



# Unregistered Community Designs

⚙ **Does the first disclosure have to occur in the European Union?**

## In summary

- ⚙ Unregistered Community designs were brought into existence by the Community Design Regulation (CDR) on 6 March 2002
- ⚙ They provide protection against copying of the design for a restricted period of three years from first disclosure
- ⚙ They are useful for protecting transitory designs and to protect designs which are market tested, before a registered design is applied for

**Robert Watson and Stephen Carter of Mewburn Ellis, ask what effects will the decision of the Regional Court in Frankfurt am Main have on unregistered Community designs**

**U**nregistered Community designs were brought into existence by the Community Design Regulation (CDR)<sup>1</sup> on 6 March 2002<sup>2</sup>.

They provide protection against copying of the design<sup>3</sup> for a restricted period of three years<sup>4</sup> from first disclosure, and as such are useful for protecting transitory designs and to protect designs which are market tested, before a registered design is applied for.

The purpose of this paper is to examine the question above, i.e. does the first disclosure of a design have to occur in the European Union for unregistered Community designs to validly exist, in light of a decision of the

Regional Court in Frankfurt am Main of 17 March 2004<sup>5</sup> that was published in 2005.

## Commencement of Unregistered Design Right

The legal provision governing commencement and term of unregistered Community Designs is Article 11 CDR, whose text is as follows:

- "A design which meets the requirements under Section 1 shall be protected by an unregistered Community design for a period of three years as from the date on which the design was first made available to the public within the Community
- For the purposes of paragraph 1, a design



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shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.”

Since the Regulation came into being there has been an ongoing debate concerning the interpretation of these provisions.

A plain reading of the English language version of the provision as set out above might lead to the conclusion that any disclosure that would have become known to the relevant sector in the Community would trigger the unregistered right, whether or not the disclosure itself was made within the boundaries of the Community. This interpretation is one that has been adopted by several commentators.

However, this position has been criticised Council Regulation (E.C.) No. 6/2002 of December 12, 2001 on Community Designs.

However, this position has been criticised<sup>6</sup>, and in an online supplement<sup>7</sup> to his book<sup>8</sup>, Musker acknowledges the ambiguity in Article 11(1) CDR, with reference to the different language versions, some of which appear to require disclosure within the boundaries of the Community. However, he points out that Article 11(2) CDR overrides in any case, but that this does not fully resolve the issue, as although in most language versions this section has wording that does not appear to place any geographical restriction on the place of the disclosure, the Danish language version appears to require disclosure within the Community.

The legislative intention behind these provisions of the Regulation is unfortunately unclear, so does not offer any assistance in resolving the ambiguity. The original wording of Article 11 from the Commission clearly intended the right to be open to all, but in the revised second draft proposal the Commission included a requirement for disclosure within the boundaries of the Community. The wording of this requirement was deleted by the Council without comment in the final version, so it is unclear what the Council, who are the ultimate lawmaker, intended.



**The EU is seen by many as being protectionist, but this reading of the law will harm EU companies as well as companies from outside the EU, as many EU companies will first disclose their designs outside the EU, and potentially lose valuable IP protection**

The Commission attempted to resolve the issue by inserting Article 110a(5) into the CDR by virtue of the Accession Treaty, which governed the entry of the ten new Member States in 2004, which says:

*“... a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community Design”*

Although this Article uses the word ‘territory’, it is still ambiguous and can be read as simply reinforcing a non-restrictive interpretation

Article 11 CDR. If, on the other hand, it is read as requiring unregistered Community designs to commence only when the first public disclosure physically occurs within the European Community, then a further question arises. Is it permissible to (arguably) change the meaning of a Regulation by virtue of amendment pursuant to the Accession Agreement? Although the answer to this question is probably yes, as the Accession Treaty was made by unanimous decision of the European Council, as was the Regulation, there is scope for questioning the propriety of this approach.

In light of the above discussion, and especially the apparent intentions of the Commission, it seems increasingly likely that Article 11 CDR will be interpreted to mean that unregistered community design rights only commence on disclosure of the design within the boundaries of the Community.

This approach seems contrary to the principles of legal certainty and makes what was intended to be a straightforward right extremely complicated. In particular, in many situations it will be virtually impossible to determine when the first publication in the Community, as opposed to globally, occurs, as goods may be brought into the Community by individuals rather than being imported by traders.

### **Novelty**

If it is correct that a disclosure within the Community is required for unregistered Community design protection to commence, the question arises as to what effect a disclosure of a design outside the boundaries of the Community (i.e. a disclosure that does not trigger the unregistered right) has on the novelty of unregistered protection for the design that commences based on a subsequent disclosure within the Community.

An initial assumption might be that a disclosure of the identical design prior to commencement of the unregistered right would destroy novelty. However, when one looks to the novelty provisions in the law, it becomes apparent that this may not be the case. Article 5(1)(a) CDR states: “A design shall be considered to be new if no identical design has been made available to the public in the case of an unregistered Community design, before the date on which the design for protection is claimed has first been made available to the public.” in which the phrase ‘made available to the public’ is defined by Article 7(1) CDR:

“For the purposes of applying Articles 5 and 6, a design shall be deemed to have been made



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available to the public if it has been published, following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.”

Thus, the date at which novelty is to be judged appears to be the date that the design is first disclosed anywhere, unless the disclosure is so obscure that it would not have become known to the relevant sector in the Community. It is widely accepted by commentators, in the context of determining whether a disclosure is prior art, that virtually all disclosures will become known inside the Community.

This conclusion results in the logical position that a disclosure of a design by the designer outside the Community cannot subsequently destroy the novelty of an unregistered Community design. The splitting of the date of commencement from the date at which novelty is decided appears illogical, but is the only logical conclusion if physical disclosure in the Community is required for the commencement of the unregistered Community design.

It should be mentioned that supporters of the view that a first disclosure within the European Community is needed for commencement of the right sometimes argue that the system is a “first publication in a qualifying country” system just like copyright or UK Unregistered Design Right. This view must be incorrect as the reason for such provisions in the copyright systems is to encourage non-Berne Convention countries to join the Berne Convention, and the aim in UK Unregistered Design Right is to encourage reciprocal protection abroad for UK designers. However, it is not as if any country can join the European Union, nor is this the wish of the European Union. Furthermore, the “first disclosure” basis is not effective discrimination against non-EU designers as many EU designers would routinely first disclose their designs outside the EU at, for example, the major trade shows in the United States.

**German decision**

The decision of the Regional Court of Frankfurt am Main which prompted this paper relates to an abdominal muscle trainer

that was first marketed in the EU in October 2002. The same product was first marketed in the US in May 2002.

The Court decided that the unregistered Community design did not commence until October 2002, and that said unregistered Community design lacked novelty over the earlier US disclosure.

The court gave no reasons as to why they decided that the unregistered Community design did not commence until first marketing in the EU. In response to the arguments of the owners that the US disclosure should have been the commencement date, the court said:

“The rules and regulations governing the Community design do not allow such far reaching legal conclusions which furthermore are not justified, since the present case ultimately concerns an unregistered Community design.”

In respect of the novelty of the unregistered Community design, the Court said: “In the case of unregistered Community designs, a design is deemed novel if no identical design has been made available to the public prior to the date on which the design is protected i.e. is made available to the public for the first time (Art 5(1)(a) CDR).”

This statement is not in accordance with Art 5(1)(a) CDR which, as discussed above, does not mention the commencement of protection as being the relevant date for the assessment of novelty.

It is worth noting that the unregistered Community design was found to lack novelty over an independent disclosure as well.

**Comment**

The Regional Court dismissed out of hand the suggestion that any disclosure, as long as in the normal course of

business the disclosure could reasonably have become known to the circles specialised in the sector concerned operating within the Community, could start the three year period of protection of unregistered Community design running. This position, whilst not satisfactory, does appear to be in accordance with the conclusions reached above.

On the other hand, the Regional Court’s decision on novelty appears to overlook the exact wording of the Community Design Regulation, leading to a position that unless the first disclosure of a design is made within the Community, then no unregistered Community design will exist. This position benefits no one and sets an arbitrary criterion for the granting of protection. The EU is seen by many as being protectionist, but this reading of the law will harm EU companies as well as companies from outside the EU, as many EU companies will first disclose their designs outside the EU, and potentially lose valuable IP protection.

Uncertainty on this issue will continue until a case reaches the European Court of Justice, unless the Commission takes action through amendment of the Community Design Regulation. ☹

**Notes**

- 1 Council Regulation (E.C.) No. 6/2002 of December 12, 2001 on Community Designs.
- 2 Article 111(1), CDR
- 3 Article 19(1), CDR
- 4 Article 11(1), CDR
- 5 GRUR-RR 2005 No. 1
- 6 Sáez, [2002] 12 EIPR 585
- 7 www.sweetandmaxwell.co.uk/online/cdl/index.html
- 8 Community Design Law, Principles and Practice, D. Musker, Sweet & Maxwell, London 2002

**About the authors**

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