

## Intellectual Property Law



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### Changes in personal data protection law

On January 25, 2012 Viviane Reding, Vice President of the European Commission and Commissioner for Justice, Fundamental Rights and Citizenship made the official presentation of changes to be implemented in the European personal data protection system. She presented a draft of the Regulation of the European Parliament and of the European Council on the protection of individuals with regard to the processing of personal data, and on the free movement of such data, which will replace the current Directive 95/46/EC of the European Parliament and of the European Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

It is important that the proposed changes to the protection of personal data will be introduced through the **new** regulation. When an EU regulation enters into force, it also enters into force in each EU Member State and does not require transposition into national law. When a regulation enters into force, it replaces all existing national provisions regarding the same. Therefore, there will be no need for member states to issue internal regulations in order to implement specific legal regulations in order to achieve the desired state of affairs specified in the directive. Up until now implementation and application of Directive 95/46/EC has led to differences in protection levels guaranteed in Member States. This form of regulation is designed to prevent differences and ensure achievement of full harmonization of laws on the protection of personal data within the European Union.

The draft Regulation introduces many changes, it also constitutes, in large part, a detailed version of Directive 95/46/EC. The Project contains numerous proposed regulations *inter alia*:

- The definition of “data subject” is extended to all persons who may be identified (either directly or indirectly) by a data controller, but also by other natural or legal persons. Identification, under the new definition, may also occur through data on the location or online identifier. The notion of genetic data and biometric data is introduced and defined.
- An important specification of Directive 95/46/EC is clarifying the definition of “consent”, which

is one of the conditions legitimizing personal data processing. The draft Regulation defines consent as a statement that must explicitly indicate the will of the subject that expresses it (opt-in type consent). Furthermore, in accordance with the draft, consent shall not constitute grounds for processing personal data, if there is “significant imbalance” between the position of data subject and data controller. The best example of such a situation would be an employment relationship between the subject and a data controller.

- A data subject acquires new rights, including the right to transfer its data between Internet service providers, for example between a social networking service (*right to portability*). The draft Regulation proposes the specification of provisions granting data subjects the right to request their removal (*right to be forgotten and to erasure*). In this regard, in a case where data controllers make personal data available to the public, the draft imposes an obligation on data controllers to take reasonable steps, including technical measures, to inform third parties processing these data of the obligation to remove any links or copies of personal data.
- The Draft envisages the development of a personal data subject's right to object to their processing. In a case where data is processed for direct marketing purposes, the right of objection should be communicated explicitly and intelligibly as well as be clearly distinguishable from other information. In addition, the Draft proposes to tighten the provisions allowing the possibility of profiling based on automatic personal data processing.

The draft Regulation introduces a system of quite strict administrative sanctions provided for actions infringing the provisions of the Regulation (both intentional and committed by negligence). The lowest of the provided sanctions amounts to EUR 250 000 or in the case of entrepreneurs up to 0.5% of their annual worldwide income. The highest penalty in the amount of EUR 1 000 000 or in the case of entrepreneurs up to 2% of annual income is provided *inter alia* for actions such as processing of personal data without proper legal basis, or consent to the processing of data which does not meet the conditions specified in the Regulation.

The draft Regulation provides for numerous changes which makes it seem like a revolution. However, before it can finally enter into force, the Regulation must pass through all the required procedures within the legislative bodies of the European Union.



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## A new approach from the Supreme Administrative Court on the use of a trademark.

Entrepreneurs who take care of the protection of their trademarks should bear in mind that the registration procedure of a trademark with the Patent Office, completed with the receiving a certificate of protection, has yet another important effect. It must be remembered that the registration of a trademark is also closely related to its use. Otherwise, the entrepreneur (holder of a trademark registration), which does not use its trademark, exposes itself to the risk of loss in the form of revocation action.

Therefore, the seemingly simple matter of using a trademark has a significant meaning for holders of rights. The incorrect understanding of this issue can lead to far-reaching consequences, including the abovementioned revocation of a trademark in proceedings before the Patent Office. If revocation action is initiated, the burden of proof of trademark usage always lies with the holder of the trademark. This means that the owner of the trademark itself must convince the Patent Office that it used the trademark in a genuine manner, providing the appropriate evidence. If the holder of the trademark does not prove genuine use, the Patent Office will revoke the trademark.

Pursuant to the provision of Article 169 section 4 point 1 of the Industrial Property Law, any use in a form differing in elements which do not alter the distinctive character of a trademark in the form in which it was registered, shall also constitute use of the registered trademark.

Current case law sometimes shows an incorrect interpretation of this provision. According to the Patent Office the holder should use a trademark *“in the form in which it was registered”*. This approach, however, has raised justified objections from owners of trademarks and their attorneys, as the binding Industrial Property Law does not include any norm imposing such an obligation on the holder of rights. As a result of applying an incorrect interpretation, some entrepreneurs, usually unaware of the Patent Office requirements in this respect, have been punished severely by the revocation of their trademarks.

Moreover, such an understanding of the issue of the use of a trademark is completely at odds with the conditions of trade. In practice, the use of a trademark in its primary function of placing a trademark on goods or their packages and launching these products onto the market, did not

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match the concept of use applied in previous decisions of the Patent Office and certain administrative court rulings.

It should be emphasised that the Patent Office, by making entries in its registers, uses a unified standard black font. Undoubtedly in practice few companies use the same font on their products. If, therefore, we accept the position, according to which a trademark should be used in the form in which it was registered, it would mean that the holders of the most commonly protected word trademarks, would be forced to place on the packages of their goods an identical trademark (the same font and colour) to that made in the Patent Office register.

Looking at the packaging of any products, such as food or cosmetics, we immediately notice that trademarks placed on them never appear in the identical form as word trademarks were registered. At this point the question arises whether, in such a case, we can still discuss the use of a trademark within the meaning of Industrial Property Law.

The problem of the correct understanding of the issue of the use of a trademark was recently considered by the Supreme Administrative Court in its ruling of 3 October 2011 concerning the trademark DUAL. The Court included in the content of the reasoning the important interpretation guideline within the issue of the use of a trademark. According to the Court, the trademark holder may use a trademark in a modified form compared to its registered form. It is, therefore, a different standpoint from that presented earlier by the Patent Office. In the further part of the reasoning, the Court emphasized that the modifications of the registered trademark cannot, however, apply to the elements determining the distinctive character of the trademark, nor may it lead to changes in the form presented as a distinctive whole. Thus, each time the Patent Office, when analysing the evidence relating to use, must determine whether modifications to the form of the trademark are not too far reaching and do not alter its distinctive character.

Notwithstanding the above, it is worth noting that in the said ruling, the Court also emphasized another important aspect related to the use of a trademark, in particular the freedom of the use of a trademark. The content of the reasoning shows that a holder may use his trademark by placing it on goods and using it as a component of other registered trademarks, or append a given trademark to other graphic elements on the packaging and trademarks belonging to him. In practice, this means that the product packaging, in accordance with the real conditions of trade, may contain several trademarks. In such a case it is justified that the holder meets the requirements of use of a trademark within the meaning of Industrial Property Law in respect of all

his trademarks.

Analyzing the problem from the point of view of conditions of trade, this aspect of the use of a trademark, and in fact several trademarks on the packaging of one product, seems to be obvious. Nevertheless, in previous Polish case-law there were some doubts regarding the interpretation of this (highly important for entrepreneurs) case. Hence, it should be expected that the ruling of the Supreme Administrative Court regarding the mark DUAL will meet the approval of the IP community.



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### More severe penalties for failure to observe prohibitions arising from court judgments.

An amendment to the Civil Procedure Code, which enters into force on May 3, 2012, introduces *inter alia* substantial changes to the provisions regarding the enforcement of claims involving the omission of certain actions. Enforcement in this area is particularly important in industrial property protection and unfair competition cases, where its most basic purpose is to prohibit an entrepreneur using a trade mark, marketing a product in a specific package, carrying a particular advertisement campaign or using on the market solutions protected under patent, utility model or industrial design. The changes should be assessed as definitely beneficial for entrepreneurs whose rights have been infringed and who expect effective protection against further infringements.

Due to its specificity, a prohibition order against certain actions is executed through imposing various sanctions by the court in the event of failure to comply with the prohibition. Under the current law, in the event of failure to comply with the prohibition arising from an enforceable judgment, a person infringing the prohibition arising from the judgment is “coerced” by the imposition of fines by the court. The existing regulations provided that a fine imposed by one judgement may be up to PLN 1,000. When the imposition of a fine over three occasions did not lead to compliance with the prohibition, the court could impose a fine higher than PLN 1,000, however the total amount of fines in one case could not exceed PLN 100,000. These measures did not always guaranteed that court judgements were observed, their amount often proved to be disproportionately low in relation to the damage caused by infringements.

After the amendment, a fine will remain the primary means for ensuring compliance with a prohibition, however its upper limit will be increased 10 times. The court, by one order, will be able to impose a fine of up to PLN 10,000, and in addition the court will not be tied by a limit in a situation, when a fine was previously imposed twice (not three times as at the present). The total amount of fines imposed in one case has been increased to PLN 1,000,000. When an infringing entity is a legal person, a fine is imposed on the employee responsible for not complying with the prohibition, and if such an employee cannot be identified - a person authorized to represent the entity. In the event of failure to pay the fine, it is possible to change it for a custodial sentence.

In addition to the increase of fines, the amendment introduces a new penalty for the infringement of prohibitions arising from court judgments. After the amendment enters into force, instead of imposing fines on the infringing entity, the court may:

- order the debtor to pay to the creditor an amount of money for an infringement, and
- threaten to impose a payment order for a specified sum of money for each subsequent infringement of the obligation.

The upper limit of the amount of payment which may be ordered to the benefit of the creditor was not set. While determining these amounts, the courts should be guided by the objective to effectively ensure compliance with the prohibition arising from a judgment which has been infringed. Of particular importance is the determining of penalties for each subsequent infringement of the obligation. As shown by the practice of other countries which apply similar solutions (e.g. France), obligation of payment may be imposed on the infringer e.g. for each day of sharing through its web site information which was forbidden by the court.

It should be emphasized that the use of sanctions aiming at coercing to perform certain actions does not preclude seeking by the injured party claims related to non-compliance with the prohibition, in particular claims for compensation.

The changes are assessed as positive. They ensure greater flexibility in adjusting the sanctions by the court to the specific circumstances of infringement, and thus can contribute to strengthening of entrepreneurs protection.

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