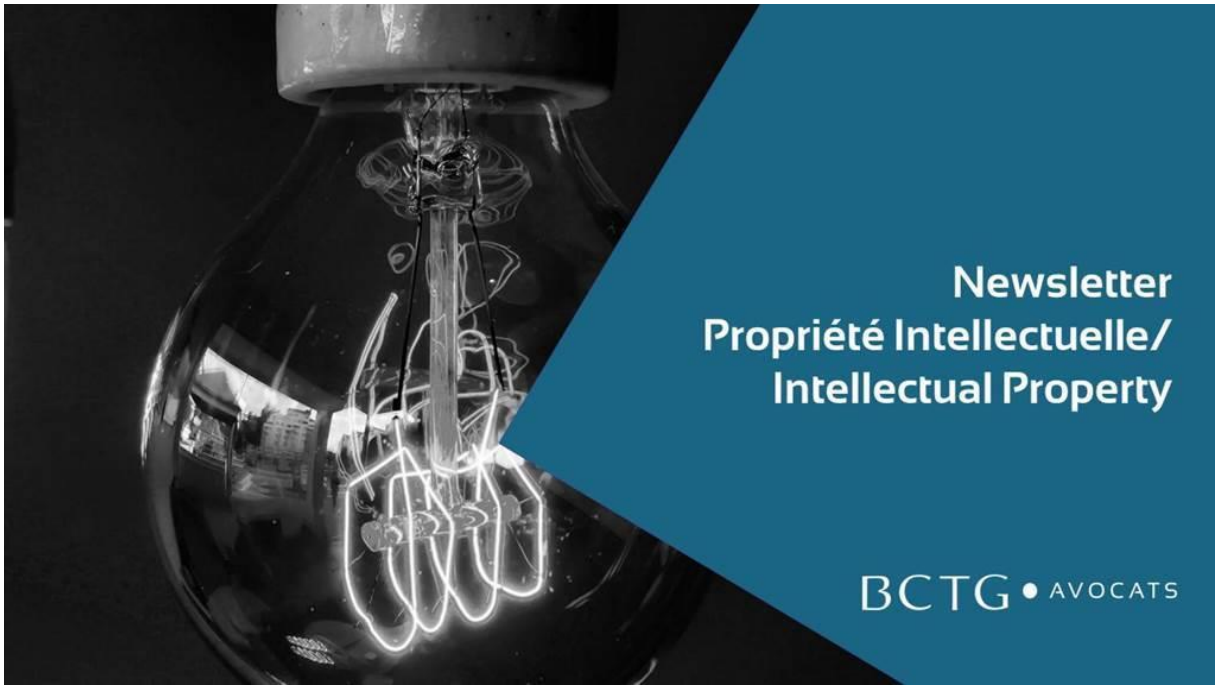

July 2021

Sale and advertising of counterfeit products: liability of marketplaces?

In the context of a dispute between Louboutin and Amazon, a question was referred to the Court of Justice of the European Union (ECJ) on March 8th, 2021 for a preliminary ruling on the liability of the operator of an online sales platform for infringement in the event of the advertising and sale of counterfeit products through that platform: does it qualify for a platform operator, among other services, to include in its commercial communication advertisements for the sale of counterfeit products by third-party sellers?

In this case, Louboutin claims that Amazon, through its "Fulfilment by Amazon" program, intervenes in the sale of counterfeit goods by third-party sellers, by offering those sellers various services, including advertising services.

The question referred for a preliminary ruling by the Court of Luxembourg is part of a case law debate at the European level. For instance, the Court of Appeal of Brussels held in June 2020 that Amazon was only responsible for advertising its own products and not those of third parties, so that it could not be considered as having committed acts of infringement through unauthorized use of a trademark in the course of trade. In the same case, the Court of First Instance of Brussels had on the contrary found Amazons liable for infringement, due to the advertising of shoes infringing the Louboutin trademarks on the platform.

This question comes in a context that is quite favorable to platforms, which can only be held liable if they play an active role in the sale of counterfeit goods by third-party sellers. This case, which is not expected to be answered immediately, could thus reopen the debate on this subject, since platform operators may have an active role in promoting the counterfeit products.

Inventions of mission and payment of the additional remuneration to a production service technician employee

In a decision rendered on April 2nd, 2021, the Court of Appeal of Paris strictly applied the provisions of the Intellectual Property Code applicable to employees' inventions, rejecting an employee's demand for three inventions created during his employment to be classified as inventions outside the scope of his mission. He thus sought payment of a fair price for these inventions, pursuant to Article L. 611-7 of the Intellectual Property Code.

The Court of Appeal analyzed the job description of the "reliability technician" employee and considered that such duties included "*work of observation, analysis and research for the purpose of designing and implementing solutions aimed at improving the safety of the operation of the production means and at reducing, or even eliminating, breakdowns and other inconveniences likely to affect this operation*", which implied an inventive step.

The Court of Appeal also noted that the employee had himself classified the inventions at issue as inventions of mission at the time of declaring the inventions, and did not submit, during the course of the proceedings, any element likely to contradict these initial declarations, so that the inventions at issue were qualified as inventions of mission.

This classification therefore entitles the employee to receive additional remuneration, which is nevertheless conditional in principle on the patentability of the inventions at issue, and in its amount to any applicable contractual stipulations.

In this case, only one of the three inventions claimed was deemed patentable.

Furthermore, in the absence of provisions in the applicable collective agreement, and without any evidence provided by the employee as to the economic interest of the invention, the Court of Appeal applied the contractual stipulations providing for an additional remuneration of 152 euros in case of patentable invention of mission.

Any parasitic act necessarily results in damage, even if there is no loss of turnover or customers

In a decision of March 17th, 2021, the Supreme Court recalled that "*since economic parasitism consists in interfering in the wake of others in order to benefit, without spending anything, from their efforts and know-how, it is necessarily inferred that there is a damage, if only moral, from such acts, even when limited in time*".

In this case, a company selling saunas online claimed that a competitor had identically reproduced on its website the technical descriptions and expert opinions it had prepared in order to optimize its referencing by search engines. It therefore brought an action for damages based on unfair competition and parasitism.

The Court of Appeal had rejected its claims on the grounds that there was no loss of customers or turnover imputable to the parasitic acts and no causal link between the parasitic behavior and the damage alleged by the claimant.

The Supreme Court rejected this interpretation, under article 1240 of the Civil Code.

Transposition into national law of Directive on copyright and related rights

Ordinance No.2021-580 of May 12th, 2021, which is the implementation under French law of Directive (EU) 2019/790 of April 17th, 2019 on copyright and related rights in the digital single market, aims at strengthening protection of creators and ensuring adequate remuneration.

This transposition consolidates and supplements the principles already provided for in the Intellectual Property Code, while also considering the existing sectoral provisions and referring, as the Directive allows, to professional negotiations to specify the conditions of implementation.

The main novelty is transposition of Article 17 of the Directive, which ends legal uncertainty on the liability of sharing platforms with respect to copyright. This article allows creators either to be remunerated by sharing platforms that massively distribute their works, or to obtain implementation of effective preventive measures that guarantee the unavailability of unauthorized works. Practically speaking, this means that platforms will only be able to claim exemption from liability, as provided for hosts, if they can demonstrate that they have acted promptly following notification from rights holders to make unavailable or remove the litigious content.

On another topic, in the case of exploitation contracts, Articles 18 to 23 of the Directive enshrine the principle of appropriate and proportional remuneration of authors and artists by the operators of their works and reinforce the transparency obligations of the latter. These provisions give creators new rights in their relationship with the operators of their works, through a mechanism of readjustment of the remuneration provided for in the contract and a possibility of termination in the event of total absence of exploitation of the work.

The purpose of this transposition is to make the digital giants responsible and to put an end to the unauthorized and unpaid exploitation of content. It should be noted that this text will be completed by two other ordinances. Consequently, the transposition of the Directive is not yet fully completed.