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A manufacturer may be a manufacturer even if it does not manufacture

Miquel Montañá (Clifford Chance) · Wednesday, April 30th, 2014

Commercial Court number 5 of Barcelona recently handed down a judgment dated 28 March 2014 ordering a defendant to cease manufacturing and marketing coffee capsules that are compatible with Nespresso®'s machines. The judgment also ordered the defendant to pay damages, namely, 107,641.35 euros plus costs to the patentee.

One of the interesting issues discussed in the case was whether or not the defendant could be considered a "manufacturer" in a legal sense. The relevance of this debate stemmed from the fact that according to Article 64.1 of the Spanish Patents Act, manufacturers and importers are subject to a "strict" liability standard. In contrast, according to Article 64.2, other actors down the marketing stream are only liable for damages if they have been warned of the existence of the patent by the patentee and they have been required to cease marketing the product at hand, or where they acted with guilt or negligence.

The defendant was marketing coffee capsules for use in Nespresso®'s machines using a packaging where the defendant was mentioned as the "manufacturer" of the capsules. However, during the proceedings, to try to avoid the application of the "strict" liability standard, the defendant argued that the manufacture of the capsules was actually outsourced to a third party. In fact, in the course of the proceedings, it turned out that although the company named as a "manufacturer" in the packaging was the defendant, the capsules were actually manufactured in a physical sense by that third party. This begged the question as to whether the defendant could be considered a "manufacturer" in the sense of Article 64.1 of the Spanish Patents Act.

In its judgment of 28 March 2014, Commercial Court number 5 of Barcelona gave an affirmative answer to this question. In particular, the Court highlighted that the fact that the physical manufacture of the capsules was outsourced to a third party was irrelevant from the perspective of Article 64.1, because it was the defendant who gave that third party the technical specifications that the capsules must fulfil and, therefore, it was in control of the characteristics of the capsules.

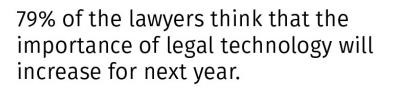
All in all, the teaching from this judgment is that the condition of "manufacturer" under Article 64.1 of the Spanish Patents Act, and the application of the "strict" liability standard enshrined in said article, may not always depend on who is wearing the blue dress.

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