

PRESS REVIEW FOURTH QUARTER INTELLECTUAL PROPERTY, CONTRACTS, DISTRIBUTION

October - December 2022

1. INTELLECTUAL PROPERTY

NULLITY OF A SUMMONS FOR COPYRIGHT INFRIN-

GEMENT. The judge of the pre-trial division of the judicial court of Nanterre annuls a writ of summons for copyright infringement on the basis of an insufficient description of the litigation's subject matter which "causes the defendants an obvious prejudice due to the impossibility to defend themselves usefully for lack of prior determination of the perimeter and the basis of the opposed rights" (TJ Nanterre, ch. 1, 14 Dec 2022).

LIMITATION PERIOD OF THE INFRINGEMENT ACTION. The limitation period starts from the time of the infringement or from the day the owner becomes aware of it, even if the infringement has been long ongoing (CA Douai, ch. 1, section 2, 22 Sep 2022, no. 21/06332).

CONTRACTUAL LIABILITY AND INFRINGEMENT. The French Supreme Court rejects the principle of non-accumulation of liability by underlining the insufficiency of the contractual liability regime with regards to the guarantees provided for by Articles 7 and 13 of Directive 2004/48/EC of 29 April 2004. Consequently, the licensor of an intellectual property license is entitled

to take action against a licensee acting outside rights granted for infringement (Cass. Civ. 1, 5 Oct 2022, \underline{no} . 21-15.386).

DATABASE. Significant advertising expenses that have contributed to attracting advertisers may constitute substantial investments allowing protection under the sui generis right of the database producer (Cass. Civ 1, 5 Oct 2022, no. 21-16.307).

APPELLATION OF ORIGIN. Morbier cheese's appearance – the signature horizontal dark stripe through its middle – is sufficiently unique and characteristic to be protected like the name "Morbier". It is prohibited to manufacture a cheese with this same appearance (CA Paris, 18 Nov 2022, no. 21/16539).

TRADE MARK WITH A REPUTATION. An earlier trade mark's very high degree of reputation is not sufficient to establish a link with a similar trade mark application automatically; such a link must be demonstrated in order to nullify the principle of specialty (EGC, 7 Dec 2022, T-623/21, Puma SE / EUIPO - Vaillant GmbH).

2. CONTRACTS - DISTRIBUTION - CONSUMER AFFAIRS

EXHAUSTION OF THE RIGHT OF DISTRIBUTION (NO).

A contractual clause prohibiting the resale of a video game supplied to the public in dematerialized form (by download) is valid and does not contravene the principle of free movement of goods or the exhaustion of the distribution right (CA Paris, 21 Oct 2022, no. 20/15768).

EXHAUSTION OF RIGHTS AND LABELLING. The proprietor of a trade mark who has put on the market, in a Member State, goods bearing that mark and intended to be re-used and refilled many times, is not entitled, under those provisions, to oppose further commercialization of those goods, in that Member State, by

a reseller who has refilled them and has replaced the label, on which the original mark appeared, by another labelling, while leaving the original mark on those goods, unless that new labelling creates a false impression in the minds of consumers that there is an economic connection between the reseller and the trade mark proprietor. That likelihood of confusion must be assessed globally in the light of the information appearing on the product and its new labelling and having regard to the distribution practices of the sector concerned and the level of knowledge that consumers have of those practices. (CJEU, ch. 5, Oct. 27, 2022, C-197/21, SodaStream International BV / MySoda Oy).

DEREFERENCING. Article L. 521-3-1 of the French Consumer Code, which allows the DGCCRF (the French General Office for Competition, Consumption and Fraud Control) to compel online platform operators to dereference the e-mail addresses of online interfaces whose content is clearly unlawful, complies with the Constitution (Cons. Const., 21 Oct 2022, no. 2022-1016).

UNFAIR COMMERCIAL PRACTICES. In the context of an advertising lottery constituting unfair commercial practice, failure to generate the promised profits is only likely to constitute, under French tort liability law, a moral prejudice by the disappointment that it causes (Cass. Crim., 22 Nov 2022, no. 21-86.010).

SALE OF BUSINESS. The transfer of a business including the transfer of trade marks does not entail the transfer of the exclusive distribution agreement for the products bearing these trade marks (Cass. Com., 19 Oct 2022, no. 21-16.169).

GUARANTEE OF CONFORMITY. The guarantee of conformity set forth by articles L. 217-1 et seq. of the French Consumer Code applies only to tangible movable goods that are the subject of a sale agreement, excluding of the French "contrats de louage d'ouvrage" ("service agreements") (Cass. Civ. 1, 12 Oct 2022, no. 20-17.335).

3. LIABILITY

GROSS NEGLIGENCE OF THE COMMERCIAL AGENT.

Under article L. 134-13 of the French Commercial Code, the agent's loss of right to compensation, resulting from their gross negligence, does not negate the possibility of seeking and obtaining compensation for the damage caused by this negligence (Cass. Com., 19 Oct 2022, no. 21-20.681).

ABRUPT TERMINATION OF A LONG-STANDING BUSINESS RELATIONSHIP. The modification of a contract detailing contractual terms and conditions, occurring during talks about the contract's renewal, may constitute an abrupt termination if it is significant and non-negotiable (Cass. Com., 19 Oct 2022, no. 21-22.802, F-D). Only the prejudice resulting from the abrupt nature of the termination, evaluated with respect to the expected gross margin during the period of insufficient notice, should be compensated (Cass. Com., 7 Dec 2022, no. 21-17.850).

GROUP OF COMPANIES. A company is only liable for the debt of a subsidiary if its interference in the contractual relationships of this subsidiary misleadingly gives the latter's contracting party reason to legitimately believe that it is also the contracting party of the parent company (Cass. Com., 9 Nov 2022, no. 20-22.063).

ABUSE OF RIGHTS. Sufficient demonstration of intent to harm is required to compensate the commercial prejudice resulting from an abusive seizure (CA Bordeaux, 15 Nov 2022, no. 20/00280). €160,000 in damages was awarded to a software publisher which provided false information and predictions to its clients in relation to ongoing litigation. These damages will be dismissed (TJ Paris, ch. 3, section 2, 25 Nov 2022).

LIABILITY FOR HOSTING SERVICE PROVIDERS. A Spanish website offering services to surrogate mothers is manifestly unlawful in that it contravenes French law's unambiguous prohibition of surrogate motherhood and is intended to give French nationals access to a practice that is unlawful in France (Cass. Civ.1, 23 Nov 2022, no. 21-10.220).

AMAZON vs LOUBOUTIN. Amazon has infringed the trade mark "LOUBOUTIN" by giving users the impression that it is LOUBOUTIN itself that markets, in its own name and on its own account, the goods bearing that sign (CJEU, gde ch., 22 Dec 2022, 148/21 and C-184/21, Louboutin v. Amazon).



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