IP/IT/Data Newsletter - October-November 2022

Steering Legal IP / IT / Data Department presents legal news that caught its attention in October-November 2022 in the following areas: Intellectual property (**1**), Technology (**2**), Data Protection (**3**), Media, Entertainment and Advertising (**4**). Enjoy your reading!

1. INTELLECTUAL PROPERTY

a) COUNTERFEIT OF SOFTWARE: infringement action possible even in case of contractual breach

In a decision of 5 October 2022[1], the Court of Cassation settled an issue that had been the subject of divergence among courts. Indeed, until then, there was uncertainty as to whether the owner of a software under a free licence could bring an action for copyright infringement against a licensee who had not respected the conditions of use of the licence agreement.

In this case, Orange offered an IT solution to a customer, in which software under an open-source licence had been integrated that did not belong to it. The company, the author of the software, subsequently sued Orange for copyright infringement and parasitism.

The trial judges[2] had refused the infringement action. The Court of Appeal had held that, according to the principle of non-accumulation of liability, when the cause of copyright infringement results from a contractual fault, only an action for contractual liability can be initiated.

However, the Court of Cassation, in line with European law[3] and the case law of the European Court of Justice[4], decides that copyrights holder must benefit from the guarantees of the European directives on infringement. Indeed, these guarantees are not provided by the sole action for contractual liability under domestic law and the rule of non-accumulation of contractual and tort liability must be set aside. Thus, the Court decides that when an infringement of intellectual property right originates in a contractual breach, then copyright infringement is characterised, and the right holder is entitled to bring an infringement action.

b) TRADEMARK: counterclaim survives in case of withdrawal of the main claim

The European Court of justice ruled on 13 October 2022[5] on the question of the court's jurisdiction to hear a counterclaim where the main claim has been withdrawn.

In this case, a European Union trademark owner brought an action against third parties for infringement. The alleged infringers then filed a counterclaim for declaration of invalidity of the trademark on the grounds of lack of distinctiveness.

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[1] French Court of Cassation, 1st civil chamber, 5 October 2022, No. 21-15.386.
[2] Paris Court of Appeal, Section 5 Chamber 2, 19 March 2021, No. 19/17493. – Court of first instance Paris, 3ème section, No. 11/07081.
[3] Directive 2004/48/EC of the European Parliament and of the Council, 29 April 2004, on the enforcement of intellectual property rights. - Directive 2009/24/EC of the European Parliament and of the Council, 23 April 2009, on the legal protection of computer programs.
[4] European Court of justice, 18 December 2019, No. C-666/18, "IT Development SAS v Free Mobile SAS".
[5] European Court of justice, 13 October 2022, No. C-256/21.

The trademark owner then withdrew its infringement action. The alleged infringers, however, maintained their counterclaims. The German court of first instance found their claims admissible. The German Court of Appeal decided to ask the European Court of justice for a preliminary ruling on the admissibility of the defendants' claims.

The Court ruled that under EU law[6], a court "seized of an infringement action based on a European Union trademark the validity of which is challenged by means of a counterclaim for a declaration of invalidity, retains jurisdiction to rule on the validity of that trademark, notwithstanding the withdrawal of the main action"[5].

This ECJ decision reinforces the strategic relevance of counterclaims in trademark infringement proceedings.

c) PATENT COUNTERFEIT: jurisdiction of the French judge for the infringement of a European patent, committed outside France by a foreign company

On 29 June 2022, the Court of Cassation handed down a ground-breaking decision[7] on the question of the jurisdiction of French courts for acts of patent infringement committed in France but also in Great Britain and Germany.

In this case, a patent infringement action was brought by a French company against English, South African and French companies.

The Court of Appeal[8] had refused to declare itself competent to rule on the disputed acts committed abroad by the defendant companies domiciled in Great Britain and South Africa. The Court of Cassation nevertheless accepted the jurisdiction of France on two distinct grounds.

The first basis is Article 8(1) of the Brussels I bis Regulation[9], which allows French jurisdiction to be retained in the case of multiple defendants domiciled in the European Union, one of whom is domiciled in France. This is the case if there is a connection between the claims and the decisions could be irreconcilable if they were judged separately, which was the case in this instance.

The second basis recalled by the Court is Article 14 of the Civil Code[10] which allows the residual jurisdiction of French courts to deal with disputed acts committed by foreigners abroad against French nationals, in the case of "obligations contracted in a foreign country towards the latter", according to this text. Previous case law, however, held that in matters of tort liability, this provision was not applicable[11].

Thus, the Court of Cassation now recognises the jurisdiction of French courts for acts of infringement committed outside the national territory by foreign companies against French plaintiffs.

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[6] Article 124, a) and d) and Article 128 of Regulation No. 2017/1001 of the Parliament and of the Council, 14 June 2017, on the European Union trademark.
[7] French Court of Cassation, 1st civil chamber, 29 June 2022, No. 21-11.085.
[8] Court of Appeal, Paris, Section 5 Chamber 1, 24 November 2020, No. 20/04780.
[9] Regulation No. 1215/2012 of the European Parliament and of the Council, 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.
[10] Article 14 of the French Civil Code.
[11] French Court of Cassation, 1st civil chamber, 10 June 2015, No. 14-15.180, " Laboratoire Theramex contre Jacques P ".

2. TECHNOLOGIES

a) DIGITAL MARKETS AND SERVICES: publication and entry into force of the European legislative package DMA and DSA

The European digital space reform project has been completed with the publication on 12 October 2022 of the Digital Markets Act[12] (or DMA) and on 27 October 2022 of the Digital Services Act[13] (or DSA). Two detailed articles on the subject are available on the Steering Legal website.[14]

b) DATABASE: autonomous protection of a sub-database

On 5 October 2022, the Court of Cassation handed down a ruling[15], specifying the conditions for the legal protection of sub-databases.

In this case, the company operating the website <leboncoin.fr> accused the company operating the website <entreparticuliers.com> of having a third party collect real estate ads published on the web, and in particular those published on leboncoin.fr, and of publishing them on its website. Leboncoin claimed that its sub-database of real property ads should be protected.

The Court of Cassation confirms that the protection of the sub-database is subject to the demonstration of an investment by its owner in the production of its content. In this case, Leboncoin had invested sufficiently for protection to be granted (5 million euros in advertising campaigns, 20 million euros to enrich the real estate ads, the investments of the sub-database representing 10% of the overall investments for the entire leboncoin.fr database).

The Court of Cassation also stated that in order to qualify as an infringement, it must be shown that entreparticuliers.com extracted a qualitatively substantial part of the sub-database. This was indeed the case in this instance, since the real estate advertisements were included in their entirety, and in particular all the information enabling the identification of the property advertised.

Thus, the Court validates the reasoning of the Court of Appeal and upholds the autonomous protection of a sub-database.

c) INTERNET SITES: constitutionality of DGCCRF injunctions of dereferencing of illicit websites

On 21 October 2022[16], the French Constitutional Council declared the system of dereferencing websites upon injunctions of the Directorate-General for Competition, Consumer Affairs and Fraud Control (DGCCRF) to be compliant with the French Constitution.

Following investigations carried out by the DGCCRF, which noted the presence of numerous non-compliant and dangerous products on the American marketplace Wish, a delisting measure was ordered by the Ministry of the Economy and Finance from various search engines and application shops, in accordance with Article L. 521-3-1 of the Consumer Code[17].

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[12] Regulation 2022/1925 of the Parliament and of the Council, 14 September 2022, on fair and contestable markets in the digital sector.
[13] Regulation No 2022/2065 of the Parliament and of the Council, 19 October 2022, on a single market for digital services.
[14] "The European digital space reform project is coming to an end: the Digital Markets Act (DMA) is set to enter into force on May 2, 2023". - "The second part of the European digital space reform project is coming to an end: Digital Services Act (DSA) entered into force on November 16, 2022".
[15] French Court of Cassation, 1st civil chamber, 5 October 2022, No. 21-16.307.
[16] French constitutional Council, 21 October 2022, No. 2022-1016.
[17] Article L521-3-1 of the French Consumer Code.

This article, instituted by the "DDAUE" law of 3 December 2020[18], gives DGCCRF the power to order the dereferencing or restriction of access to an online interface when it notes the presence of manifestly unlawful content on the latter and the author of the practice does not comply with the first injunction to cease its practices. In contrast to a blocking measure, the site remains accessible via its URL.

In this case, the company Contextlogic Inc, which operates the "Wish" marketplace, claimed that the measure was disproportionate and requested the suspension of the delisting decision from the interim relief judge. Considering the absence of any serious doubt on the legality of the contested decision, the Paris Administrative Court in a summary proceedings rejected the request on 17 December 2021[19].

Contextlogic Inc had appealed to the French Council of State, claiming that the provisions of Article L. 521-3-1 of the Consumer Code were illegal and contrary to the freedom of enterprise and the freedom of expression and communication. It raised a priority question of constitutionality, which was referred to the Constitutional Council by the Council of State, which considered that the question was serious.

In its decision of 21 October 2022, the Constitutional Council affirmed that by strengthening consumer protection and ensuring the fairness of online commercial transactions, this measure pursues an objective of general interest. Finally, the conditions under which this measure applies offer sufficient procedural guarantees and guarantees of proportionality so as not to infringe either the freedom of expression and communication or the freedom of enterprise.

d) UNFAIR AND PARASITIC BEHAVIOUR: use of another's trademark in meta-tag by former licensees is abusive

On 7 September 2022, the French Supreme Court issued a ruling[20] on the abusive nature of the use of a distinctive sign very close to an existing trademark in meta-tags.

In this case, a company held a licence for the "**PANO**" and "**PANO BOUTIQUE**" trademarks for a period of seven years, renewable by tacit agreement. At the end of the first period, the licence agreement was not renewed by the parties.

The licensee had used the distinctive sign "**PAO**" as a sign, which was very similar to the "**PANO**" trademarks previously licensed. In addition, he had integrated the sign "**PANO" into the** source code tag of his website, in order to redirect users searching with this term. This practice is called *meta-tag squatting* and is in principle permitted by case law[21]. However, if the trademark is used in a visible way[22], if the referencing is presented in a misleading way[23], or if the trademark is used as a calling mark by a marketplace[24], then this *meta-tag squatting* is deemed to be infringing and sanctioned under the cover of trademark infringement. This practice may also be sanctioned under the heading of unfair competition or parasitism[25].

The owner of the "**PANO**" trademarks had sued the former licensee for unfair and parasitic behaviour before the lower courts, which had ruled in its favour. The Court of Cassation upheld the decision of the Court of Appeal.

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[18] French law No. 2020-1508, 3 December 2020, containing various provisions for adapting to European Union law in economic and financial matters.
[19] French Court of Cassation, Commercial Chamber, 9 September 2015, No. 14-14.572.
[20] French Court of Cassation, Commercial Chamber, 7 September 2022, No. 21-14.495.
[21] Paris Court of Appeal, 3 March 2020, No. 18/09051, "Aquarelle".
[22] Court of first instance, Lyon, 17 January 2017, No. 12/08544, "Société Décathlon".
[23] Paris Court of Appeal, 5 March 2019, No. 17/13296, "société Carré blanc".
[24] Court of first instance, Paris, 10 June 2022, "Société Carré blanc contre Amazon".
[25] Paris Court of Appeal, 3 March 2020, No. 18/09051, "Aquarelle".

The Court noted that the former licensee had followed in the footsteps of the owner of the "**PANO**" trademark, having effortlessly taken advantage of the trademark's reputation and imitated the trademark in such a way as to create confusion in the minds of consumers. Consequently, the acts of unfair competition and parasitism are well characterised.

e) WHISTLE-BLOWER: CNIL becomes a competent authority for the collection and processing of alerts

A decree of 3 October 2022[26] (taken in application of the law of 21 March 2022[27]) specified the procedural framework for collecting and processing whistle-blower reports. More than forty independent administrative or public authorities have been designated by this text to set up specific procedures in each of their respective fields of activity.

These include

- In the field of environmental protection: the General Inspectorate for the Environment and Sustainable Development (IGEDD).
- For consumer protection: the DGCCRF.
- In terms of privacy and personal data protection, network, and information system security: the CNIL and the National Agency for Information Systems Security (ANSSI).

These authorities have various obligations, including the obligation to provide information on this procedure for collecting alerts and on possible appeals.

In application of this decree, the CNIL has set up a specific system on its website[28].

3. PERSONAL DATA

a) GDPR: GIE Infogreffe sanctioned by the CNIL

By a decision of the CNIL's restricted panel of 8 September 2022[29], GIE INFOGREFFE was fined 250,000 euros for having failed to comply with several obligations imposed by the RGPD regarding the retention period and security of personal data. This penalty was imposed following an online inspection by the CNIL, which had received a complaint.

The CNIL found a breach of the obligation to keep data for a period proportionate to the purpose of the processing (Article 5.1.e of the RGPD). Indeed, 25% of the users' data were kept beyond the 36 months provided for by the site. Moreover, manual anonymisation of data was only carried out at the request of users and only concerned a very small number of accounts.

The CNIL also found a breach of the obligation to ensure the security of personal data (Article 32 of the GDPR). The site did not require its users to use a strong password when creating their account and sent passwords that were neither temporary nor one-time in nature by email. The passwords were also stored in clear text in the site's database, along with the secret questions and answers that would allow access to the account in the event of a user request to reset their password.

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[26] French decree No. 2022-1284, 3 October 2022, on the procedures for collecting and processing whistleblower alerts and establishing the list of external authorities.
[27] French law No. 2022-401, 21 March 2022, aimed at improving the protection of whistleblowers.
[28] Article on the whistle-blowing procedure published on the CNIL website.
[29] Deliberation of the CNIL's restricted formation No. SAN-2022-018, 8 September 2022.

b) FACIAL RECOGNITION: Clearview AI sanctioned by the CNIL

Following numerous complaints from individuals and a formal notice that remained unanswered, the CNIL decided on 17 October 2022[30] to impose a fine of 20 million euros on Clearview AI for violating Articles 6, 12, 15, 17 and 31 of the RGPD[31].

Clearview AI offered a facial recognition service based on the provision of a database of images of people on its website. This database was made up of billions of photos and videos from around the world, accessible online and searchable on any platform.

The CNIL first decided that the processing of personal data by the company was unlawful. Indeed, it did not ask for the consent of the persons concerned, no legitimate interest could be defined, and no legal basis authorised this collection of data from persons located on national territory.

The CNIL also noted that the company did not allow Internet users to exercise their right to access and delete data. Indeed, Clearview AI limited the exercise of the right of access to twice a year and only to data collected over the last 12 months. Moreover, requests were only processed after a significant number of requests from the same person and responses were partial or non-existent.

Finally, Clearview IA did not give a satisfactory response to the control carried out by the CNIL and to the formal notice sent subsequently. It has therefore breached its obligation to cooperate with the supervisory authority.

The CNIL therefore decided to opt for the maximum financial penalty of 20 million euros, in particular because of the extremely intrusive and massive nature of this collection.

c) PERSONAL DATA: Discord sanctioned by the CNIL

The company DISCORD was sanctioned for violation of the RGPD by the CNIL on 10 November 2022[32] with a fine of 800,000 euros.

DISCORD is a platform for microphone and webcam communication services, instant messaging services, and server, virtual, voice and video room creation services.

The CNIL noted that DISCORD had failed to fulfil its obligation to define and respect a data retention period. Indeed, within the database it was possible to find French users whose accounts had not been used for more than five years.

It also found that the company had failed in its obligations to provide information on data retention periods, to ensure data security and to carry out a data protection impact assessment.

Finally, the CNIL considers that there is a breach of the obligation to guarantee data protection by default. Indeed, leaving the application only allowed it to be switched to the background and without leaving a user's connection to a voice room in particular.

The CNIL thus found a violation of Articles 5, 13, 25, 32 and 35 of the RGPD[33] and imposed a financial penalty of 800,000 euros. The relatively limited amount of this fine is explained by DISCORD's

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[30] Deliberation of the CNIL's restricted panel No. SAN-2022-019, 17 October 2022.
[31] Regulation 2016/679 of the Parliament and of the Council, 27 April 2016, on the protection of individuals with regard to the processing of personal data and on the free movement of such data.
[32] Deliberation of the CNIL's restricted formation No. SAN-2022-020, 10 November 2022.
[33] Regulation 2016/679 of the Parliament and of the Council, 27 April 2016, on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

willingness to comply with the RGPD throughout the procedure, as well as the model followed by the company, which is not based on the collection and exploitation of its users' personal data.

d) GDPR: EDF sanctioned by the CNIL

After receiving several complaints from individuals, the CNIL carried out checks. On 24 November 2022, on the basis of the findings of these inspections, a fine of 600,000 euros was imposed on EDF[34]. Several breaches were found.

For its electronic commercial prospecting campaign in 2020 and 2021, EDF could not demonstrate that it had obtained valid consent from the persons contacted beforehand. The consent forms used and made available by data brokers were not verified. Moreover, EDF had not been able to provide the CNIL with the list of partners to whom the data were sent. It emerged that EDF had failed to comply with its obligation to obtain consent for commercial prospecting by electronic means (Articles L. 34-5 of the CPCE and 7 of the RGPD).

The CNIL also noted that no legal basis justifying the processing of the data had been included in the personal data protection charter published on the EDF website and that the planned retention periods were imprecise. Furthermore, the first promotional letter received did not indicate the origin of the data in a sufficiently precise manner. There was a breach of the obligation to inform data subjects (Articles 13 and 14 of the GDPR).

The checks carried out had also revealed that EDF had also failed to comply with its obligation to respect the exercise of individuals' rights (Articles 12, 15 and 21 of the GDPR) in that it had not replied to certain complainants within the one-month period provided for by the GDPR and that it did not allow data subjects to access their data or to object to their processing.

Finally, the storage of passwords for more than 2.4 million accounts was deemed insecure by the CNIL, which constitutes a breach of the obligation to ensure the security of personal data (Article 32 of the RGPD).

4. MEDIA, ENTERTAINMENT AND ADVERTISING

a) SWEEPSTAKES: the compensable loss is not the value of the promised prize

On 22 November 2022, the Criminal Division of the Court of Cassation handed down a judgment[35] on advertising lotteries constituting a deceptive commercial practice, clarifying the notion of compensable damage to victims, targets of these practices.

In this case, a mail order company selling food products had misleadingly and confusingly presented non-existent lottery winnings.

The courts of first instance found that the claim was based on misleading commercial practices. The case was referred to the Court of Cassation, which ruled in particular on the question of compensable loss.

It refused to allow the amount of compensation to correspond to the amount of the prize promised by the company's promotional sweepstakes. On the contrary, it held that the failure to collect the promised winnings as a result of these deceptive marketing practices caused, at most, disappointment to the victims, which could only be compensated for on the basis of tort liability for non-material damage.

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[34] Deliberation of the CNIL's restricted formation No. SAN-2022-021, 24 November 2022.
[35] French Court of Cassation, Criminal Division, No. 21-86.010, 22 November 2022.

b) TELEPHONE SEARCHING: the legislator specifies the conditions of its legality

A new decree dated 13 October 2022[36], which is due to come into force on **1 March 2023**, determines the conditions under which telephone canvassing of consumers is permitted. This decree aims to protect the privacy of consumers and to put an end to abusive telephone canvassing at all hours and follows on from law no. 2020-901 of 24 July 2020[37].

From 1 March 2023, this decree prohibits telephone canvassing of consumers on Saturdays, Sundays and public holidays as well as outside authorised weekday hours. Telephone canvassing will therefore only have to take place from Monday to Friday, from 10 a.m. to 1 p.m. and from 2 p.m. to 8 p.m.

This limitation applies both to persons registered on the Bloctel list of opposition to telephone canvassing and to persons who are not registered. However, it will be possible to contact people who have previously given their consent to be contacted outside the authorised hours. If a person contacted objects to the canvassing during the conversation, he or she may not be contacted for a period of 60 calendar days.

In addition, in the context of cold calling, consumers may not be approached by the same trader or any person acting on his behalf more than four times per month (30 calendar days).

The penalty for non-compliance with the provisions of the Decree of 13 October 2022 is an administrative fine of EUR 75,000 for a natural person and EUR 375,000 for a legal person, in accordance with Article L. 242-16 of the Consumer Code[38].

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[36] French decree No. 2022-1313, 13 October 2022, on the regulation of the days, hours and frequency of unsolicited commercial telephone calls.
[37] French law No. 2020-901, 24 July 2020, aimed at regulating telephone canvassing and combating fraudulent calls.
[38] Article L. 242-16 of the French Consumer Code.