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FOCUS:

LAW FOR A DIGITAL REPUBLIC:

UNDERSTANDING THE LEGAL ISSUES OF OPEN DATA

The **Law for a digital Republic** (or the "Lemaire Law") was adopted and published in the Official Bulletin on October 8, 2016. As the law is very general, several implementing decrees are expected in the coming months.

The law sets several objectives: promote the **circulation of public data** and knowledge, work for the **protection of individuals** in the digital society and **guarantee digital access** for all.

We consider the principal contributions of the Lemaire Law (besides the "digital platform operators" aspect) here below.

The circulation of public data: the *open data* policy

The *open data* policy entails a certain number of public and private actors **making their data freely accessible** for users' benefit and for improved inter-administration communication.

The entities concerned by *open data* are the State administrations, public institutions and local authorities as well as companies that are delegates of a public service.

The right to access also concerns **the data** that is held by (i) companies who, by delegation, carry out a **public service-related activity** (and are needed for the fulfillment of the concession agreement) or (ii) by structures that received subventions under defined conditions.

These actors must ensure that the data is accessible in an open-standard, easily reusable and exploitable by an automated processing system.

They must also **anonymize or use a pseudonym for personal data** that could be included in the data considered *open data* or that could appear or reappear by data cross-referencing.

The law excludes certain data from the *open data* requirement:

-Databases (i) produced or received by administrations, (ii) in the exercise of an **industrial or commercial public service mission** (iii) and subject to competition. However, regarding this data, **communication of data required for the fulfillment of a public service concession agreement is imposed**. Thus, the delegate of an industrial or commercial public service must communicate this data, particularly for the benefit of its competitors and possible future delegates. However, the delegate can stipulate an exemption to this obligation in the concession agreement;

- The data subject to third-party rights (elements protected by copyright, for example);

- Data subject to professional secrecy.

All actors will be subject to a user license that they will choose from a list of licenses that will be set by decree, in order to **introduce the conditions for the reutilization of the data.** Two main license models currently exist which will likely be the inspiration for:

-**the Open license** which will apply to all unrestricted and free reutilization of public data from State administration and the state's public administration institutions;

-**the ODBL license (Open Database License)** authorizing users to share, modify and freely use the database all while maintaining these liberties for others.

Circulation of knowledge: the new exceptions to copyright

Intellectual property being a "natural brake" on *open data*, the implementation of the law involves **limiting the intellectual property rights**. Thus, the text of the Lemaire Law sets **four new exceptions to the intellectual property right**:

-**The "Panorama" exception** authorizes reproductions and representations of architectural and sculpture works, permanently placed in a public place, made by natural persons, excluding any commercial use (L.122-5-11 French Code of Intellectual Property (FCIP)).

-**The "text exploration and mining" exception** entails that the author of disclosed work shall not prohibit "the digital copies or reproductions made from a legal source, for the purpose of exploring the texts and data that are included or associated with scientific writings for the purposes of public research, exclusive of any business purpose" (L122-5-10 FCIP).

-**The limitation of "open access"** facilitates access to scientific publications (periodicals issued at least once a year) resulting from research works for whom the majority of their financing is provided by public funds.

-**The exception relating to certain public databases** means that the producers of databases who are administrations cannot prohibit the reutilization of some of their bases that are regularly updated without being publicly distributed.

The protection of data subjects' rights: an anticipation of the European General Data Protection Regulation

As **the European General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data** ((EU) Regulation 2016/679) will enter into **effect on 25 May 2018**, the Lemaire Law anticipates its provisions in part by modifying the French Data Protection Act of 1978.

Thus, after the adoption of the different implementing decrees, each individual will have the right to:

-**request the portability of his or her data**, which is to say ask the recovery of his or her data from the data controller in order to transfer it to a different data controller;

-**choose and control the uses** which are made of his or her personal data;

-**define the instructions related to the storing, deletion and communication** of his or her personal data after death;

-**obtain the prompt erasure, by a data controller**, of the individual's personal data when it had been collected while he or she was a minor.

An IP address constitutes a personal data which collection requires a prior declaration to the CNIL

Upon injunction by the Commercial Court, internet access providers communicated the identities of holders of IP addresses upon the request of a company that had noticed external connections to its network.

The defendant company requested the retraction of the Court's decision by arguing that **the processing of the IP addresses should have been subject to a declaration to the CNIL.**

The French Supreme Court upheld this argument and quashed the decision of the Court of Appeal of Rennes, finding that "*the IP addresses, which allow the indirect identification of a natural person, are personal data, such that their collection constitutes a treatment of personal data and must be subject to a prior declaration to the CNIL*".

The CJEU (European Court of Justice) restated its position a few days beforehand, **judging that the IP address is**, despite not relating to an identified natural person, **personal data** since it allows the person to whom it is associated to be rendered simply "identifiable".

This solution is the occasion to remind one of the risks incurred in case of the non-compliance with the fulfillment of the formalities with the CNIL: **the impossibility to use the personal data file in a legal proceeding.**

Cass, 1ère civ. 3 November 2016, 15-22.595, C-101184 and CJUE, 19 Oct. 2016, aff. C-582/14

Analysis of the risk of confusion in the 5-years grace period following the trademark registration

The Swedish Supreme Court referred an preliminary question to the CJEU, inquiring as to know if a judge who is referred an action in the infringement of an EU trademark registered for less than five years has to **analyze the risk of confusion with regard to the products and services registered or on the basis of those for which the trademark is effectively used.**

The CJEU noted that the grace period allows the holder to start seriously using the trademark in the first five years following the registration of the European Union trademark.

Henceforth, **the appreciation of the risk of confusion is made with regard to the products and services that are targeted in the trademark registration and not with regard to the use that the holder could make of this trademark during this five-year period.**

CJEU – 21 December 2016, C-654/15, Länsförsäkringar / Matek

Evidence of distinctiveness acquired through use must be produced in all of the concerned Member States

In 2006, the EUIPO (European Union Intellectual Property Office) registered the **three-dimensional trademark** for the "**4-finger Kit Kat**" at the request of Nestlé.

In 2007 a competitor requested that the EUIPO declare invalid the registration, which the Office refused, finding that **the trademark had acquired distinctiveness through to the use that was made of it in the European Union**.

On appeal, the Court held, among other points, that **the evidence of distinctiveness acquired through use must be produced in the part of the European Union where the trademark did not have an intrinsic distinctive character at the date of submission.** However, the intrinsic distinctive character of the contended trademark was not established for all of the Member States. Nestlé having only produced evidence of distinctiveness acquired through use in 10 of the 15 Member States composing the European Union at that time, the Court found that the evidence of distinctive character acquired through use had to be produced **in all of the concerned Member States**.

The office must therefore reexamine if the trademark in question had, at the date of application, acquired a distinctive character **in consequence of** Nestlé's use of it in the 15 concerned Member States.

TUE, 15 December 2016, T-112/13, Mondelez/EUIPO – Nestlé (Kit Kat)

The right to use a domain name can constitute a taxable intangible fixed asset

The French administrative supreme Court (the *Conseil d'Etat*) found, in a decision on 7 December 2016, that the right to use a domain name is **subject to the tax treatment of corporate intangible fixed assets**, as long as (i) this right constitutes a **regular source of profits** (ii) is **sufficiently sustainable** and (iii) **could potentially be transferred**.

The *Conseil d'Etat* thus validated the decision of the Administrative Court of Appeal of Paris, finding that the right to use the domain name <ebay.fr> effectively constitutes an intangible asset of the company Ebay France.

In this case the domain name used constitutes a regular source of profit. Since it is renewable upon simple request, it has sufficient sustainability.

Finally, according to the *Conseil d'Etat*, "*the waiver by the company iBazar, in return for compensation by the Ebay group, of the renewal of the registration of the domain name <ebay.fr>, which permitted the company eBay France to immediately register this domain name,* ***must be considered as having had the same effects as those of a transfer*** *by iBazar* ***of the right to use of this domain" and treated as such for tax purposes.***

Conseil d'Etat, 9th &-10th chambers together, 7 Dec. 2016, 369814

IN BRIEF

On 6 December 2016, the National Assembly adopted, via an amendment to the Amending Finance law of 2016, **the "YouTube tax"**.

This tax affects publishers of on-demand audiovisual media services as well as the community platforms providing access to audiovisual content, such as YouTube, Dailymotion or Vimeo. The applied rate will be **2% of the advertising revenue of sites** providing **free or paid videos** on the internet, to the benefit of the National Centre for Cinema.

Bill n°852, 7 December 2016, new Article 24 ter

PRACTICIONNER'S CORNER:

THE CHALLENGE OF THE METHOD OF PROOF CHOSEN IN THE PROCEEDINGS FOR IP RIGHTS INFRINGEMENT OR UNFAIR COMPETITION

In a decision on **25 January 2017**, the French Supreme Court upheld the application to **annul a bailiff inspection report for the lack of independence of the person assisting the bailiff.**

This decision provides a reminder of **how essential the choice of method of proof is to the success of the proceedings.**

The bailiff's report done without judicial authorization

On principle, an intellectual property right (IPR) infringement can be proven by any means, including a simple bailiff's report that does not require authorization from a judge.

The bailiffs can, upon simple request from individuals or companies, carry out **purely material observations excluding any opinion** on the factual or legal consequences that may result therefrom.

A bailiff can make any type of observation report (physical, on the internet, purchase) to prove an act of IPR infringement.

Under penalty of annulment of the observation, it is necessary to remain vigilant regarding the realization of the operations carried out by the bailiff in this context, which should be limited to simple observations.

The person who accompanies the bailiff must be independent

In the context of a **physical observation**, the bailiff must remain in the public space and the location must be publicly accessible.

This is the reason why, during the carrying out of a **purchase observation, the bailiff must limit him or herself to observing the purchase by an independent person**.

This was very recently reaffirmed by the French Supreme Court in its abovementioned decision wherein it found that the **intern of the law firm of the applicant company was not sufficiently independent.**

The Supreme Court found that this could constitute a **violation to the right to a fair trial** (Article 6 of the ECHR and Article 9 of the French Civil Code).

This decision was published in the Supreme Court Bulletin, and should be widely echoed in practice.

The practice censored by the Court was, however, longstanding and normal.

The reach of this decision is yet to be specified, particularly with regards to knowing if this prohibition will apply to **observations of purchases made on the internet**.

Even more, it remains to be known if this complaint of lack of independence will apply to observations made **with the assistance of the IPR owner itself, or one of the employees of the applicant company.**

It is more and more difficult to ensure the proper conduct of a bailiff observation made without judicial authorization, the validity of these observation being so often contested before the courts.

The procedure for seizure of IPR infringing goods

The seizure of IPR infringing goods (the *saisie-contrefaçon)* is a particular legal alternative offered to a party hoping to establish proof of acts of infringement.

Although more restrictive, in that it takes place upon **Court authorization**, this procedure confers **more powers to the bailiff**.

Within the limits of the power granted by the court order, the bailiff can, for example, enter private locations and seize documents, samples, receive declarations that may be made to him, etc.

Consequently, this procedure, more intrusive but governed by the Court's authorization, permits (i) the collection of more elements to prove the offences and (ii) greater legal security.

A procedural precaution still needs to be respected, however: if it is a matter of observing an infringement of an intellectual property right, only the civil court (*Tribunal de grande instance),* will be competent, and not the Commercial Court.

For offenses of pure unfair competition that are not grounded in any intellectual property right, it is necessary to refer to Article 145 of the French Civil Procedure Code. As there is a tenuous boundary between the different grounds likely to give rise to very similar actions, it may sometimes be useful to resort to different measures according to the grounds used.

Cass. Civ 1ère, 25 January 2017, 15-25.210

FIRM NEWS

Jean-Guy participated in the « ***Local Government Open Data Forum*** » symposium dedicated to the **legal issues of** open **data** and associated with Global Summit of the Partnership for an Open Government that France hosted at the beginning of December.

IP-IT and White-Collar Crime teams attended the **International Cybersecurity Forum** held the 24-25 January 2017 in Lille.

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