

The Overlap of EU Community Design and Trade Mark Protection: Factors to be Taken Into Account After the First EU Court Decision on Community Designs ‘Metal Rappers’

By Harri Salmi¹

I. Introduction

The Community trade mark² (CTM) and registered Community design³ (RCD) systems complement each other and there is a clear overlap between them. However, there are differences in the way the rights are obtained, for example as to the extent and speed of the examination process and the fees involved and the rights obtained are of course in many ways different.

II. Overlaps in definitions

A CTM consists of a sign capable of being represented graphically, including, among others, designs and logos (so-called figurative marks). On the other hand, a RCD protects the appearance of the whole or a part of a product. A product can also be, for example, a get-up or a graphical symbol.

Registered both as RCD's and CTM's



RCD's consist of the appearance of a product. The shape of goods or of their packaging are also, in principle, protectable as CTM's.

Registered both as a RCD and a CTM

¹ Member of the OHIM Boards of Appeal. The opinions expressed in this paper are those of the author and should not be considered as policy of the Boards of Appeal or the OHIM.

² Council Regulation 40/94 on the Community trade mark (CTMR)

³ Council Regulation 6/2002 on Community designs (CDR)



Registered as a RCD, but refused as a CTM



Therefore, in many cases the applicant can choose to use either system, or even both.

By definition, a design is the appearance of the whole or a part of a product which is *new*⁴ and has *individual character*. On the other hand a trade mark is a sign which *distinguishes* the goods or services of one undertaking from those of other undertakings.

A logo design which has been published by the applicant over one year before filing the application may be invalidated because of lack of novelty, but such a sign can often be registered as a trade mark. Therefore it would be advisable that if a logo has already been made public more than a year ago that it would be registered as a CTM and not as a RCD.

On the other hand, in practice, three-dimensional signs such as the shape of goods or of their packaging are often found not to be distinctive without extensive prior use and therefore can usually more easily be registered as RCD's.⁵

III. Differences in the scope of protection after the first General Court decision on Community designs (judgment of the GC of 18 March 2010 in Case T-9/07 *Grupo Promer Mon Graphic SA v OHIM and PepsiCo Inc.* ('Metal rappers') [2010] ECR, not yet published)

⁴ The applicant has a 12 month grace period for disclosures authorized by him.

⁵ See, for example judgment of the ECJ of 8 April 2003 in Joined Cases C-53/01, C-54/01 and C-55/01 *Linde AG, Winward Industries Inc. and Rado Uhren AG v Deutsches Patent- und Markenamt* ('Linde') [2003] ECR I-3161, at paragraph 48.

A CTM application or registration may be refused or invalidated if there exists a prior right and due to the identity or similarity of the marks and the goods and services covered by them there exists a 'likelihood of confusion' on the part of the relevant public.

A RCD may be declared invalid if it is 'in conflict' with a prior design. The General Court (previously named 'Court of First Instance') confirmed in their recent 'Metal rappers' decision that a Community design is in conflict with a prior design when, taking into consideration the *freedom of the designer* in developing the Community design, that design does not produce on the *informed user* a different *overall impression* from that produced by the prior design relied on (paragraph 52).

a) *The importance of the indication of products (and services)*

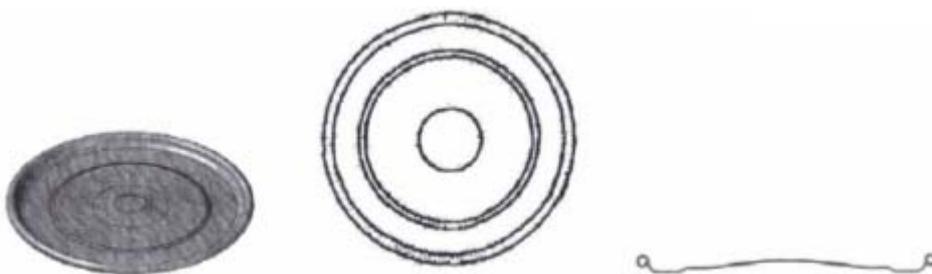
A CTM is mainly only protected in respect of goods or services that are the same as or similar to those specified in its registration.⁶

As to RCD's, although the application must contain an indication of the products in which the design is intended to be incorporated or to which it is intended to be applied, the indication does not affect the scope of protection of the design as such.⁷ Therefore, at least in principle, the design of, for example, a car, would also be protected if the same design is used on a toy car, a chocolate bar or even a piece of jewellery.

However, even if the design would usually be incorporated in only one category of products, in some cases it may be difficult for the applicant to determine what exactly are the products in which the design is intended to be incorporated or to which it is intended to be applied. Is, for example, the design of a bottle actually the design of just a 'bottle' or should it be indicated as a 'container'?

Both of the above situations may cause problems as to determining who is or what is the level of knowledge of the 'informed user', and what is the degree of freedom of the designer in developing his design. Yet, both of these questions must be answered in the context of deciding whether the overall impression of the designs differ.

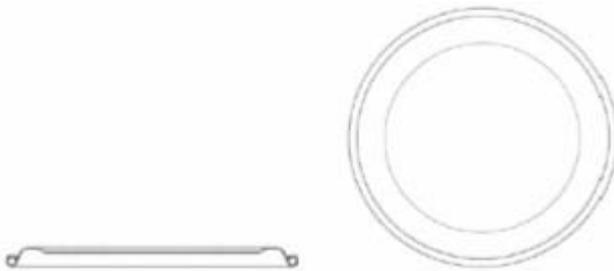
In the 'Metal rappers' –case the RCD applied for by PepsiCo Inc. was indicated as being intended for 'promotional item[s] for games' and it looked like this:



⁶ An exception being CTM's with a reputation. See Article 9(1) CTMR.

⁷ See Article 36(2) and (6) CDR.

The earlier design registered as both a Spanish design and a RCD by Grupo Promer Mon Graphic SA was indicated as being intended for ‘metal plate[s] for games’ and it looked like this:



As to the indication of the product, the Court noted that the Board of Appeal had found that the products in which the designs at issue are intended to be incorporated or to which they are intended to be applied were known as ‘pogs’ or ‘rappers’ in English, or ‘tazos’ in Spanish, whereas the Invalidity Division had taken into consideration the category used by the applicant, that is ‘promotional items for games’.

The Court was of the opinion that in order to ascertain the product in which the contested design is intended to be incorporated or to which it is intended to be applied, the relevant indication in the application for registration of that design should be taken into account, but *also, where necessary, the design itself, in so far as it makes clear the nature of the product, its intended purpose or its function*. Taking into account the design itself may enable the product to be placed within a broader category of goods indicated at the time of registration and, therefore, to determine the informed user and the degree of freedom of the designer in developing his design (paragraph 56).

The Court agreed that the Board of Appeal properly found that the product in question in fact belonged, within the broad category of promotional items for games, to the particular category of game pieces known as ‘pogs’, ‘rappers’ or ‘tazos’ (paragraph 60). This was then used as the relevant product category to evaluate the overall impression given by the design to the ‘informed user’ and what is the degree of freedom of the designer in developing his design.

Therefore, when comparing the importance of the indication of the product, it can be noted that in questions concerning the scope of protection of CTM’s, the indications included in the list of goods and services are of utmost importance as they limit the scope of protection that the trade mark gets.

As to RCD’s, the indication of the product is not such a decisive factor, as the indication does not affect the scope of protection of the design as such. However, it does influence the evaluation of the overall impression given by the design. But even then, the deciding authority is not tied by the category indicated by the applicant, but

can, on the basis of the design itself, decide to use a particular category within it as the basis of the evaluation.

b) *Whose perception is to be taken into account?*

As to trade marks, the perception of marks in the mind of the *average consumer* of the type of goods or services in question plays a decisive role in the *global appreciation* of the likelihood of confusion. The average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect. In addition, the average consumer's level of attention is likely to vary according to the category of goods or services in question.⁸ However, if the relevant public consists of, for example, professionals, such a public has a higher level of attention than the average consumer. Also if the average consumer does not regularly buy certain goods, his level of attention when buying those goods is, as a general rule, taken to be higher than his normal level of attention.

On the other hand, as to RCD's, the different *overall impression* is to be evaluated from the viewpoint of the *informed user*. The Court confirmed in 'Metal rappers' that the informed user is neither a manufacturer nor a seller of the products in which the designs at issue are intended to be incorporated or to which they are intended to be applied. The informed user is particularly observant and has some awareness of the state of the prior art, that is to say the previous designs relating to the product in question that had been disclosed before (paragraph 62).

As to who the informed user is, the Court noted that 'it makes little difference whether the informed user is a child in the approximate age range of 5 to 10 or the marketing manager in a company that makes products which are promoted by giving away 'pogs', 'rappers' or 'tazos'; *the important point is* that both those categories of person *are familiar with* the phenomenon of 'rappers'.

Is there a difference between the *global appreciation* done by the *average consumer* on one hand and the *overall impression* produced on the *informed user*? At least the average consumer is only 'reasonably observant', while the informed user is 'particularly observant'. One might however be tempted to think that an informed user and a *highly attentive* average consumer are somewhat similar and comparable concepts. However, as the factors which these fictitious persons have to take into account are different in many ways, personally I am of the opinion that they can't really be compared with each other.

Firstly, the average consumer in the area of comparing trade marks has to take into account the visual, aural or conceptual similarity of the marks in question,⁹ whereas the Court confirmed in 'Metal rappers' that the overall impression to be taken into account in designs is a visual one (paragraph 50).

⁸ See judgment of the ECJ of 22 June 1999 in Case C-342/97 *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* ('Lloyd Schuhfabrik') [1999] ECR I-3819, at paragraph 26.

⁹ See judgment of 11 November 1997 in Case C-251/95 *Sabèl BV v Puma AG, Rudolf Dassler Sport* ('Sabèl') [1997] ECR I-6191, at paragraph 23.

Secondly, in the area of comparing trade marks the level of distinctiveness of the marks and the dominance of their different elements are to be taken into account¹⁰, whereas in assessing the scope of the protection of a design the degree of freedom of the designer in developing his design is to be taken into consideration.¹¹

Thirdly, in the area of comparing trade marks only the trade marks in question in each particular case are taken into account in the comparison.¹² As the Court stated in 'Metal rappers' that the informed user has 'some awareness of the state of the prior art' (paragraph 62), it is clear that as far as designs are concerned, the designs must be compared to other earlier designs as well, for example to evaluate whether there exist features which are common to the type of product in question.¹³ However, it should also be noted that when evaluating the level of distinctiveness of, for example, a three-dimensional trade mark, the reality of what forms already exist and are used on the marketplace is a relevant factor.

c) *The 'imperfect recollection' principle*

In the area of trade marks, the European Courts have on various occasions confirmed that account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the *imperfect picture* of them that he has kept in his mind.¹⁴

In the 'Metal rappers' case, the Court seems to have brought a somewhat similar idea to the area of designs by stating in paragraph 77 when comparing the overall impression of the designs that '...that similarity *would not be remembered* by the informed user in the overall impression of the designs at issue'.

Whether the Court was talking about a similar concept as in trade marks is open to debate. In any case this issue may be rather controversial and it could very well be the subject of extensive debate in the various case commentaries which will surely soon follow.

d) *As to the final result in 'Metal Rappers'...*

Well, to make it short, the Invalidity Division of the OHIM originally found that as the category of products was 'promotional items for games', the freedom of the designer was rather broad and the designs produced the same overall impression. The Board of Appeal, on the other hand, found that the category of products was actually game pieces known as 'pogs', 'rappers' or 'tazos' and therefore the freedom of the designer was severely restricted and the designs did not produce the same overall impression.

¹⁰ See for example judgment of 29 September 1998 in Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer, Inc., formerly Pathe Communications Corporation* ('Canon') [1998] ECR I-5507, at paragraph 18.

¹¹ See 'Metal Rappers' at paragraphs 49, 51, 66-70.

¹² See 'Sabel', at paragraph 23.

¹³ See 'Metal Rappers' at paragraphs 72-84.

¹⁴ See, for example, 'Lloyd Schuhfabrik', at paragraph 26.

The Court agreed with the Board of Appeal that the category of products was actually game pieces known as ‘pogs’, ‘rappers’ or ‘tazos’ and therefore the freedom of the designer was severely restricted. However, even so, in the opinion of the Court, the designs did produce the same overall impression as was originally found to be the case by the Invalidity Division.

The case may now continue to the European Court of Justice, if PepsiCo or the OHIM decide to appeal it.

IV. Other factors to be taken into account when choosing between a Community trade mark and a Community design

The expenses connected to an RCD are far less than for a CTM. This is increased by the fact that a RCD application can be a multiple one.

The RCD registration system is quicker, as there is no substantive examination.¹⁵

The RCD system has no prior search, whereas the CTM system has a limited one, in addition to an opposition system before registration.

A CTM can be kept valid indefinitely, whereas a RCD only for a maximum of 25 years

In both systems, there always exists the danger of invalidation. However, for CTM’s there exists the so-called 5-year-rule.¹⁶

An earlier RCD can be used to invalidate a later CTM and vice versa.

V. Update on OHIM cases on designs pending before the GC

At the time of writing, the General Court has not yet published any further decisions concerning appeals from decisions of the OHIM Board of Appeal on design cases. These decisions are eagerly waited for, but for the time being I can only give you information as to which cases are pending before the Court. The following is a list of these cases I have also mentioned the main content of the dispute:

T-10/08 +T-11/08 ‘internal combustion engine’

The BoA decided that the designs have a different overall impression.

T-148/08 ‘instruments for writing’

The BoA decided that a distinctive sign (German trade mark) has been used in the subsequent design

¹⁵ A RCD is registered in approximately two months, whereas for a CTM the average is over a year.

¹⁶ See Article 54 CTMR.

- T-153/08 ‘communication equipment’
The BoA decided that the designs produce the same overall impression.
- T-450/08 ‘bottle’
The notion of disclosure: is the sale of products between two professionals enough (the Board said yes) or is it required that the products are put on the market in order that the non-professional public can have access to them?
- T-53/10 ‘hampers, crates and baskets’
The BoA declared the appeal inadmissible, because of late filing of the statement of grounds.
- T-68/10 ‘watches’
The BoA decided that the designs produce the same overall impression.
- T-80/10 ‘watches’
The BoA decided that the designs produce the same overall impression.
- T-98/10 ‘chaff cutters’
The BoA decided that the essential features of the design were solely dictated by the product’s technical function. Also questions on visibility in normal use, novelty and individual character