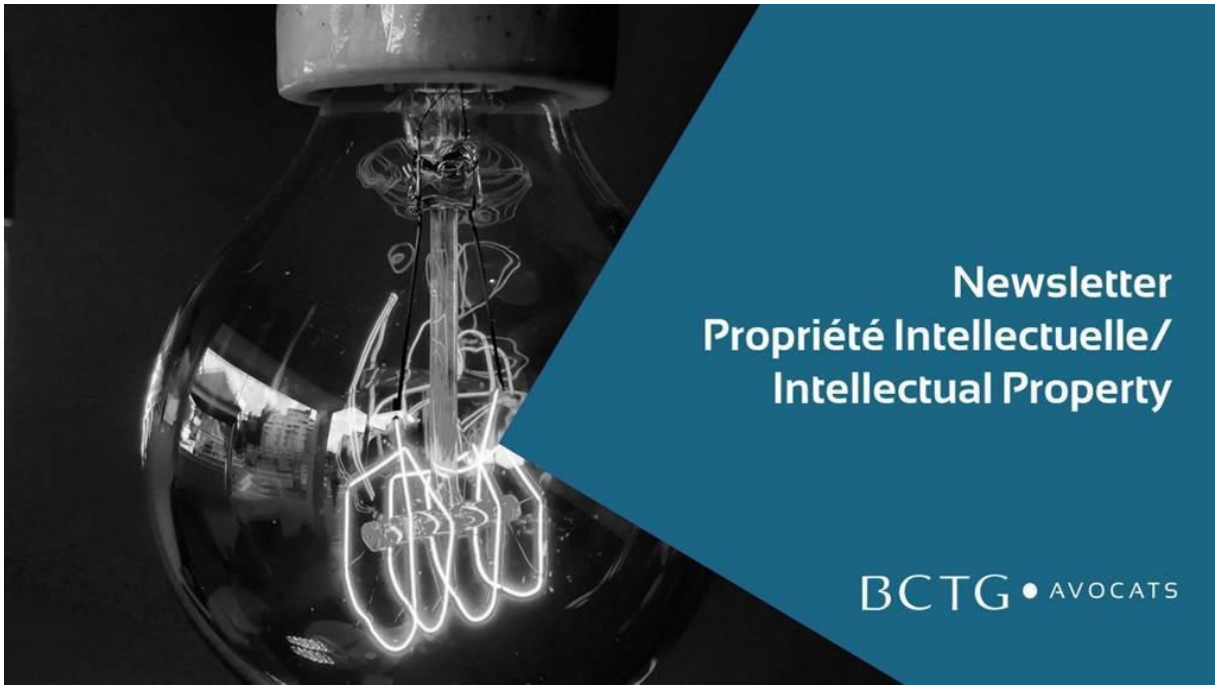

April 2021

Loss of influence for the Adidas' three-stripes brand

In a decision issued on 9 October 2020, the High Court of Paris found that there was no infringement by imitation and no damage to the reputation of the Adidas three-stripes trademark.

In this case, Adidas accused Sandro of unlawfully selling the « Driss » trousers, consisting of two parallel light pink stripes on the leg of black trousers, on the ground that this model was likely to create a likelihood of confusion with its three-stripe trademark.

The Court held that the contested model did not infringe Adidas' three-stripes trademark because of the visual differences between the contested trousers model and the trademark.

Moreover, the High Court was convinced by the various examples given in the proceedings of women's trousers inspired by military dresscode, with two or three parallel stripes running vertically down each leg, and concluded that the use of the two side stripes was a decorative element borrowed from military dresscode and not an indication of the origin of the product.

As a result, no act of counterfeiting can be held against Sandro.

Adidas also claimed that the reputation of its semi-figurative trademark had been damaged. This claim was dismissed by the Court as the plaintiff company did not prove the existence of undue advantage or damage to its reputed trademark.

Although the Court of First Instance recalled the strong reputation of Adidas three-stripe trademark, it did not consider that the trousers at issue were of such a nature as to trivialise the three-stripe trademark, thereby undermining its attractiveness and causing consumers to turn away from it.

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The implementation of a collective creative process within a company as an obstacle to the ownership of author's rights by an employee designer

In a decision issued on 5 March 2021, the Paris Court of Appeal reaffirmed, in accordance with paragraph 3 of Article L. 111-1 of the French IP Code, the principle according to which *« the existence of an employment contract is not exclusive of protection by author's rights and the employee is vested with the intangible intellectual property rights instituted for the benefit of the author, provided that he or she has made a creative work while retaining his or her own freedom and without the aesthetic choices made being imposed on him or her by the employer ».*

The dispute at issue was between Comptoir des Cotonniers, a company specialising in ready-to-wear clothing and fashion accessories, and an employee hired as a designer attached to the style department to design accessories.

The employee designer claimed authorship over the creation, in September 2014, of a pair of vintage sneakers, its leopard sole and its packaging bag. However, after analysing the documents and in particular the testimonies submitted in the proceedings, the Court of Appeal considered that the creation process demonstrated the collective nature of the choices made throughout the development of the model of sneakers at issue.

The Court held that if the employee demonstrated that he had drawn the sketch of the sneakers, he had done so under the control or at least the supervision of the art director, and deduced that his creative autonomy was restricted.

The issue at stake in the qualification of a collective work is the ownership of the copyright, directly attributed to the employer under whose name the work is disclosed. In conclusion, this case suggests that the creation of a work will be qualified as collective when a company is able to prove a collective creative process due to upstream instructions and downstream validations.

Confirmation of the jurisdiction of French courts in the event of online offer for sale of counterfeit goods when the website is accessible from the French territory

In a decision issued on 23 March 2021, the Court of Appeal of Paris ruled on a question of territorial jurisdiction in the situation where a website does not have a « .fr » extension.

In this case, Monoprix accused Casa for selling products with a watermelon design, which Monoprix considered original and protectable under the law on author's rights.

The judges of first instance declared themselves incompetent to deal with acts of infringement committed from the website promobulter.be considering that this website was aimed at Belgian territory.

The Court of Appeal censured this interpretation, on the basis of Article 46 of the French Code of Civil Procedure and applying the decision of the Court of Justice of the European Union of 22 January 2015 *(Hejduk C-441/13),* which states that *« in the event of an allegation of infringement of copyright and rights related to copyright guaranteed by the Member State of the court seised, that court has jurisdiction, on the basis of the place where the damage occurred, to hear an action for damages in respect of an*

infringement of those rights resulting from the placing of protected photographs online on a website accessible in its territorial jurisdiction ».

In this case, the Monoprix provided two screenshots of the promobutler.be website on which the watermelon design in question is displayed, a website accessible from the French territory.

Consequently, the Court of Appeal recalls that *« in the case of acts of infringement of author's rights committed through a foreign website, the accessibility of the site is sufficient to establish the jurisdiction of the court seized on the basis of the place where the damage occurred ».*

Breach of a license agreement: exclusion of the tortious infringement action by the Court of Appeal of Paris

Is the non-performance of a license agreement a matter of contractual or tort liability?

The answer to this question has been debated for several years. However, the choice of contractual or tort liability for this type of infringement is not without consequences: it will determine in particular the possibility of initiating a seizure for infringement, the jurisdictional competence between the Commercial Court and the Civil Court, and the calculation of damages.

In the present case, the publisher of a software under free license accused the defendant or using its software in breach of the terms of the free license, which it considered to be an infringement of its intellectual property rights. It therefore sued the defendant for copyright infringement, on the basis of tort.

In the first instance, the High Court found this action inadmissible, on the grounds that such a breach of the license was a matter of contractual liability.

The Court of Appeal of Paris, in its decision of March 19, 2021, confirmed this judgment and held that the breach of a software license agreement constituted a contractual breach that could only be remedied on the basis of contractual liability.

This decision is part of an evolving jurisprudential context, the principle of non-accumulation of liability in the event of a breach of the terms of a software license having been the subject of several landmark decisions in the past years.

The solution retained by the Supreme Court until then in matters of breach of a trademark license agreement was that said breach could be punished by the implementation of the infringement regime in case of likelihood of confusion (*Cass. Com. February 10, 2015, n° 13-24979, Cass. Com. March 31, 2009, n° 07-17665, Cass. Com. January 15, 2002, n° 99-19279*).

In a previous case concerning, as the present case, a breach of a software license, the Court of Appeal of Paris had referred a preliminary question on the applicable regime to the Court of Justice of the European Union (CJEU) (*CA Paris, October 16, 2018, n°17/02679*). In response, the CJEU had recalled that the breach of a clause in a software license agreement "*falls within the concept of 'infringement of intellectual property rights', within the meaning of Directive 2004/48*" (§ 42). Thus, according to the Court of Justice, it is mandatory that a right holder be able to benefit from the guarantees provided for by Directive 2004/48/EC in the event of a breach of a license agreement (§ 42). However, it specified that it was up to the national legislator "*to define, in particular, the nature, whether contractual or tortious, of the action available to the right holder in the event of infringement of his intellectual property rights*" (§ 44) (*CJEU 18 Dec 2019, IT Development SAS v Free Mobile SAS, aff. C-666/18*). The CJEU

had not really settled the debate between tort and contractual liability and its scope had been debated. However, a majority of the legal doctrine considered that the CJEU had implicitly favored the ground of infringement.

The Court of Appeal of Paris surprisingly adopted the opposite solution. However, referring to the above-mentioned decision of the CJEU and taking note of the leeway left to national legislators on the point of qualifying the nature of the action at issue, the Court of Appeal of Paris considers that the principle of non-accumulation of liability leads to the dismissal of tort liability in the case at hand, since the fault would result from the violation of a contractual obligation.