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11 Protection of Designs on the Basis of Use

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I. Introduction

The protection of designs on the basis of use concerns mainly unregistered designs. However, in the EU, since unregistered designs can be converted into regis-

tered designs within 12 months of its disclosure (in Europe or abroad)¹, in practice, such rights based on mere use also interact and overlap with registered designs.² Use is meant, in a broad sense, as a simple disclosure of a product's shape in order to establish a design right. The relevant provision, from a European perspective, is Article 11 CDR, which states in relevant part:

1. 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.

2. For the purpose of paragraph 1, a design 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. [...]

Article 11 CDR must be read in conjunction with Article 110a (5) CDR which provides:

"Pursuant to Article 11, a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design".

This chapter will largely deal with the interpretation and effects of these provisions but also look at non-European jurisdictions (see II), in particular when considering the nature of establishing acts and possible territorial implications (see III) and including potential disadvantages for non-EU entities (see IV). A comparative

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¹ See Article 7 (2) lit b Community Design Regulation (CDR): "A disclosure shall not be taken into consideration for the purpose of applying Articles 5 and 6 and if a design for which protection is claimed under a registered Community design has been made available to the public (...) during the 12-month period preceding the date of filing of the application or, if a priority is claimed, the date of priority" (so-called "grace period").

² For details see HENNING HARTWIG, *From Idea to design: Protection under the "Grace Period" in Europe* [2013] WIPR (May/June) 46.

review of related areas of law, providing, in principle, protection for designs on the basis of use, shall conclude this chapter (see V).

II. Unregistered design rights in the EU and elsewhere

1. Unregistered Community design rights

In the EU, an optional two-tiered system is in place. First, a so-called single right scheme is applicable and enforceable all over the Union. It is the Community design right. Two versions exist, the registered Community design right, registrable at one single office (OHIM³), and the unregistered Community design right.⁴ Second, in addition to these Community rights, national registered rights exist in the Member States of the Union.⁵ A designer, or successor in title, can therefore opt to register only at a national or Community level or at both levels. Registering at both levels has the advantage of avoiding the EU-wide effect of the invalidation of the Community design, as the national right may survive in all or some Member States while the Community right may not (provided the standards for finding validity, in despite of their harmonisation under the Designs Directive, are different to a certain extent).

2. National unregistered design rights or similar protection in Europe and elsewhere

In Europe, only the United Kingdom provides protection by way of a national unregistered design right⁶ (continental European countries have unfair competition regimes providing protection against imitation of 2D and 3D objects in somewhat similar ways although often not limited in time⁷).

Hong Kong's Copyright Ordinance has a section similar to the old Section 52 of the UK Copyright act (CDPA)⁸ which provides that if an artistic work has been exploited industrially by or with the licence of the copyright owner and was also registered as a design, the term of protection is reduced to 25 years from the end of the

³ Although an application can be sent to the national intellectual property office and then sent to OHIM. See for the UK, <http://www.ipo.gov.uk/applyingcomdes.pdf> (accessed 16 December 2014).

⁴ For details see below at III 1.

⁵ Harmonised by the Designs Directive.

⁶ For details see below at III 2.

⁷ For details see below at VI 3.

calendar year of the first marketing.⁹ When the artistic work was not registered as a design, the term is reduced to 15 years (again calculated from the end of calendar year when the articles were first marketed).

New Zealand's Copyright Act has a similar provision: Section 75 Copyright Act provides a defence against copyright infringement to third parties who make an article (in three dimensions) to the design if the design has been exploited industrially anywhere in the world (*i.e.*, articles were made) for more than 16 years if the design is for a sculpture or more than 25 years if the design is for a work of artistic craftsmanship.¹⁰

In South Korea, a three year protection against copying is provided for unregistered designs through the Unfair Competition Prohibition and Trade Secret Protection Act from the moment of disclosure in or out of Korea.

The United States have a registered right for designs (the design patent¹¹) and a *sui generis* design right registrable at the Copyright Office for vessel hull designs¹² but no unregistered design right.¹³

⁸ This section of the CDPA is now abrogated.

⁹ See Section 87 of Chapter 528 of Hong Kong's Copyright Ordinance, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=181889 (accessed 2 January 2015).

¹⁰ See <http://www.legislation.govt.nz/act/public/1994/0143/latest/whole.html> (accessed 16 December 2014).

¹¹ U.S. Patents Act (Designs) 35 U.S.C. Chapter 16 §§ 171-173, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=130047 (accessed 16 December 2014).

¹² Vessel Hull Design Protection Act, 17 U.S.C. Chapter 13 §§ 1301-1332, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=338108 (accessed 29 December 2014).

¹³ Under the Berne Convention, copyright is also an unregistrable option for designs if no design law is available in the country where protection is sought (Article 2 [7] Berne Convention); for details see UMA SUTHERSANEN, *Cross-border copyright protection in Europe* (Chapter 22).

III. Establishing unregistered design rights in the EU and UK – Nature of establishing acts and territorial link

1. European Union

a) Territorial aspects when establishing unregistered Community design rights

To establish an unregistered Community design right one has to disclose the design in the EU.¹⁴ This is the result of the combined application of Articles 11 and 110a (5) CDR. Even if Article 110a (5) CDR does not mention *first* disclosure¹⁵, if the design is disclosed first elsewhere, the only way to obtain protection in the EU is to register the design as a registered Community design right within the 12 months “grace period” under Article 7 (2) lit b CDR.

This is how the German Federal Supreme Court¹⁶, various authors¹⁷ and OHIM itself¹⁸ – correctly – interpreted Article 110a (5) CDR. Even if Article 110a (5) CDR is an amendment to the Community design regulation inserted at the end (under the Title “Provisions relating to the enlargement of the Community”), the German Supreme Court held that it was meant to apply to all Member States. The Court

¹⁴ DAVID C. MUSKER, *Community design law: principles and practice* (Sweet & Maxwell 2002) 107, para 2-052: “Originally, the wording [of article 11] would have required a disclosure in the Community, but this was deleted by the Council.” – See also RICHARD PLAISTOWE and MARK HERITAGE, *Case Comment Europe versus the world: Does unregistered Community design right only protect designs first made available in Europe?* [2007] EIPR 187, 188.

¹⁵ Article 11 CDR does but only in relation to the calculation of the term not for subsistence of the right (“from the date on which the design was first made available to the public within the Community”).

¹⁶ See *Gebäckpresse*, German Federal Supreme Court, 9 October 2008, Case No I ZR 126/06; see also *Ab Swing Hometrainer*, Frankfurt District Court, 17 March 2004, Case No 3/12 O 5/04.

¹⁷ See UMA SUTHERSANEN, *Design law: European Union and United States of America* (2nd edn, Sweet & Maxwell 2010) 157-158, para 7-003; DAVID STONE, *European Union design law: A practitioner's guide* (Oxford University Press 2012) 300, paras 17.08 *et seq.*; ANETTE GARTNER, *Bundesgerichtshof (Pastry Press) (I ZR 126/06): the disclosure of designs outside the European Community* [2010] EIPR 181, 182; VICTOR M. SAEZ, *The unregistered Community Design* [2002] EIPR 585, 588; MAREIKE HUNFELD, *Design: Chinese pre-publication precludes European Community unregistered design right* [2007] JIPLP 441, 442.

¹⁸ The President of the OHIM in Communication no. 5/03 states that “a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design.”

also ruled that the grace period of 12 months is only applicable to registered Community design right.¹⁹

b) Nature of acts establishing unregistered Community design rights

In the recent *Garden Pavilion* case, the German Supreme Court referred a number of questions for a preliminary ruling to the CJEU two of which are related to the requirement of first disclosure albeit only indirectly²⁰:

1. Is Article 11 (2) CDR to be interpreted as meaning that a design could have become known, in the normal course of business, to the circles specialised in the sector concerned, operating within the Community, where illustrations of the design have been distributed to retailers?

2. Is Article 7 (1) Sentence 1 CDR to be interpreted as meaning that a design, although it has not been disclosed to a third person under explicit or implicit conditions of confidentiality, could not have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community, if the design has been (a) disclosed only to one single enterprise of the specialised circles or (b) exhibited in a show room of an enterprise in China lying outside the customary market observation?

On September 5, 2013, Advocate General MELCHIOR WATHELET provided his answer to these questions²¹:

(1) Article 11 (2) of the Community Design Regulation (“CDR”) is to be interpreted as meaning that, in the normal course of business, a design could reasonably have become known to the circles specialised in the sector concerned, operating within the European Union, in the case where images of the design were distributed to traders operating in this sector.

¹⁹ See *Gebäckpresse*, German Federal Supreme Court, 9 October 2008, Case No I ZR 126/06.

²⁰ *Gartenpavillon*, German Federal Supreme Court, 16 August 2012, Case No I ZR 74/10. For a comment see HENNING HARTWIG, *Unregistered and registered Community design rights: further guidance expected from CJEU* [2013] JIPLP, 241.

²¹ See Case C-479/12 *Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH*, Opinion of Advocate General MELCHIOR WATHELET, 5 September 2013.

(2) The first sentence of Article 7 (1) CDR is to be interpreted as meaning that a design could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, in the case where it has been made available to only one undertaking in the specialised circles or exhibited in a showroom of an undertaking which is not domiciled in the territory of the European Union and lies outside the scope of normal market analysis.

On February 13, 2014, the Court of Justice of the European Union followed the Advocate General and found:

(1) On a proper construction of Article 11 (2) CDR, it is possible that an unregistered design may reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, if images of the design were distributed to traders operating in that sector, which it is for the Community design court to assess, having regard to the circumstances of the case before it.

(2) On a proper construction of the first sentence of Article 7 (1) CDR, it is possible that an unregistered design may not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it has been made available to only one undertaking in that sector or has been presented only in the showrooms of an undertaking outside the European Union, which it is for the Community design court to assess, having regard to the circumstances of the case before it.

While this ruling provides helpful guidance on specific aspects of Article 7 (1) and Article 11 (2) CDR²², the overall question still arises whether disclosure in the EU is not only a necessary but a sufficient condition.

²² For details see HENNING HARTWIG, *Case Comment on Case C-479/12 Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH* [2014] GRUR 368.

There is at least one case where a court required the right holder to also prove that the design was “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” (Article 11 [2] Sentence 1 CDR).²³ The design owner had deposited the design at issue in the Chamber of Commerce of Waalwijk in the Netherlands and claimed that this was sufficient disclosure under Article 11 (2) CDR. The Commercial Court of Alicante, however, disagreed stating that there was “no evidence as to how the deposited design could have become known to the circles specialised in the sector concerned.”²⁴

According to STONE, the decision “appears to be unnecessarily harsh”; if copying could be proved, it seemed “(...) churlish to deny relief on the basis that there is no evidence that the circles specialized in the sector concerned could reasonably have known of the earlier disclosure of the unregistered design.”²⁵

c) Ownership of an unregistered Community design right

The very nature of the unregistered Community design right brings it with it that the mere act of disclosure does not make the disclosing party automatically the owner of such right.

Rather, according to the findings of the German Federal Supreme Court in the *Bolero Jacket* case, deciding on the ownership of an unregistered Community design must be distinguished from the identity of the person who first made the design available to the public within the Community. As a rule, the owner of an alleged unregistered Community design must prove (without any privilege of legal presumption) that the asserted rights vest in the claimant. This means clear evidence covering disclosure of the design and, in case of non-identity between designer and claimant, transfer of rights is required and may cause major problems in

²³ See STONE (n 17) 303, para 17.25 citing *Dijsmans Schoenen BV v Mustang Inter SL*, Commercial Court of Alicante, 25 October 2005, Case 730/2005C, noted in JOSE IZQUERIO PERIS, *Enforcement of Community designs by Alicante court: a promising start* [2007] JIPLP 40, 45.

²⁴ STONE (n 17) 303, para 17.25.

²⁵ *Ibid* para 17.26 and 17.27, noting, however, that the decision is consistent with Article 85 (2) CDR.

daily practice (in the *Bolero Jacket* case, non-identity between the disclosed “drawing” and the asserted “earlier design” presented a further obstacle).²⁶

2. United Kingdom²⁷

a) Nature of the UK unregistered design right

This section will introduce the main features of the UK unregistered design right and highlight the main differences between its registered counterpart.

UK unregistered design right is regulated in Sections 213–264 CDPA.²⁸ It was introduced in 1988 to remedy the absence of copyright protection for functional articles that the *British Leyland* ruling took away.²⁹ “Design” means the design of shape or configuration (whether internal or external) of the whole or part of an article. As with copyright, the right arises automatically; no formality is needed and no eye appeal required. Therefore, both functional and aesthetic designs are covered, thereby filling the gap left by copyright law in relation to works of artistic craftsmanship.³⁰

The right lasts ten years from the date when articles made to the design are first marketed. Licences of right are available the last five years of the unregistered design right’s term, thus in effect further reducing the scope of the right. Four types of designs are excluded from protection: (a) methods or principles of construction, (b) features of shape or configuration of an article, which (i) enable the article to be

²⁶ For details see HENNING HARTWIG, *A Knotty Problem: How to establish unregistered design claims* [2013] WIPR (September/October) 80.

²⁷ Regarding this section it should be noted that on 14 May 2014 the Intellectual Property Act 2014 received Royal Assent after being introduced on 9 May 2013. The purpose of this act was to update copyright law, in particular design and patent law. Nevertheless, most of its sections apply only to designs created after the date of commencement of the act. For designs created before the date of commencement of the Intellectual Property Act 2014, the old law still applies. – On the effect of this amendment see also *DKH Retail Ltd v H. Young (Operations) Ltd* [2014] EHC (IPEC), para. 10-18; *Whitby Specialist Vehicles Ltd v Yorkshire Specialist Vehicles Ltd & Ors* [2014] EWHC 4242 (Pat) para. 41.

²⁸ Copyright, Designs and Patents Act 1988, c. 48 (CDPA) as amended.

²⁹ *British Leyland v Armstrong* [1986] RPC 279. – For more details on the UKUDR see, e.g., LIONEL BENTLY and BRAD SHERMAN, *Intellectual property law* (4th edition, Oxford University Press 2009) 686 *et seq.*; WILLIAM R. CORNISH, DAVID LLEWELYN and TANYA FRANCES APLIN, *Intellectual property: Patents, copyright, trademarks and allied rights* (8th edition), para. 15-38 *et seq.*; PAUL TORREMANS and JON HOLYOAK, *Intellectual property law* (7th edition) 403 *et seq.*

connected to, placed in, around or against, another article so that either article may perform its function, or (ii) are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part, and (c) surface decoration (Section 213 [3] CDPA). Section 213 (3) (b) (i) CDPA is often referred to as the “must-fit” exclusion and Section 213 (3) (b) (ii) as the “must-match” exclusion.

In terms of subject matter, the major difference between both registered Community and national design rights on the one hand and UK unregistered design right on the other hand is that the latter does not apply to two-dimensional designs as the overwhelming majority of them are surface decoration and even to those three-dimensional designs which decorate the surface of an object (e.g., grooves). Rather, UK unregistered designs are protected if they are fixed and original (Section 213 [1] and [6] CDPA). These are the exact same requirements as under copyright law.³¹ In other words, the design must not be copied and display sufficient skill, judgement and/or labour.³² In addition, the design must not be commonplace in a qualifying country and “qualifying country” has the meaning given in Section 217 (3) (Section 213 [4] CDPA).

The owner of a UK unregistered design right has the exclusive right to reproduce the design for commercial purposes, *inter alia*, by making articles to that design (Section 226 [1] CDPA). Reproduction of a design by making articles to that design is defined in Section 226(2) as meaning “copying the design so as to produce articles exactly or substantially to that design”. The test is therefore different from that under copyright law, which requires copying of a substantial (i.e. original) part, and from that under registered Community or national design law which does not require copying.

If the shape of an article is protected both by copyright and UK unregistered design right, copyright prevails at the stage of infringement (Section 236 CDPA).

³⁰ Very few such works are protectable owing to a very high threshold of artistic character.

³¹ At least prior to the *Infopaq* case which has imposed for copyright works the criterion of the author's own intellectual creation instead of the lower one of sufficient skill, judgment and/or labour. See Case C-5/08 *Infopaq International A/S v Dankse Dagblades Forening* [2009] ECR I-6569.

³² *C&H Engineering v Klucznik & Sons* [1992] F.S.R. 421.

This does not mean that UK unregistered design right disappears but only that it yields at the infringement stage, avoiding thereby cumulation of rights.

Finally, the CDPA provides the same defences to the alleged infringement of a UK unregistered design right as those existing in the CDR and design directive (s. 244A and 244B CDPA).³³

b) Requirement of a “qualifying design”

Not every original unregistered design will be protected by the UK unregistered design right. Besides the fact that the design has to be recorded in some form (Section 213 [6] CDPA), Sections 217-221 CDPA require that the design must be a “qualifying design”.

This is because the UK unregistered design right is a *sui generis* right and, therefore, not covered by any international treaty. The principle of national treatment, thus, does not apply. There are three ways to qualify: (a) the designer is a British citizen or a citizen of a Member State of the EU, (b) a habitual resident of these countries, or (c) if either a) or b) is not fulfilled, then Section 220 CDPA provides that the design qualifies if the first marketing of articles made to the design is done, under specific conditions, by a “qualifying person”.

Such qualifying person (citizen, habitual resident or exclusive licensee) can be a legal or natural person. The requirement under Section 220 CDPA is less stringent as it might first appear. Indeed, the definition of a “qualifying person” in Section 217 (1) CDPA requires such individual to have “(...) in any qualifying country a place of business at which substantial business activity is carried on.”

Thus, it is not necessary that the substantial business activity takes place in the same country where the legal entity was formed, nor that the business activity relates to articles made to the design. In addition, even if the CDPA specifically excludes “dealings in goods which are at all material times outside [the qualifying] country” (Section 217 [5] CDPA), it does not exclude services carried on outside

the country.³⁴ “Business” includes a trade or profession and “marketing in relation to an article” means selling it, letting it for hire, offering or exposing it for sale but excludes merely colourable marketing (Section 263 CDPA). Finally, while it is necessary that the qualifying person has exclusive marketing rights in the UK, if he markets the articles for the first time in another qualifying country even if he does not have authorisation to market there, the UK unregistered design right will subsist.³⁵ The problem is that the CDPA’s first marketing requirement may breach EU law because it discriminates against distributors who have exclusive rights in the UK and those who do not.³⁶

The UK has modified these sections. The Intellectual Property Act 2014’s new provision (Section 3) tidies up sections 217-221 and loosens the criteria for qualification a little.³⁷ First, “qualifying individual” no longer appears. The only criterion is “qualifying person”. A “qualifying person” now means

*“(a) an individual habitually resident in a qualifying country, or
(b) a body corporate or other body having legal personality which—
(i) is formed under the law of a part of the United Kingdom or another qualifying country, and
(ii) has in any qualifying country a place of business at which substantial business activity is carried on.”*

Citizenship no longer appears but only habitual residence or place of “substantial business activity”. In the new Section 220 the words “by a qualifying person who is exclusively authorised to put such articles on the market in the United Kingdom” as well as the definition of “exclusively authorised” are deleted. The provision is thus more generous to foreigners; it is not necessary that the legal entity be

³³ UKIPO, *The Consultation on the Reform of the UK Designs Legal Framework Government Response – April 2013*, para 38-42, available at <http://patentlyo.com/media/docs/2013/04/response-2012-designs.pdf> (accessed 16 December 2014).

³⁴ HUGH I. L. LADDIE, PETER PRESCOTT and MARY VITORIA, *The modern law of copyright and designs* (4th edn, LexisNexis 2011) 1811-1812.

³⁵ *Ibid* 1812-1813.

³⁶ *Ibid* 1815.

formed under the law of part of the UK or another qualifying country, and there is no requirement of exclusive authorisation to market. The only requirement would be for a qualifying person to market the articles made to the design first in the UK or another qualifying country. Thus, the proposed new provision also eliminates the discrimination mentioned above.

Whether in its current or its new version, the CDPA does not require that the UKUDR is *disclosed* for the first time in the UK or EU. It can for instance be made by a British or EU national or habitual resident elsewhere and disclosed outside the UK or EU. More importantly, if the person is neither of these, i.e., it is a foreigner, then it can only qualify under Section 220 CDPA. But again, if the foreign design is disclosed outside the EU but not yet marketed, it can still qualify. The only requirement is that the design is first marketed in the EU.

IV. Proof of copying and remedies in case of an infringement of unregistered design rights

Pursuant to Article 19 (2) CDR, an

“(...) unregistered Community design shall, however, confer on its holder the right to prevent the acts referred to in paragraph 1 only if the contested use results from copying the protected design. The contested use shall not be deemed to result from copying the protected design if it results from an independent work of creation by a designer who may be reasonably thought not to be familiar with the design made available to the public by the holder.”

According to the Advocate General in Case C–479/12³⁸, this provision is to be interpreted as meaning that it does not include any rule on the burden of proof. In a case such as the one at hand, the holder of an unregistered Community design

³⁷ See <http://services.parliament.uk/bills/2013-14/intellectualproperty.html> (accessed 16 December 2014).

³⁸ Case C–479/12, *H. Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH* [2014] available on www.curia.europa.eu (accessed 17 December 2014).

bears the burden of proving such facts which support a claim for injunctive relief according to said provision by demonstrating that the contested use results from copying the protected design.³⁹ Moreover, according to the England and Wales High Court of Justice, the question of whether a design had been copied is a question of fact, which has to be proved by the claimant on the balance of probabilities. Furthermore, in considering the question of copying, the function of the experts is not to evaluate the factual evidence, but to point out to the Court the similarities and differences between the design and the alleged infringement; and the significance of those similarities and differences so that the Court can come to a view on whether they are such as to lead to a rebuttable inference that the defendant has copied the claimant's design.⁴⁰

On February 13, 2014, the Court of Justice of the European Union held⁴¹:

On a proper construction of the first subparagraph of Article 19(2) CDR, the holder of the protected design must bear the burden of proving that the contested use results from copying that design. However, if a Community design court finds that the fact of requiring that holder to prove that the contested use results from copying that design is likely to make it impossible or excessively difficult for such evidence to be produced, that court is required, in order to ensure observance of the principle of effectiveness, to use all procedures available to it under national law to counter that difficulty, including, where appropriate, rules of national law which provide for the burden of proof to be adjusted or lightened.

This ruling provides a harmonised evidential rule all over the EU as no such rule was expressly stated in Article 19 (2) CDR and this rule makes it easier for the holder of a Community unregistered design right to prove copying of his design. The Court of Justice also held that, under Article 19 (2) CDR, “the onus of proving that the contested use results from an independent work of creation rests with the

³⁹ Case C-479/12 *Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH*, Opinion of Advocate General MELCHIOR WATHELET, 5 September 2013, para 75.

⁴⁰ See *J Choo (Jersey) Ltd v Towerstone Ltd and others* [2008] EWHC 346 (Ch).

⁴¹ For details see HARTWIG (n 22).

opposing party”⁴² (*i.e.*, not the design right holder).

V. Disadvantages for non-EU entities?

It has been argued that the state of affairs created by Articles 11 and 110a (5) CDR is protectionist and disadvantages non-EU designers.⁴³ Non-EU designers, or successors in title, have to disclose their designs in the EU for the first time in order to be protected⁴⁴ (or might disclose them outside but then must apply to register a Community design within the 12 months “grace period” to have any sort of design protection in the EU). Alternatively, non-EU entities may file a prior design application abroad before disclosing the design outside the EU and then file a registered Community design right within six months claiming priority from the first filing made outside the EU.⁴⁵

Copyright protection is not a viable alternative as the rules for works of applied art are not harmonised in the EU – unless the Court of Justice in *Infopaq* and *Flos* has done so indirectly as regards the originality requirement, which is controversial⁴⁶ – and thus protection may not be available in some countries for some designs (*e.g.*, Italy or the UK which have higher level of originality applicable), subject to Article 2 (7) Berne Convention. Designers must thus also be very careful where they do their advertising⁴⁷ and not only their marketing.

However, in effect, the Community Design Regulation is not really protectionist. This seems to follow, first of all, from the wording of Recitals 15 – 17 CDR, according to which a

⁴² Case C-479/12 (n 38), para 41.

⁴³ STONE (n 17) 302, para 17.18.

⁴⁴ ALAIN STROWEL and CHARLES-HENRY MASSA, *Community Design: Cinderella Revamped* [2003] EIPR 68, 74 also advise designers “to keep evidence of such disclosure in view of subsequent UCD-based proceedings” adding at footnote 79 that “[t]he best solution may consist in disclosing on the internet and simultaneously notifying both foreign and Community circles by email.”

⁴⁵ STONE (n 17) 302, para 17.21.

⁴⁶ *Infopaq* (n 31), Case C-168/09 *Flos SpA v Semeraro Casa & Famiglia Sp* [2011] ECDR 161, para. 15, 21, and 41. – On *Infopaq* see ESTELLE DERCLAYE, *Wonderful or Worrisome? The Impact of the ECJ Ruling in Infopaq on UK Copyright Law* [2010] EIPR 247.

⁴⁷ HUNFELD (n 17), 443.

“A Community design should, as far as possible, serve the needs of all sectors of industry in the Community. Some of those sectors produce large numbers of designs for products frequently having a short market life where protection without the burden of registration formalities is an advantage and the duration of protection is of lesser significance. On the other hand, there are sectors of industry which value the advantages of registration for the greater legal certainty it provides and which require the possibility of a longer term of protection corresponding to the foreseeable market life of their products. This calls for two forms of protection, one being a short-term unregistered design and the other being a longer term registered design.”

The Community Designs Regulation does not distinguish between EU and non-EU entities but addresses “all sectors of industries in the Community” which, in principle, can be driven or dominated by EU or non-EU entities.

Even if the designer is an EU-national or habitual resident – if he first starts his advertising or marketing campaign outside the EU because he wants to market the design there as well, he may destroy his own design’s novelty.⁴⁸ For the same reasons, if the design also embodies or functions as a trademark⁴⁹ and/or is protected by copyright, again the designer would be well-advised to disclose the copyright work or use or register the trademark first in the EU because it will trigger the application of Article 11 CDR in case the trademark or copyright work can qualify as a design.

Furthermore, as WATSON and CARTER⁵⁰ point out, it is not correct to say that

“the system is a ‘first publication in a qualifying country’ system just like copyright or UK unregistered design right” because “the reason for such provision 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

⁴⁸ ROBERT WATSON and STEPHEN CARTER, *Unregistered community designs: does the first disclosure have to occur in the EU?* [2006] CIPA Journal 402, 404: “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 US.”

⁴⁹ This is the case where, for instance, the outer appearance of a two- or three-dimensional product is perceived as a badge of origin.

⁵⁰ WATSON and CARTER (n 48) 404.

abroad for UK designers. However, it is not as if any country can join the EU, nor is this the wish of the EU.”

Some authors⁵¹ have, thus, proposed to interpret, or better, modify the Community Design Regulation so that

“(...) the date of first disclosure of a design anywhere in the world (provided the design could reasonably thereby have become known to EU ‘sector-specialists’) should be the relevant date for assessing both novelty and commencement of UCDR.”

Finally, a non-EU company or individual is not that much better off if it relies on the UK unregistered design right. On the one hand, there is no obligation to first disclose the design in the UK or EU but only to first market it there. On the other hand, the CDPA is more stringent on one point: before 2014, the person had to be exclusively authorised by a qualifying person or individual to market at least in the UK the product embodying the design. Under the Intellectual Property Act 2014, the foreign designer must habitually reside in the UK or elsewhere in the EU or have a substantial place of business in the UK or elsewhere in the EU. This is not required by the Community Design Regulation.

VI. Comparison with “neighbouring” rights

1. Copyright law

Under copyright law, the national treatment principle provided in the Berne Convention (Article 5 [1]) and TRIPS (Articles 1 [3]) and 3) applies. Therefore, as long as a person is a national or habitual resident of a member country (a vast majority of countries in the world), such a person will enjoy automatic protection in any other member country wherever the work was published (even if in a non-member coun-

⁵¹ PLAISTOWE and HERITAGE (n 14) 189.

try). Thus, if a non-EU resident unfortunately first disclosed its design outside the EU he can, at least rely on copyright in many countries.⁵²

2. Trademark law

If the design also serves as a trademark (“badge of origin”) and the latter is registered, then the right holder can rely on such right in addition to copyright even if first disclosure did not happen in the EU.⁵³

In general, a Community trademark (be it a word, figurative or shape mark) can only be acquired through registration. However, all Member States must provide protection without registration for well-known marks (*cf.* Article 6^{bis} [1] Paris Convention and Article 16 [2] TRIPS Agreement). Also, some countries award protection on the basis of use in commerce. In Germany, for instance, protection is granted when the mark has become established in the trade, which requires knowledge of the mark by a significant proportion of the relevant public (*cf.* Section 4 No 2 German Trademarks Act).

Turning to non-European jurisdictions, Chinese trademark law, in principle, provides specific protection for unregistered trademarks, basically by way of (i) bona fide principle provisions, (ii) unfair competition law and (iii) for well-known trademarks. It is said, however, that the bona fide principle should be applied more broadly while a clear status of protection for unregistered trademarks under unfair competition law should be provided. Likewise, a lower fame requirement in recognizing well-known trademarks (whether registered or not) should be instituted.⁵⁴

⁵² For details see SUTHERSANEN, *Cross-border copyright protection in Europe* (Chapter 22).

⁵³ For details see ALEXANDER VON MÜHLEND AHL, *Designs and 3D trademarks* (Chapter 20).

⁵⁴ SHUJIE FENG, *How are unregistered trademarks protected in China?* [2013] IIC, 815 *et seq.*: [“In confronting frequent trademark piracy and counterfeiting conduct, interest holders have three main legal instruments in China: \(1\) the bona fide principle provisions, \(2\) passing off actions, and \(3\) well-known trademark protection.”](#)

3. Unfair competition and passing off

If the mark was not registered, then the designer, in principle, might rely on claims under the tort of passing off in the UK, Ireland and other common law jurisdictions or on claims provided under unfair competition law in other civil law countries.

a) Passing off

To prevail in a passing off action in the UK, one needs to prove goodwill, misrepresentation and damage. Goodwill can transcend borders and therefore, if a foreign sign (this includes designs, get-up or packaging) is known abroad and within the UK too, even if the company does not yet trade in the UK, its goodwill can be protected.⁵⁵ In *Maxim's v Dye*, the High Court of England and Wales even said that ignoring the goodwill of a company trading in another EU Member State was in breach of the Treaty of Rome being at the same time a disguised trade restriction, a distortion of competition and a restriction to the freedom to provide services within the EU.⁵⁶ However, if the foreign company's sign is not known in the UK, it has no goodwill there and protection by the tort of passing off cannot arise.⁵⁷

The key component therefore is for the foreign design to be known in the UK as a sign identifying goods or services. So if the designer has not disclosed its design for the first time in the EU, he can still benefit from a passing off action if the design is known in the EU. In addition, if the design is also serving as a mark, and (the mark) is well-known but not registered in the UK, no one is allowed to use such a mark (or a similar mark) for identical or similar goods in the UK if this use is likely to cause confusion (Section 56 1994 UK Trademark Act which implements Article 6^{bis} Paris Convention). Thus, even if the mark owner has neither business nor goodwill in the UK, Section 56 1994 UK Trademark Act may come to his rescue. However, the mark must be well-known in the UK which is very close to having

⁵⁵ Although the law is not as settled as it seems, see, e.g., TORREMANS and HOLYOAK (n 29) 553-554; BENTLY and SHERMAN (n 29) 826-847.

⁵⁶ *Maxim's Ltd v Dye*, [1977] F.S.R. Vol. 3, 364.

⁵⁷ *Athletes' Foot Marketing Associates Inc. v Cobra Sports Ltd* [1980] RPC 343.

goodwill in the UK (consequently, Section 56 1994 UK Trademark Act hardly makes any difference).⁵⁸

b) Unfair competition

In many civil law countries, even in case where a product (but not an intangible product idea) is protected neither as a registered design, nor as a work in the copyright sense, nor as a three-dimensional trademark, nor as a utility model or patent, the product shape may nevertheless be protected against imitation.⁵⁹

By way of example, the legal basis in Germany is the German Act against Unfair Competition, which protects the product against imitations if such are capable of generating, in the purchaser's imperfect recollection, an incorrect notion as to the origin of the imitation and if the imitator had reasonable opportunities to avoid such an error. Such protection against imitation also takes effect if the imitation exploits the reputation of the product or is capable of impairing the reputation of the original. To establish the reputation of the imitated product, in assessing an avoidable deception as to origin, the degree of reputation must be established among the relevant public. However, it is not necessary that the relevant public is able to associate the imitated product with the name of a specific company.⁶⁰ Thus, even if the designer, or his successor in title, has disclosed the product design outside the EU, so long as a competitor copies it and final consumers risk being confused, the designer can protect the design under unfair competition law.

There is also no need that the design be well-known. Rather, it suffices that it is known enough to create a risk of confusion in the consumer's mind.⁶¹

However, a positive precondition is that the contested product is an imitation of the original and that the manufacturer of the imitation was aware of the original

⁵⁸ TORREMANS and HOLYOAK (n 29) 554; CORNISH, LLEWELYN and APLIN (n 29) para 17-17.

⁵⁹ For an overview of the conditions in France, see ESTELLE DERCLAYE, *The legal protection of databases: a comparative analysis* (Edward Elgar 2008) Chapter 3 and in Belgium, see *ibid*, *Can and should misappropriation also protect databases? A comparative approach*, in PAUL TORREMANS, *Copyright law: a handbook of contemporary research* (Edward Elgar 2007), 83-108.

⁶⁰ See *Gartenliege*, German Federal Supreme Court, 24 May 2007, Case No I ZR 104/04, para 32.

⁶¹ See *Gebäckpresse*, German Federal Supreme Court, 9 October 2008, Case No I ZR 126/06, para 35.

when developing the contested product. Consequently, if the designer of the contested design, who bears the corresponding burden of proof, did not have such knowledge and if instead the contested design is a work created independently, an imitation is excluded. In particular, according to the German Federal Supreme Court, misappropriation cannot be assumed where the contested design is a work created independently, irrespective of the time of its market launch. To this extent, the decisive factor is not the time of the market launch but rather the time when the contested design was developed.⁶²

VII. Conclusion

Does Article 11 and Article 110a (5) CDR really create an unfair state of affairs? Even if “first disclosure in the EU” does not mean that businesses have to establish themselves in the EU, it is a bit artificial. It advantages big companies who have savvy in-house intellectual property lawyers and disadvantages SMEs and individual designers who lose their novelty without knowing it and then are unable to enforce their rights in the EU.

It may appear at first sight that the regime of the unregistered Community design right is protectionist but when one scrutinises the right more closely, it is not as it also applies to those EU designers who unfortunately choose to disclose their design outside the EU, unaware of the consequences, e.g., via advertising or marketing. So the provision benefits neither EU nor foreign designers.⁶³

In that respect, the UK unregistered design right, on the one hand, is more protectionist but also more consistent: It aims at attracting businesses to the UK or forcing other countries to enact a similar *sui generis* unregistered design right. On the other hand, the Community design regulation’s provisions may force designers

⁶² See *Icon*, German Federal Supreme Court, 26 June 2008, Case No I ZR 170/05. As regards parallels to the unregistered Community design right see HENNING HARTWIG and ADRIAN KLEINHEYER, *Design Protection in Europe, Volume 4* (Carl Heymanns Verlag 2012) 50 *et seq.*

⁶³ WATSON and CARTER (n 48) 404.

to register their rights which gives them a stronger right and enables everyone to know which designs are actually granted and in force.

So while the system is in some way protectionist, it may be seen as an encouragement to register to provide more certainty and transparency. However, the question then is: Why on earth was the unregistered Community design right created? We go back to square one: It was created really only for EU designers and to boost the EU's design sector while allowing EU designers to copy with impunity (yet) unknown foreign designs, when copyright, trademark, passing off or unfair competition laws are not there to fill the gap. But, there is a "but" – with the unintended consequence that the unregistered Community design right also does a disservice to EU SMEs and individual designers who are unaware of the first disclosure requirement. Therefore, the Community design regulation should be modified to allow designs to be disclosed anywhere in the world in order to establish unregistered Community design rights. This is true because it is unlikely that the CJEU would interpret Articles 11 and 110a (5) CDR, in view of their clear wording, differently than the literature and courts.

This would also make sense when considering that Article 7 (1) CDR and Article 11 (2) CDR both use the same language ("events reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community") when testing whether a unregistered Community design has been validly established and whether a registered or unregistered Community design is valid over a specific prior art. The question is simply whether the standards for establishing unregistered and challenging registered or unregistered Community design rights shall be comparable or even identical. In terms of reciprocity, this seems to make complete sense.⁶⁴ Under that assumption, obscurity in the sense of Article 7 (1) CDR⁶⁵ should be treated and found the way it is practiced under Article 11 (2) CDR, *i.e.*, if an event is found insufficient to estab-

⁶⁴ For details see HENNING HARTWIG, *Reciprocity in Design Law* (Chapter 5).

⁶⁵ See, for instance, *Magmatic Limited v PMS International Limited* [2013] EWHC 1925 (Pat).

lish an unregistered Community design right, the very same event can barely serve as a basis for challenging a registered or unregistered Community design.⁶⁶

⁶⁶ See also HARTWIG (n 22), 372.