be considered interchangeable or substitutable with Iprodiona. Thus, it was considered proven that Aventis (nowadays Bayer) did not enjoy a dominant position, hence there was no abuse of a dominant position).

Spanish CMOs are in a situation of "natural monopoly" in their respective fields of activity, with the (relative) exception of SGAE and DAMA (which they compete in the market for audiovisual media copyright management). In the field of CMO, the monopoly makes it possible to take full advantage of the economies of scale that imply that the average cost of managing the works is reduced the greater the repertory administered. Since economies of scale depend on the aggregation of as many rights as possible, efficiency will be greater the greater the volume of rights managed. Despite the Spanish Competition Authority⁶⁸ considers that the monopoly position of the CMO is due to entry barriers (both legal and strategic existing in the market), some authors have pointed out that the Spanish collective management system responds more to a sort of natural monopoly derived from the effects of network and attraction that characterize the bilateral or two-sided markets⁶⁹. The CMO will be constituted as key elements of this system since they will constitute intermediary platforms between both groups (right-holders and licensees). In other words, the CMO will offer, on the one hand, services for the administration of rights to the right-holders, and, on the other, they will be able to grant licenses for the use of the works to the licensees. The more right-holders that entity attracts, the more attractive it will be for plaintiffs and vice versa. Therefore, due to this structure and the network effects created by the CMO (platform) there is a tendency towards a

⁶⁸ Spanish Competition Authority, Report on collective management of intellectual property rights (Informe sobre la gestión colectiva de derechos de propiedad intelectual), December 21th, 2009, p. 43-51; Spanish Competition Authority, Agreement by which a report is issued on the Draft Bill amending the SCA, approved by Royal Legislative Decree 1/1996, of April 12, and by which the Directive 2014/26 / EU of the European Parliament and of the Council, of February 26, 2014, on the collective management of copyright and related rights and the granting of multi-territorial licenses of rights on musical works for its online use in the domestic market is incorporated to the Spanish legal system (Acuerdo por el que se emite informe relativo al Anteproyecto de Ley por el que se modifica el SCA, aprobado por el Real Decreto Legislativo 1/1996, de 12 de abril, y por el que se incorpora al ordenamiento jurídico español la Directiva 2014/26/UE del Parlamento Europeo y del Consejo, de 26 de Febrero de 2014, relativa a la gestión colectiva de los derechos de autor y derechos afines y a la concesión de licencias multiterritoriales de derechos sobre obras musicales para su utilización en línea en el mercado interior), IPN / CNMC / 040/17, November 30, 2017, pp. 8-11.

⁶⁹ The two-sided markets have as a characteristic that there are two groups of "users" or "clients" different from the same platform that will also serve as an intermediary between both. The particularity that exists in this type of markets is that each of the categories of "users" generates positive externalities on the other.

The main difference between two-sided markets and common markets is that in bilateral markets the optimum behaviour of the platform is not to maximize its benefit on each group of users separately, but to optimize the efficiency of the system, even considering optimal behaviour to subsidize a group of users, since due to this profit is achieved for the other group. Collective management of intellectual property rights is a good example of a two-sided market. The groups of users involved in the characterization of this market are, on the one hand, the holders of rights and, on the other, the licensees on these rights.

monopolistic situation. In summary, each CMO can be considered as a paradigmatic example of an intermediation platform in a two-sided market, which, due to its structural conditions, tends to be (or is) a natural monopoly.

Nevertheless, the Spanish Competition Act (SCA) does not contain any provision about CMO. However, Art. 2 SCA (in which the conditions of the abuse of a dominant position in the Spanish legal system are determined) is fully applicable to the activity of the CMOs in the market, and Spanish CMOs have been sentenced in numerous occasions for abuse of a dominant position.

An example of the express recognition of this direct application can be found in the Spanish Supreme Court Judgment of 18 October 2006⁷⁰, in which the Spanish Supreme Court states, regarding the determination of an equitable remuneration for acts of public communication of audiovisual recordings: "*The requirement of fair remuneration is not derived for the appellant only from the aforementioned Art. 122 TRLPI, but also, as it is for other companies or entities that are in a dominant position, from Art. 6 LDC (currently Art. 2 LDC) which considers abuse of this situation, among other things, the imposition of prices or other unfair commercial or service conditions.*" We can highlight the following recent cases in which an OGC has been sanctioned for abuse of a dominant position in Spain:

- SGAE – Authors Case⁷¹: In this case the SGAE was accused of two illicit conducts. The first one was the configuration of a system of discounts and tariffs regarding musical rights for television broadcasting that was not transparent. This system generated unjustified discrimination between television operators. The second of the illicit conducts was the distortion of the capacity of two operators (Antena 3 and Telecinco) to determine their musical contents by imposing abusive conditions. The two operators, both editors of musical works as well as licensees, were offered discounts on the condition that they agreed to restrict their own use of their self-edited contents. The Spanish Competition Authority terminated the procedure by a resolution dated 9 July 2015 accepting the commitments presented by the SGAE in order to remedy these behaviours.

⁷⁰ In this case, (ECLI: ES: TS: 2006: 6223) the Spanish Supreme Court settled the case EGEDA / AIE / AISGE-Hotels, which confronted these CMOs against the Spanish Federation of Hotels and the Hotel Association of Tourist Areas of Spain. This case was judged by the Spanish Supreme Court after the judgment issued by the Contentious-Administrative Chamber of the National Court on January 14 (appeal No 867/2000 and cumulative No 869/2000 and 892/2000), 2004 dismissed the appeal filed against the decision of the Spanish Competition Authority dated 27 July 2000. This decision imposed on the appellants fines of 45, 10 and 5 million pesetas respectively, for abuse of a dominant position (both individual and collective) when trying to impose inequitable and discriminatory tariffs on hotel establishments.

⁷¹ Spanish Competition Authority, Sanctioning File S / 0466/13. The conventional termination of this file was appealed by the Corporation of Spanish Radio and Television, SA before the National High Court, who rejected this appeal (Judgment of 25 April 2019, ECLI: ES: AN: 2019: 1845).

- SGAE – Concerts Case⁷²: In this case, the abuse of a dominant position occurred through several actions of SGAE in the markets of collective management of intellectual property rights of authors and editors of musical and audiovisual works and the markets for granting authorizations and remuneration of reproduction and public communication rights over the same works. More specifically, this behaviour consisted in the application of unfair and excessive fees in the licenses granted by SGAE for the public communication of musical works protected by copyright in concerts held in Spain.
- AGEDI/AIE-Television Operators Case⁷³: In this case the OGC, AGEDI and AIE were sentenced, the authority deeming them responsible for abuse of a dominant position for imposing inequitable and discriminatory tariffs to free-to-air TV operators since 2003.
- SGAE- Restaurants Case⁷⁴: In this case the SGAE was convicted for an abuse of a dominant position by the application of discounts in a discriminatory and non-transparent manner in the tariffs applied to the remuneration of the public communication of musical works in dances celebrated during weddings, baptisms and communions or events where the access of the assistants derived from personal invitations. These discounts were linked to conditions that were applied unevenly to the different operators (by sections or blocks). Also since 2009, it had introduced a tariff called "substitute tariff", which was inequitable and discriminatory.
- AISGE-Cinemas Case⁷⁵: In this case, AISGE was convicted of two conducts constituting abuse of a dominant position in relation to the right to fair remuneration

⁷² Spanish Competition Authority, Sanctioning File S / 0460/13. This decision was appealed by the SGAE before the National High Court, who partially upheld the appeal in its Judgment of 7 February 2018 (ECLI: ES: AN: 2018: 414). This Judgment was appealed before the Spanish Supreme Court by the SGAE. The Spanish Supreme Court dismissed the appeal filed in its Judgment n° 522/2019, of 11 April 2019 (ECLI: ES: TS: 2019: 1263)

⁷³ Spanish Competition Authority, Sanctioning File S / 0297/10. This decision was appealed by AGEDI and AIE before the National High Court, who, in its judgment of April 10, 2015 (ECLI: ES: AN: 2015: 1189), partially upheld the appeal, referring the proceedings to the Spanish Competition Authority for the recalculation of the fine. This Judgment was appealed, for the part that had not been estimated, before the Spanish Supreme Court. The Spanish Supreme Court in its judgment n° 374/2018 of 7 March 2018 (ECLI: ES: TS: 2018: 776) dismisses this appeal.

⁷⁴ Spanish Competition Authority, Sanctioning File S / 0220/10 SGAE. This decision was appealed before the National High Court who in his Judgment of December 21, 2015 (ECLI: ES: AN: 2015: 4724) estimated the appeal in part, determining the need for a recalculation of the fine. This Judgment was appealed before the Spanish Supreme Court by the SGAE because it was considered that the allegation of abuse was unfounded. The Spanish Supreme Court in its judgment n° 975/2018, of 11 June 2018 (ECLI: ES: TS: 2018: 2073), dismissed this appeal

⁷⁵ Spanish Competition Authority, Sanctioning File S / 0208/09. This decision was appealed before the National High Court, who in its Judgment of 11 November 2013 (ECLI: ES: AN: 2013: 4959) dismissed the appeal. This Judgment was appealed before the Spanish Supreme Court by AISGE. This

for public communication of audiovisual recordings in cinemas. In particular, AISGE had unilaterally and unjustifiably increased the general rate applied and, on the other hand, had applied different rates and bonuses to different cinemas in a discriminatory manner.

However, two recent cases are noteworthy, in which the CMOs are not the cause of the competitive disturbance:

- AIE / AGEDI-Radio Case⁷⁶: In this case, the Spanish competition authority determined the existence of a collusive agreement (art. 1 of LDC and art. 101 of the Treaty on the Functioning of the European Union) consisting of the issuance of collective recommendations to its members by the AERC in restraint of competition. Specifically, these recommendations intended that AERC members stop paying the invoices issued by AGEDI / AIE or proceed to the judicial appropriation of the payments corresponding to the remuneration rights for the public communication of phonograms published for commercial purposes and for the instrumental or technical reproduction of these phonograms. The purpose sought with this behaviour was to use it as a bargaining chip during the negotiation of an agreement on tariffs between AIE/AGEDI and AERC.
- AFEC vs. CEDRO Case⁷⁷: In this case, the Spanish Federative Association of Clipping Companies (AFEC) accused CEDRO of implementing an alleged tariff coordination between press editors associated with CEDRO regarding the tariffs for the use of their online content. In this case, the Spanish competition authority determined that the rates set by each of the press editors for the management of their rights by CEDRO presented substantial differences. In addition, with respect to digital press clipping rates - for which the press editors have not established a flat rate model - there was no equivalence in the prices fixed by the main Spanish publishing groups, nor was there uniformity in the percentage difference between these amounts and the corresponding rates for paper editions.

4.3. Collusive behaviours

Regarding collusive behaviours, the area in which there has been a substantial increase in sanctions is in the case of PDO and PGI. The most relevant cases are related to agreements within the PDO either regarding prices or production or sale conditions. As examples we can cite the following:

appeal is dismissed by the Spanish Supreme Court in its judgment n° 318/2017, of 24 February 2017 (ECLI: ES: TS: 2017: 668).

⁷⁶ Spanish Competition Authority, Sanctioning File S / 0518/14. This decision was appealed by AIE and AISGE before the National High Court arguing that the amount of the fine was insufficient. The National High Court rejected this appeal in its Judgment of 17 March 2018 (ECLI: ES: AN: 2018: 1634). This Judgment was appealed before the Spanish Supreme Court who dismissed the appeal by the Order of the Court of 8 January 2019 (ECLI: ES: TS: 2019: 46).

⁷⁷ Spanish Competition Authority, Sanctioning File S / DC / 0613/17 AFEC v. CEDAR.

- The case of “*Valdepeñas*” grapes (PDO)⁷⁸: in this case the grape producers agreed to set the price of the grapes within the framework of the “Valdepeñas” Denomination of Origin.
- The case of “*Vinos finos of Jerez*”⁷⁹: in which there was a collusive agreement on the production and export of wines abroad.

Regarding other intellectual property figures, we find the following relevant case in the field of patents:

- The “*Flu Vaccines*”⁸⁰ issue in which the Spanish Competition Authority imposed sanctions for a price agreement between different pharmaceutical companies in competitions for the supply of flu vaccines to the Andalusian Health Service.

5. Restrictions and remedies under other branches of law in Spain

In addition to the provisions and remedies studied in the preceding sections, excessive or abusive behaviour based on the privileged position that confers an exclusive IP right, can be corrected by resorting to other figures within the Spanish legal system. Fundamentally, these provisions are the following ones:

- The general principle that outlaws the abuse of law (art. 7.2 Civil Code).
- The classification of abuse of IP rights as unfair conduct.

5.1. General principle on abuse of law

Article 7. 2 of the Civil Code establishes the prohibition of the antisocial exercise of rights. This article has been widely developed by the case law of the Spanish courts. A wide range of situations are considered as abusive litigation, such as: the legal action raised without knowledge of the defendant (also called fraudulent machination), the unfounded opposition to the lawsuit, the filing of a lawsuit with the purpose of obtaining the suspension of the procedure, the so-called “torpedo”

⁷⁸ Spanish Competition Authority, Sanctioning File S/0305/10. This decision was appealed before the National High Court who dismissed the appeal in its Judgment of 23 December 2013 (ECLI: ES:AN:2013:5727).

⁷⁹ Spanish Competition Authority, Sanctioning File S/0091/08. This decision was appealed before the National High Court by the ASOCIACION ARTESANOS DEL JEREZ Y LA MANZANILLA, ARJEMAN, the Council of Agriculture and Fisheries of Andalusia and ASEVI-ASAJA. Regarding ASOCIACION ARTESANOS DEL JEREZ Y LA MANZANILLA, ARJEMAN and ASEVI-ASAJA’s appeals, the National High Court, in its Judgments of 21 March 2013 (ECLI: ES:AN:2013:1198) and 10 April 2013 (ECLI: ES:AN:2013:1487) approved the appeals in part, determining the need for a recalculation of the fine. Regarding the Council of Agriculture and Fisheries of Andalusia’s appeal, the National High Court overturned the decision in its Judgment of 16 July 2013 (ECLI:ES:AN:2013:3472), stating that the Spanish Competition Authority was not competent to condemn a public administration body since it could not be considered, in this case, that it acted as an undertaking.

⁸⁰ Spanish Competition Authority, Sanctioning File 395/1997.

lawsuits, the exercise of executive action in an abusive manner or the breach of procedural agreements.

We find an example of the application of this general principle in Supreme Court Judgment nº172 / 2012 of 3 April 2012 (ECLI: ES: TS: 2012: 3942). In this case, a claim was filed by the author of a website requesting the absolute cessation of the activity of the Google search engine and compensation for moral damage. The behaviours which the plaintiff considered illegal were the reproduction of fragments of his website when the search results were shown and the access of Internet users to the "cache copy" of the page stored by Google. The Supreme Court considered that this claim should be considered prohibited by Art. 7.2 CC as abuse of copyright or antisocial exercise thereof. This interpretation implies an application of the doctrine of "*ius usus innocui*" (right to the innocuous use of the law of others)⁸¹.

5.2. Unfair Competition

Certain of the unfair competition acts take place through the abuse or antisocial use of intangible assets protected by industrial or intellectual property rights⁸². In the Spanish Competition Act and the Spanish Unfair Competition Act we find a series of articles in which these behaviours can be framed:

- First, the Spanish Unfair Competition Act includes, in its Article 16.2, the abuse of economic dependence. This article considers unfair "*the exploitation by a company of the situation of economic dependence in which its client companies or suppliers do not have an equivalent alternative for the exercise of their activity.*" This article is especially important in the abuses regarding licenses for exploitation of patents, trademarks, designs and even in copyright (i.e. relations between authors or interpreters and publishers).
- Moreover, the Spanish Unfair Competition Act states, in its Article 4, that "*is deemed unfair any behaviour that is objectively contrary to the requirements of good faith.*" This article enshrines the concept of objective good faith. There can exist behaviours that are not in bad faith but that are contrary to objective good faith. Indeed, acting in good faith in an objective sense requires that whoever participates in the market act correctly, respecting the legitimate interests of the other participants. Furthermore, it requires that the participants prevent possible damages that could be caused to third parties or to consumers. This provision plays an important role. It prohibits all the harmful behaviours that are not covered by other provisions,

⁸¹ The activity developed by Google cannot be considered as an infraction of IP right. Indeed, the Supreme Court affirmed that Google's activity benefited the claimant, by facilitating access to his website.

⁸² Nevertheless, it should not be forgotten that certain acts of use of protected intangible assets that are outside the scope of IP laws, may obtain residual protection through the legislation of unfair competition (through the application of the so-called doctrine of "relative complementarity") as the Spanish Supreme Court has repeatedly declared. Thus, the "potential" IP right abuse regarding unfair competition should be analysed on a case-by-case basis.

fulfilling a self-regulatory function of the system to ensure the control of new or future behaviours that were not taken into account by the legislator.

- The “falsification” of free competition for unfair acts (art. 3 Spanish Competition Act). This article applies in situations where a position of dominance in the reference market cannot be characterised. Three requirements are necessary: it is necessary to prove the existence of an unfair act; there must be a distortion of free competition and it must affect the public interest. Due to the difficulty of the convergence of these three elements, the application of this article is limited. However, it could be applicable, for example, in the case of patents, especially pharmaceutical and technological patents.

6. Proposal for future policies

As we have seen, the Spanish legal system offers certain remedies for cases of abuse of IP rights and IP abusive litigation. Nevertheless, in our opinion, there is still ample room for improvement.

Thus, firstly, it seems necessary that the different IP laws explicitly establish the situations which can be considered abusive and the consequences of these abuses. An example to follow would be the SPA where, as we have seen, these aspects are clearly determined.

On the other hand, it would be necessary for competition authorities to be more attuned to the characteristics of IP rights. One of the subjects where this lack of understanding of IP rights has been pointed out by the doctrine is copyright. For instance, competition authorities should analyse the copyright management market in a manner that is more in line with the structure of this type of IP rights and make decisions taking into account their impact on the incentives for creation.

Another key aspect is the need to "educate" judges in these matters. Although, in Spain, there are specialised courts for certain industrial property matters (trademarks, design and patents), there is no specific court for other IP rights such as copyright or PDO and PGI. The solutions to this problem would be either the creation of courts specialised in these matters or the institution of specific training on IP rights for judges. This issue is especially important at the present time where there are more and more creations protected by these rights (i.e., software, artificial intelligence, IoT, blockchain).

Finally, the access to remedies for this type of abuse should be improved, both by simplifying judicial procedures and by encouraging extrajudicial conflict resolution.