

November 7 2022

Spanish patent court upholds patent infringement actions against Telefónica in relation to its pay television platform Movistar +

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Introduction

On 17 October 2022, Barcelona Commercial Court No. 4 upheld the actions filed by Two-Way Media Ltd (TWM) against Telefónica, SA, Telefónica de España, SAU and DTS, Distribuidora de Televisión Digital, SAU (together, Telefónica et al) for the infringement of its patents:

- European Patent (EP) 2278775 (EP 775); and
- EP 2323333 (EP 333).

Both patents related to different aspects of internet protocol television technology used in the television platform Movistar +. The judgment also dismissed the invalidity actions filed by Telefónica et al's companies against the above patents.

Facts

In July 2017, TWM sued Telefónica et al on the grounds that the Movistar + television platform offered, commercialised and implemented by Telefónica et al fell within the scope of protection of patents EP 775 and EP 333.

Two of the defendants counterclaimed the invalidity of both patents and the third one counterargued the invalidity of the patents for exception. All of the defendants, however, put forward the same invalidity arguments:

- the inventions' lack of technical character;
- the added subject matter (three attacks per patent);
- the lack of novelty (one attack against EP 775, three attacks against EP 333); and
- the lack of an inventive step (four attacks per patent).

Telefónica et al also argued that TWM's patents were not infringed due to the fact that the technical characteristics of the Movistar + television platform differed from the technology claimed in patents EP 775 and EP 333.

In March 2018 TWM filed its defence against the invalidity counterclaim and exception.

In July 2018, almost a year after Telefónica et al filed its invalidity counterclaim and invalidity exception, Telefónica, SA and Acens Technology, SL (Acens) initiated a second judicial proceeding. They filed a direct invalidity action, challenging the validity of EP 775 and EP 333 on the grounds of the patents' lack of novelty and inventive step in view of new arguments and prior art.

TWM defended the validity of its patents and argued *lis pendens* between both judicial proceedings.

By an order on 24 November 2020, Barcelona Commercial Court No. 4 upheld the *lis pendens* request. However, the Barcelona Court of Appeal upheld Telefonica, SA's and Acens's appeal against the aforementioned order, thus the second nullity proceedings continued.

In September 2021, the Court agreed to consolidate:

- the infringement proceedings initiated by TWM against Telefónica et al; and
- the invalidity proceedings initiated by Telefónica, SA and Acens.

The trial of the consolidated proceedings took place from 2–5 May 2022 and the fifth session took place on 15 June 2022.

Decision

On 17 October 2022, Barcelona Commercial Court No. 4 dismissed all the invalidity arguments put forward by Telefónica et al and Telefónica, SA and Acens, in both proceedings, upholding all of TWM's arguments regarding the validity of its patents EP 775 and EP 333.

Moreover, the judgment dismissed all the defendants' non-infringement arguments, stating that the Movistar + television platform infringed patents EP 775 and EP 333. The Court imposed upon the defendants the legal costs derived from the infringement actions and the invalidity actions filed by Telefónica et al in the first proceedings and Telefónica, SA and Acens in the second proceedings.

Comment

The judgment touches upon almost every matter related to IP controversies:

- the scope of protection of both patents;
- a deep analysis of the technical character of both patents and an in-depth study of the European Patent Office Guidelines in relation to this matter;

- added subject matter;
- inventiveness analysis – almost all of the steps followed by Telefónica et al to conduct the inventiveness analysis were controversial. Therefore, the Court analysed almost all of them – namely:
 - the application of the correct methodology;
 - the technical problem to be solved;
 - the *ex post facto* analysis; and
- various other considerations, including the state of the art at the priority date.

The patent infringement declaration led the Court to sentence the Telefónica et al to pay TWM the damages claimed in the complaint. According to the Spanish Patent Act, the calculation of damages will take place in the enforcement proceedings.

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