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The CNMC issues its opinion on the Draft Bill for the Amendment of Industrial Property Laws

1. Observations of the CNMC

The National Commission on Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*, “CNMC”) has issued its opinion¹ on the draft bill (“DB”) amending Law 17/2001, of 7 December, on Trade Marks; Law 20/2003, of 7 July, on the Legal Protection of Industrial Designs; and Law 24/2015, of 24 July, on Patents, promoted by the Ministry of Industry, Trade and Tourism. The report on the DB sets out the objectives of reforming the substantive industrial property laws to adapt them to the current reality, simplifying certain concepts and procedures and providing greater clarity and legal certainty for users of the industrial property system.

The CNMC has made the following observations in relation to the DB:

A. General observations

- (i) Firstly, it highlights the fact that systems for the protection of industrial property rights must be balanced not only against the interests of right holders, but also against the negative effects of excessive protection.
- (ii) Secondly, the CNMC welcomes the joint reform of the laws on trade marks, patents and industrial designs, which, in the CNMC’s opinion, will make the system for protecting industrial property rights more coherent. It is worth noting that the DB justifies the chosen technique by the urgency of the adaptations it will introduce, ruling out the drafting of an industrial property code, due to the delays that the process would involve, or the individual legislative reform of the laws in force, which have already been subject to reforms in recent years.
- (iii) Finally, it expresses regret that the powers of non-exclusive licensees (in whatever form) to defend the protected right have not been

extended, essentially maintaining the right holder’s powers as having priority over those of the licensee and slowing down the defence.

B. Main specific observations

- (i) The CNMC welcomes the reconsideration, within the Patents Act, of the obligation to have Industrial Property Agents (“IPAs”) to represent applicants from outside the European Economic Area, but criticises the fact that their involvement in certain translation services is maintained and that the requirements for access to the profession have not been reconsidered.
- (ii) One of the most significant observations is the CNMC’s criticism of the utility model system in general, as it is granted without prior examination and generates monopolies for inventions with a lower degree of inventive step than that required for a patent (which is why its duration is limited to 10 years). In this regard, the CNMC recommends that if utility models are maintained, they should at least be subject to the prior examination regime (currently, substantive examination prior to the application is only carried out when there is third party opposition to the application, and as an additional guarantee, the DB provides that a prior art report (“PAR”) must be obtained in order to be able to exercise the utility model against infringers). In any case, the CNMC welcomes the fact that the DB provides that a third party may be a petitioner of a utility model PAR. The CNMC is also critical of the introduction of derivative utility models (which already exist in Germany), as a form of provisional protection until a patent on an invention is granted, as this could ultimately be refused.
- (iii) In line with the above, the CNMC warns of the negative consequences that the extension of utility models to pharmaceutical substances

¹ Report accessible via cnmc.es/expedientes/ipncnmco2422, published on 23 August 2022.

and compositions could have. Although this is already provided for in other countries in the region, including Germany, the CNMC points out that the Spanish industrial property system has certain peculiarities with respect to other countries (for example, in Germany patents are much more widely used than utility models, which is not the case in Spain). The CNMC considers that the application of utility models to pharmaceutical substances and compositions could increase the problems in the field of competition law in the pharmaceutical sector that could already arise with the use of the patent system.

- (iv) With regard to provisional patent applications, with a 12-month duration, the CNMC considers that, if the objective pursued is to provide controlled spaces in which to experiment with

potential regulatory improvements, there are alternative methods, such as the application of a regulatory sandbox, where they could be properly tested. In the CNMC's view, the introduction of this figure, in a first phase only applicable to public universities, public research centres and bodies, and registered technology centres, could undermine the principle of competitive neutrality, and it is therefore recommended that it be extended to all economic operators.

- (v) Finally, the CNMC recommends a better justification of the amounts of the fees and their cost orientation, as well as a review of the subjective scope of the discounts to avoid privileging operators depending on whether they are publicly or privately owned.

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