

Year 2 of OHIM design cases before Luxembourg: Balancing the scales of justice

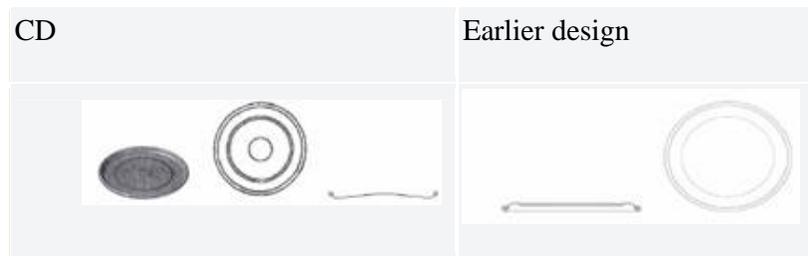
1. Introduction

In the period running from May 2011 to March 2012, eight judgments reviewing OHIM decisions on Registered Community Design (RCD) matters have been handed down by the Courts of the EU in Luxembourg. The Court of Justice (ECJ) has taken two of these judgments and the General Court (GC) has taken the other six. Only two of those judgments deals with purely procedural issues, while the remainder have sought to cast further light on substantive issues such as disclosure, designer's freedom, informed users and their level of attention, non visible parts and overall impression. The GC has largely confirmed OHIM's design Board in all those judgments and the ECJ has, for the most part, taken heed of both its Advocate General and the GC, thereby setting in motion a consolidation process. Nevertheless, there continue to be a number of doors which have been left open on subjects such as imperfect recollection and use of designs on specific products.

I- SUBSTANTIVE MATTERS

2. Judgment of the Court of Justice of the European Union

Court of Justice judgment of 20 October 2011 in Case C-281/10, 'POGS'



Before looking at the body of the judgment, it is appropriate to recall briefly the facts of the case (for more details, see Humphreys, *What's in a year in Luxembourg?*, Fordham Conference, April 2011).

PepsiCo, Inc.'s RCD, registered for 'promotional item[s] for games', was invalidated by Grupo Promer Mon Graphic SA's earlier design for 'metal plate[s] for games', under Article 25(1) (b) CDR (lack of novelty) by both the Invalidity Division and the GC. The Board had considered that the freedom of the designer of those promotional items was 'severely constricted' and, therefore, that the difference in the profile of the designs at issue was sufficient for a finding that they produced a different overall impression on the informed user.

On appeal before the GC, the Court reversed the Board's decision. Five similarities between the two designs in question were identified (paragraph 30) and the differences observed by the Board of Appeal were insufficient for the contested design to produce an overall impression on the informed user that differed from that produced by the prior design (paragraphs 31 to 34).

Opinion of the Advocate General in METAL RAPPERS/ POGS

On 12 May 2011, Advocate General (AG) Mengozzi delivered his opinion in this case before the ECJ. This opinion is important because it was subsequently adhered to in large part by the ECJ and may, thus, help clarify the thinking behind parts of the judgment. It is therefore useful to recall the main points of the opinion before looking at the subsequent judgment.

The highlight of the opinion was the analysis it gave of the terms 'degree of freedom of the designer' and 'informed user' in Article 6(2) and 10(2) of the Community Design Regulation (CDR).

As regards the first term, the AG considered that 'the constraints on creative freedom to be taken into consideration in accordance with the Regulation are exclusively those constraints which are dictated by the need for the goods to fulfil a certain function' (namely, for pogs, the need not to have sharp edges on which children could hurt themselves) whereas "'standard" features which the market expects [e.g. the pogs being round], but which are not technically necessary, cannot be regarded as constraints on the designer's freedom' (see paragraphs 31 and 32 of the opinion).

It can thus be seen from the AG's opinion that the underlying ratio is to reward innovation and creativity. Innovative designers should be recompensed with proper protection, having first whittled away everything which is functional and therefore not deserving of protection.

As regards the informed user, the AG concluded that 'the informed user to whom the Regulation refers is not the average consumer to whom reference must be made in order to apply the rules on trade marks..., nor, however, is the informed user the sectorial expert referred to for assessing a patent's inventiveness. The informed user can be said to lie somewhere between the two' (paragraph 43). According to the AG, the GC correctly characterized the informed user as someone who 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 on the date of filing of the contested design, or, as the case may be, on the date of the priority claimed' (paragraph 45). Therefore, the informed user is not an expert nor is he an average consumer. On this point the AG essentially followed the Article 6(1) of the *travaux préparatoires* to the Community Designs Regulations (CDR).

Reading what the AG has stated, it would seem that there can be no hard and fast rule. Precise identification of the informed user will be on a case by case basis.

Turning to the type of comparison which the informed user may make between the designs at issue, the AG approved the GC's view that 'The comparison could, in principle, be either an indirect comparison, based on recollection, as generally happens in the field of trade marks, or a direct comparison made by viewing the goods side by side' and thus that 'both types of comparison are a legitimate possibility in the case of designs' (paragraph 49).

In this regard, the AG endorsed the stance of the GC. However, for many design purists, the idea of imperfect recollection in a design context is abhorrent. Overall impression must be assessed by directly comparing the designs side-by-side. Nevertheless, the AG sought to minimize the impact of the GC's apparent references to imperfect memory by stating that this apparent reference was merely to point out features that were likely to attract the informed user's attention.

Finally, in the comparison of the RCD with an earlier design, the AG considered it proper 'to take account of the actual goods characterized by a specific design' since 'the relevant public for assessing designs is made up of informed users, who are not experts, but simply individuals who are particularly interested in and attentive to such goods'. Therefore, it was 'quite right that the General Court should also have considered the goods in the form of the "real thing", as seen and perceived by the informed users, who, it should be pointed out, do not usually ever see the registrations of the designs, but only their "practical application", that is to say, the goods characterized by those designs' (paragraph 83). Accordingly, the AG was in favour of essentially following the GC's judgment and dismissing the appeal. This is precisely what happened.

Judgment

The ECJ essentially confirmed the GC's judgment and followed the main traits of the AG's opinion. The Court dismissed the applicant's contentions that the GC had (i) erroneously interpreted the constraints on the designer's freedom, (ii) misinterpreted the concept of the informed user and his attention level, (iii) exceeded its power of review, and (iv) compared the products rather than the contested designs, (v) distorted the facts.

Regarding the applicants argument that certain features of the designs compared (such as raised edges and circular shape) were, contrary to what the GC had held, constraints on the designer's freedom and were necessary for the design to function, the ECJ dismissed this as a factual matter. In the absence of evidence that the GC had distorted the facts and, since the appellant had not disputed that these criteria were for establishing the designer's degree of freedom in developing a design, this plea was considered inadmissible (paragraphs 44 and 45).

Next, the appellant's had argued that the 'informed user' does not correspond to the average consumer who is reasonably well informed and reasonably observant and circumspect (as per trade mark law), or solely to the end user of the goods at issue. It added that the informed user had to be assumed to be in a position to compare the designs side by side, without recourse to an 'imperfect recollection' (paragraphs 47-48).

Accordingly, the informed user would not only consider the ‘most visible surfaces’ of a design and focus on ‘easily perceived’ elements.

The ECJ, having observed that the concept of informed user was not defined in the CDR, proceeded to endorse the view of the GC and the AG that it must be understood as lying somewhere between that of the average consumer, applicable in trade mark matters, and the sector specific expert, who is an expert with detailed technical expertise (paragraph 53). In the Court’s view, such an informed user was capable of being a child in the approximate age range of 5 to 10 or a marketing manager in a company that makes goods which are promoted by giving away ‘pogs’, ‘rappers’ or ‘tazos’ (paragraph 54).

Following the AG’s opinion, the Court also held that it would not be wrong, in some circumstances, to consider the possibility of imperfect recollection. This would be the case where, for example, a side-by-side comparison would be unusual or impractical.

As regards the level of attention of that user, the Court agreed that the appropriate standard is not that of the well-informed and reasonably observant and circumspect average consumer, and nor is it that of an expert or specialist capable of observing in detail the minimal differences that may exist between the designs in conflict. Instead, the qualifier ‘informed’ suggests that, without being a designer or a technical expert, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally include, and, as a result of his interest in the products concerned, shows a relatively high degree of attention when he uses them (paragraph 59).

Although the GC had referred to features that would be ‘easily perceived’ by informed users, the ECJ stated that those words should be understood in a broader context, as simply providing clarification on the greater degree of curvature displayed by the contested design. Accordingly, the plea was held to be inadmissible (paragraphs 60 to 61).

The ECJ went on to point out that the GC is entitled to conduct a full review of the legality of OHIM’s assessment of the particulars submitted by an applicant (paragraph 66). The GC may afford OHIM some latitude, in particular where OHIM is called upon to perform highly technical assessments, and restrict itself, in terms of the scope of its review of the Board’s decisions in industrial design matters, to an examination of manifest errors of assessment. However, the ECJ concluded that, in the specific circumstances of the case at hand, the GC did not carry out a review of the contested decision which went beyond its power to alter decisions under Article 61 CDR (paragraphs 67-68).

Regarding the argument that the GC’s review focused on the goods (i.e. samples of actual products) rather than on the designs at issue, the ECJ also countered it with reasoning based on the informed user. The justification it used was something that the

AG had intimated in his opinion. It held that since, in design matters, the person making the comparison is an informed user who is different from the ordinary average consumer, the GC committed no error in taking into account, in the assessment of the overall impression of the designs at issue, the goods actually marketed and which corresponded to those designs (paragraph 73). This reflected the AG's opinion that informed users see the goods in which the design is placed and not the representation on the register.

The ECJ then went on to make further justification using arguments that the AG had made in his opinion. It stated that, in any event, the GC had in fact based its assessments on the designs in conflict as described and reproduced in the respective applications for registration and that the comparison of the actual goods was only for illustrative purposes, which the GC had considered 'to bear out' its conclusions (paragraph 74). Therefore, the ECJ rejected the appellant's plea.

As to the distortion of facts plea, the Court dealt with this swiftly. The appellant argued that it was unrealistic and contrary to general experience to assume that the informed user would limit his perceptions of the device at hand to the 'view from above' and, that on any scenario, the differences between them were immediately perceptible.

The ECJ pointed out that the appellant had to indicate precisely the evidence alleged to have been distorted by the GC and show the errors of appraisal which, in its view, led to that distortion. It added that such a distortion had to be obvious, without any need to carry out a new assessment of the facts and evidence. However, in this case, the appellant had failed to indicate precisely which evidence was distorted by the GC or to demonstrate the errors in analysis which, in its view, had led to such distortion (paragraphs 78 to 80). The plea was thus judged inadmissible.

Importance

Because the ECJ chose to follow a line, which for the most part had already been traced by the GC and the AG, the Court's judgment did not contain any real surprises. That plague on appellants before the ECJ, otherwise known as 'questions of fact', raised its ugly head again in the form of constraints on the freedom of design. By dismissing this as a factual issue for which no distortion had been shown, the Court avoided a lengthy discussion on freedom of design. What this means for the future is that litigants before the ECJ will be stuck with any analysis made by the GC in the appealed judgment on freedom of design and its impact on overall assessment unless they can point to a distortion of facts that is 'blindingly obvious'. One suspects that this will be a very hard task and that, as the last plea in the Pogs judgment shows, distortion will have to be rigorously proved in every case.

While there is now agreement on who the informed user is (being somewhere in between an expert and the average consumer), this test clearly needs to be applied on a case by case basis and is likely to involve a range of people who may, as in the case at hand, be professionals and actual end users. The impact of the level of attention of these

individuals is also likely to be of a similarly malleable nature. The role of prior art in the overall impression made on the informed user remains somewhat of an unknown quantity. The informed user is somewhat aware of it, but, not being an expert, this cannot be taken to extremes.

It would seem that imperfect recollection continues to have a role in designs. The informed user needs to see how the goods are used on products but may not, for reasons of practicality, be able to compare the designs side-by-side. While the AG gave the example of designs of boats, as designs for which it would not be practical to view them side-by-side, it remains to be seen what other examples there are. However, given Court's attempts to downplay the importance of this aspect of the judgment as something of marginal interest, one suspects that the Court may not wish to return to it in too much of a hurry. In practice, when considering how designs are applied on products, the GC, in its subsequent judgments, has not discussed imperfect recollection. On the other hand, the GC has had no qualms about looking at the actual products on which the design is placed, which seems a practical and logical approach.

Finally, the Court has upheld the GC's right to make a thorough reassessment of the case, rather than limiting itself to manifest errors in the Board's decision. Although the Court says that the GC may take the latter approach in very technical cases, this is unlikely to happen much in design and trade mark cases. One cannot help but suspect that the Court considers this area of law to be less complex than the other areas with which it deals, although not to the point of issuing mere orders rather than judgments.

3. General Court judgments

Judgment of 14 June 2011 in Case T-68/10, 'WATCHES'

Sphere Time, the holder of the RCD shown below, was attacked by Punch SAS, claiming that the challenged RCD did not fulfil the requirements of novelty and individual character and should therefore be invalidated.



The Invalidity Division upheld the invalidity request and declared the contested RCD invalid.

On appeal, the Board dismissed the appeal.

Before the General Court, the proprietor claimed that the Board of Appeal had been wrong to consider the challenged design as lacking individual character and as not being new. It also alleged that the Board of Appeal had not correctly evaluated the appellant's arguments and evidence submitted in the course of the proceedings, misinterpreted the freedom of the designer and based its decision on a wrong evaluation, thereby misusing its power.

The appeal was dismissed by the GC on the following grounds:

First, the Court had to deal with the issue of whether there had been prior disclosure of the earlier SYMBICORT design. Since no priority was claimed, the Court had to examine whether the SYMBICORT design had been disclosed to the public before the date of the filing of the application for the RCD (14 April 2005). In fact, there was a shipping invoice proving that the SYMBICORT design was disclosed before the relevant date to circles specialized in the sector concerned, and operating in the EU.

Second, the Court noted that neither party disputed that the two designs were promotional items. The informed user of such items includes a professional who acquires them for onward distribution to final users and final users themselves. The fact that one of the two groups of informed users would perceive the designs as producing the same overall impression suffices for a finding that the RCD lacks individual character. The legality of the Board decision, which found such individual character to be lacking, was held not to be affected by the fact that it did not mention professionals among the categories of informed users.

Third, before examining the degree of freedom of the designer, the GC considered what elements were actually protected by the designs compared. The contested design included dotted line portions. The Court noted that these represent parts of a product which do not form part of the protected design. This practice is in the Examination Guidelines at paragraph 11.4, where it is stated that ‘the representation of a design should be limited to the features for which protection is sought. However, the representations may comprise other elements that help identify the features of a design for which protection is sought’. The Court approved this practice and noted that for these elements which are not protected, the designer’s degree of freedom is irrelevant. For the lanyard, the Court recognized that there is some room for variation in length and width but noted that nothing should affect the possibility of wearing the lanyard comfortably around the neck. It considered that the same conclusion applied to the positioning of the watch on the lanyard.

In relation to the watch, the Court recognized that there are constraints which relate to the presence of certain elements in a watch, but do not influence, to a significant degree, its shape and general appearance. Thus, in particular, the face and the watch case may take various shapes and may be structured in various ways, as was stated, in substance, by the Board. Accordingly, the elements subject to a global assessment of overall impression should be determined in a sufficiently precise and certain manner. Nevertheless, the impression on the informed user should also be determined in the light of the manner in which the product at issue is used. Thus, the Court held that the Board was correct to have determined that the SYMBICORT design did in fact entail a lanyard allowing the watch to be worn around the neck, despite the incomplete graphic representation presented before OHIM (paragraph 78).

In the light of the foregoing, the Board was correct in holding that the differences between the designs at issue were negligible. The designs in conflict produced the same

overall impression on the informed user. Therefore, the Board was correct in inferring there from that the RCD was devoid of individual character (Article 6 CDR) and was therefore to be declared invalid.

Finally, the Court rejected the allegation that the Board had misused its powers. On the facts, there had been no infringement of the applicant's rights of defence or of the duty to state reasons.

Importance

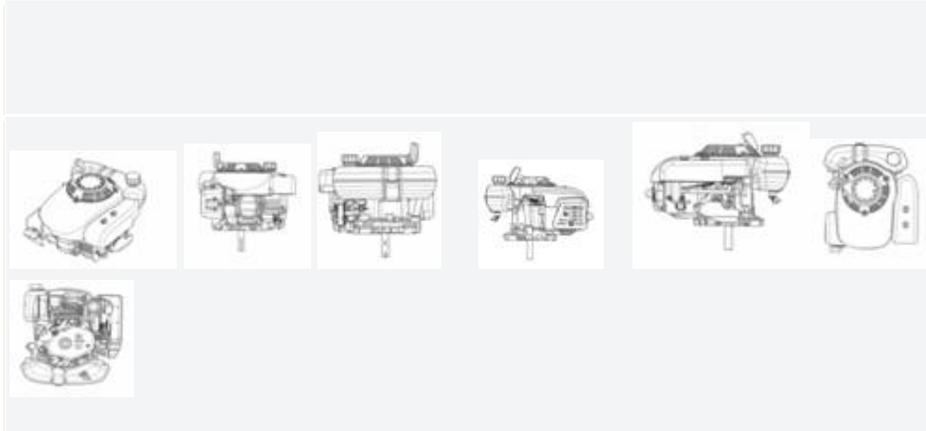
The Court has effectively given its approval to OHIM's practice in relation to disclaimers, that is to allow dotted lines to help identify non protected features or elements that are not visible and thereby make clearer which parts of the design are protected. The practice is also useful when determining the designer's freedom of design, since it enables examiners automatically to exclude the disclaimed features as irrelevant for the purposes of that assessment and thus to concentrate on what matters.

The judgment also confirms that lack of novelty or individual character may be assessed from the perspective of one relevant group of informed users only. The absence of novelty or individual character does not have to be among all possible categories of informed users.

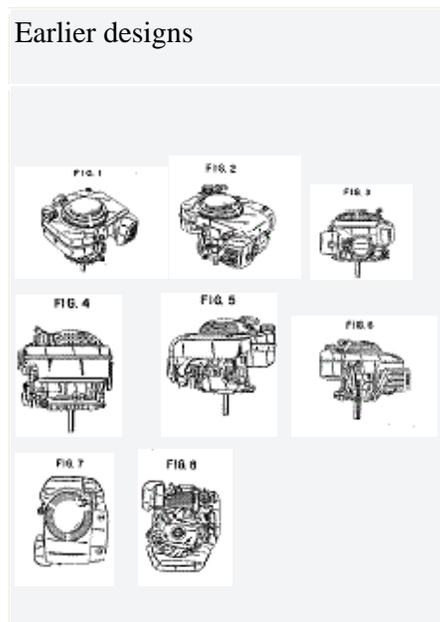
Finally, the Court has taken a common sense and practical approach to the missing loop of the SYMBICOURT design by approving the Board's assumption that the design would include a lanyard. In the Court's view, the problem was one of an incomplete representation. The presence of the lanyard could be inferred from the use of the product, and the fact that the accompanying documents referred to a watch with lanyard. In so doing, the Court has shown a willingness not simply to focus on the picture of the earlier design but to consider what actually was disclosed as prior art. Moreover, the case shows, yet again, how the overall impression may be influenced by actual use of the products. The informed user is not used to seeing the designs on the register but sees their practical application on the products – as aptly pointed out by the AG in his opinion on 'Pogs'.

Judgments of 9 September 2011 in Case T-10/08 and Case T-11/08 ‘INTERNAL COMBUSTION ENGINE’

Kwang Yang Motor Co obtained an RCD to be applied to an ‘internal combustion engine’ in Class 15.01 of the Locarno Agreement, represented as follow.



Honda Giken Kogyo Kabushiki Kaisha filed an application for invalidity under Article 25(1) (b) CDR, claiming, inter alia, that the challenged design was identical to a US design (‘the earlier design’), represented below.



The Invalidity Division rejected the application for invalidity.

On appeal, the Board of Appeal annulled the Invalidity Division’s decision and declared the challenged design to be invalid on the ground that it lacked individual character,

because it produced on an informed user an overall impression that did not differ from that produced by the earlier design.

The decision was subsequently appealed to the GC, claiming infringement of Article 4(2) CDR (i.e, the requirement that protection of novelty and individual character for a part of a complex product is subject to that part remaining visible), read in conjunction with Article 6 CDR (individual character assessment). The appeal was dismissed for the following reasons.

The Court held that since the design constituted a component part of a complex product (an internal combustion engine which could be incorporated into a lawnmower), it would be necessary to determine what parts would remain visible during the normal use of the complex product and whether the visible features of that component part would produce on an informed user an overall impression which differed from that produced by another design made available to the public before the date of registration of the challenged RCD.

The Court then went on to approve the finding of the Board that the visible parts are principally the upper side of the motor and then front and lateral sides, whereas the rear side is less visible and the underside is not visible at all. It added that since the Board's assessment was not vitiated by any error, the upper side of the engine determined the overall impression produced by the engine (paragraph 22).

In the context of assessing individual character, the Court recalled –citing the ‘Pogs’ judgment - that an ‘informed user’ is ‘particularly observant’, has some awareness of prior art and actually uses the product in which the design is incorporated in accordance with the purpose for which that product is intended. It added – citing the ‘Communications Equipment’ judgment - that being ‘informed’, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally include, and, as a result of his interest in the products concerned, shows a relatively high degree of attention when he uses them. However, that factor does not imply the informed user is able to distinguish, the aspects of the appearance of the product which are dictated by the product's technical function from those which are arbitrary. Applying this to the facts of the case, the Court held that the Board had been correct in defining the informed user of a lawnmower as someone wishing to use such a mower, who, for example, needs to purchase one and has become informed on the subject (paragraph 28). In so doing the Court rejected the argument that the subject of the design is an internal combustion engine, which is sold to manufacturers and not to end users.

To assess individual character, the designer's degree of freedom in developing the challenged design has to be taken into account. The GC observed that the shape, configuration and placement of the features at issue, would not be dictated by technical and functional constraints. Therefore, the designer of the internal combustion engine would be free to choose the shape of the components of that engine and their position. The Court also referred to the existence of a wide variety of shapes and combinations of

components for internal combustion engines to bolster its conclusion. As a result, the GC concluded that the Board had not committed an error.

Finally, in assessing the overall impression produced on the informed user, the Court approved the Board's opinion that the overall impression produced on an informed user was principally determined by the general appearance of the upper side of the engine, and by the position of the various components of the internal combustion engine, their shape and size in relation to each other, and not by a multitude of technical details. Moreover, the GC noted that, not only were the proportions, arrangement, layout, size and shape of the components of the internal combustion engines almost identical, but the screws were also almost identically placed. For an informed user, shape, dimensions and arrangement of the various components of the internal combustion engine would be more important than differences in details; such a user would be guided by the basic structures alone and not by differences in the details, which would not produce a different overall impression on him. Therefore, the Court concluded that the two designs at issue produce an identical impression on account of their common shape, the arrangement of their principal components and basic structure.

Importance

The most interesting aspect of this case is the Court's pronouncement on the identity of the end consumer. The appellant's argument that the combustion engines were intended for manufacturers, who would then incorporate them into lawn mowers, had a certain amount of logic. However, the GC seems to have been at pains to look at the final product into which the component was put and thus take a more general approach to the identity of the informed user as basically anyone who uses lawn mowers. That broad approach is, of course, in line with the 'Communications Equipment' judgment and seems to demonstrate a tendency to avoid bringing professional perspectives into the assessment equation (even though in the 'Pogs' judgment marketing managers were one possible group of informed users).

In assessing overall impression from the perspective of the non professional end user, a fine balance is required between that person being highly attentive and only having some awareness of prior art. In the end, the end consumer cannot disregard technical considerations from the overall impression, even though these should be minimized by a proper assessment of freedom of the designer. He is attentive but he will not get bogged down in details and will rather be influenced by basic structures. While the result was undoubtedly right, one cannot help but think that there are an awful lot of rather contradictory principles that had to be neutralized, balanced or otherwise circumvented to reach the very practical conclusion that the end user sees what is visible to him when standing behind the mower.

Judgment of 6 October 2011 in Case T-246/10, 'REDUCERS'

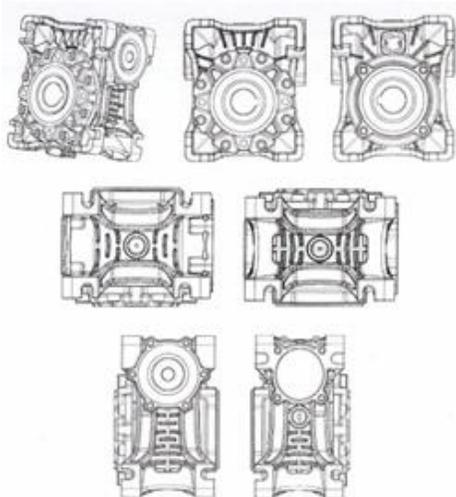
Industrias Francisco Ivars obtained an RCD, intended to be applied to mechanical speed reducers, for the following design

Challenged RCD



Motive Srl filed an application for invalidity based on an earlier RCD, for screw rotation reducers, with the following representation:

Earlier RCD



The invalidity application, based on Article 4 CDR, read in combination with Articles 5 and 6 CDR, was rejected by the Invalidity Division. The Board subsequently upheld the appeal, annulling the Invalidity Division's decision. The Board's decision was then appealed to the GC on the grounds that there had been a misinterpretation of Article 6 CDR. The Court dismissed the appeal, finding that the Board had been right to consider

that the contested design should be cancelled for lack of individual character (paragraph 28), on the following grounds.

The GC agreed with the Board's conclusion that the informed user in this case would be someone using this kind of product in his work and having an awareness of products of this kind available on the market (paragraph 16). It then went on to find that, when comparing the two designs, the major difference was the presence of the flange coupled to the casing in the challenged design, and the corresponding invisibility of the few features hidden by it. However, although the flange coupled to the casing of the contested design is not present in the earlier design, the appellant did not dispute that adding this flange would not produce a different overall impression. Therefore, the GC concluded that the casing of the contested design was the only distinguishing feature (paragraph 17).

Regarding this casing, the GC noted that the appellant relied on the fact that some of the cooling fins or ribs on the challenged ran lengthways, whereas those in the earlier RCD ran transversely. However, the Court considered that it was legitimate for the Board to have taken into account the common elements of the casings at issue to compare the overall impression produced by the designs at issue on the informed user. It was not necessary for the Board to have taken into account the allegation of the very limited designer's freedom in developing the challenged design because the appellant had not demonstrated that those common elements were imposed by the technical function of the products at issue. Therefore, the GC considered that the designer's freedom had not been proved to be particularly limited (paragraphs 21-22).

Moreover, the GC held that the Board had not acted in error by considering that both casings of the designs at issue were identical. The appellant himself had not denied that the two designs compared share most of their characteristics (in terms of shape, recesses, proportions and location of the casing structure). Therefore, the GC considered that the only distinguishing feature was the orientation of the cooling fins. However, given the large number of common elements between the designs, the Board had not erred in considering the orientation of the cooling fins to be an insignificant detail and in concluding that there would be an overall impression of similarity produced by the designs at issue on the informed user. The Court found this to be all the more likely since the cooling fins were located on the casing sides and, therefore, would be less visible (paragraph 24 to 26).

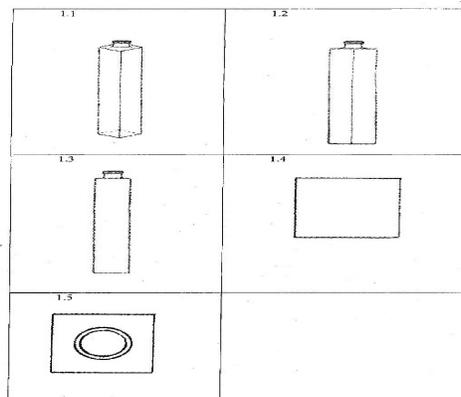
Importance

Much of this case turns on proof. He who asserts must prove; but the holder of the challenged RCD was unable to show that there was a limited freedom of design. Moreover, he did not deny that the flange, which clearly performed a technical or 'must fit' function, failed to change the overall impression of the challenged design. In this case, the appellant had sought to concentrate solely on the longitudinal cooling fins, excluding all other features on the basis that they were constrained in design, or dictated

by function. The GC, however, held that the Board had been entitled to take the whole shape of the reducer into account; the specificities of the fins were just too detailed for the informed user. This certainly seems to be a very reasonable and practical approach.

On the other hand, it is understandable that the appellant did not detail, with supporting evidence, which common features of the designs were functional or ‘must fit’. That would have been very risky for either party to do as it would have drawn attention to the inadequacies of the design. This case therefore highlights the problem of very technical, functional designs that come into conflict and have to limit their rights of defence or lines of attack in order to avoid drawing attention to their weaknesses. It has been postulated that a prior rights holder might be better asserting misuse of copyright as the basis of the claim (see <http://class99.blogspot.com/2011/10/inherency-reduction-of-protection-for.html>) but this assumes that the designs at issue are less functional than in this case.

Judgment of 9 March 2012 in Case T-450/08, ‘FLASK’



An RCD for a flask was applied for on 6 May 2003 and was subsequently attacked for lack of novelty (Articles 25(1)(b) and Article 5 CDR). The invalidity applicant claimed that an identical design had been disclosed in the context of a purchase transaction between two European operators. The evidence relied on in the invalidity application consisted of: an industrial drawing bearing a date of creation; an internal document relating to the shipment of 60,000 flasks to the UK; an affidavit stating that the flask depicted in the drawing had been sold to a UK intermediary before 6 May 2003. Proof of disclosure was challenged before the Invalidity Division but was found to have been shown.

On appeal, the invalidity applicant supplemented its evidence with further evidence. The Board dismissed the appeal and confirmed that disclosure was established before 6 May 2003 on the basis of the three documents referred to above. It disregarded the additional proof submitted for the first time on appeal. The Board concluded that the designs were identical, since the differentiating elements were insignificant. The RCD holder lodged an appeal before the GC. The identical nature of the designs was not challenged, only the evidential value of the proof of disclosure.

The GC dismisses the appeal on the following grounds. First, since neither the CDR nor the CDIR provides for any specific form of evidence required for establishing disclosure, the form of such evidence is at the discretion of the applicant (paragraphs 21-23). The Office has to carry out an overall assessment of the evidence by taking account of all the relevant factors in the particular case. Disclosure cannot be proved by means of probabilities or suppositions, but must be demonstrated by solid and objective evidence of effective and sufficient disclosure of the earlier design (paragraph 24).

The evidential value of an affidavit depends primarily on the credibility of the account it contains. Next, account must be taken of the person from whom the document originates, the circumstances in which it came into being, the person to whom it was addressed and whether, on its face, the document appears sound and reliable (paragraphs 39-40). An overall examination of the items of evidence implies that even if some items of evidence are not conclusive of disclosure in themselves, they may contribute to establishing the disclosure when examined in combination with other items (paragraph 25). On the facts of the case, it could be proved that the shipment of 60,000 flasks concerned the same flask as that depicted in the industrial drawing because the products were identified by the same 'product code'. Taken altogether, the three sets of documents were able to show that there had been disclosure (paragraphs 30-45). The GC therefore confirmed that disclosure of a design can be the result of use in trade even where there is no proof on file that the products in which the earlier design is incorporated have actually been put on the market in Europe. It is enough that the goods have been the subject of a purchase transaction concluded between two European operators. Finally, the Court concluded that the allegation of bad faith on the part of the invalidity applicant had no role to play in invalidity proceedings (paragraphs 48-49).

Importance

The GC has opted for treating evidence of disclosure in exactly the same way as it deals with proof of genuine use of a trade mark. Presumptions and suppositions are completely unacceptable. Solid evidence is necessary but the disclosing party is free to select the means of proof. If affidavits are used, they will be scrutinized and looked at in terms of who they are made by and whether their content appears sound and reliable. The corollary of this is that where an interested party makes a declaration, the evidence it contains will need to be corroborated by evidence from independent sources to bolster its probative value. In any event, the evidence must be looked at as a whole and may, when taken together, be sufficient.

The approach of the Court is one that is highly familiar to trade mark lawyers. What is slightly surprising in this case is that the Court, applying the criteria outlined above, has taken a somewhat generous view of the sufficiency of the evidence submitted.

II- PROCEDURAL MATTERS

Judgment of the ECJ of 22 September 2011 in Case C-426/10P

This case simply confirmed the judgment of the GC ruling that an appeal before it was out of time (and, therefore, inadmissible) because the appellant's letter certifying that the copies of the appeal request were true copies was not sent within the 10-day time limit foreseen under the Court's Rules of Procedure. The ECJ therefore rejected the appeal.

Importance

This judgment confirms what is already known; the Court is very strict on procedural time limits.

Judgment of 18 October 2011 in Case T-53/10, 'CRATES AND BASKETS'

Dynamic Promotion Co. Ltd (the applicant) obtained an RCD. Peter Reisenhel (the applicant for invalidity) filed an application for invalidity against this RCD, based on Articles 4 to 9 CDR. The Invalidity Division rejected the application for a declaration of invalidity of the contested design on 20 May 2009 and sent the decision to the applicant's representative on the same day by fax and by post.

On 3 June 2009, the applicant filed a notice of appeal against the Invalidity Division's decision. The applicant's representative sent OHIM the written statement setting out the grounds of appeal, initially by post on 21 September 2009 and subsequently by fax. OHIM received the faxed copy on 23 September 2009 and then the postal copy on 24 September 2009. On 13 October 2009, the applicant was informed by the Registry of the Boards of Appeal that the period for filing the written statement setting out the grounds of appeal had expired on 21 September 2009. The applicant was given a period to submit his observations and, in the subsequent observations received by the Office, the applicant claimed that the Invalidity Division's decision had been notified to him only by post, on 25 May 2009.

The Board dismissed the appeal as inadmissible because it considered that the statement of grounds of appeal had been submitted out of time. On 12 November 2009, the applicant submitted new observations to OHIM, together with his representative's fax reception report for the period from 18 to 25 May 2009 inclusive showing, according to him, that the Invalidity Division's decision had not been notified to his representative by fax on 20 May 2009. The Board corrected its first decision, pursuant to Article 39 CDIR. The Board considered it necessary to take account of the applicant's observations of 12 November 2009, submitted before the end of the period granted to the applicant by OHIM. However, it held that the reception report provided by the applicant did not allow the evidence put forward by OHIM to be called into question as regards the notification of the Invalidity Division's decision by fax on 20 May 2009.

On 23 December 2009, the applicant requested that the first decision of the Board be corrected again, so as to acknowledge that the written statement setting out the grounds of appeal had been submitted within the prescribed period. He also submitted new evidence concerning the working practices and the processing of faxes in his representative's office and, in the alternative, requested *restitutio in integrum*, pursuant to Article 67 CDR.

By decision of 22 March 2010, the Board rejected the applicant's requests. The applicant filed an appeal before the General Court.

Regarding the admissibility of the claim for annulment of the decision of 22 March 2010, OHIM contended that this claim was inadmissible, because it changed the subject-matter of the proceedings before the Board while the applicant submitted that he had simply extended it which is permissible, according to case-law, for reasons of procedural economy (paragraphs 19-20). The GC pointed out that under Article 135(4) of the Rules of Procedure of the GC, the parties' pleadings are not allowed to change the subject-matter of the proceedings before the Board (paragraph 21).

In the present case, the applicant's request for correction in his letter of 23 December 2009 related to whether the Invalidity Division's decision had been notified to the applicant by fax. Thus, it had exactly the same subject-matter as the decisions of 6 November and 10 December 2009. Accordingly, in so far as the decision of 22 March 2010 concerned the request for correction, it was a continuation of the previous decisions of the Board and did not change the subject-matter of the proceedings (paragraph 24). However, since the request for *restitutio in integrum* was filed for the first time in the applicant's letter of 23 December of 2009, it was not the subject matter of the two decisions taken by the Board (paragraph 25). For that reason the Court ruled that the claim for annulment of the decision in question was admissible only in so far as that decision concerned the request for correction.

As for OHIM's competence to adopt the decisions of 10 December 2009 and 22 March 2010, the GC observed that examination of the competence of the authority issuing a measure is a matter of public interest and as such must be raised by the Court of its own motion (paragraph.27-28). Recalling the content of Article 39 CDIR, the GC pointed out that neither the amendments made in the Board's second decision nor those requested by the applicant related to linguistic errors or errors of transcription, and that this was not disputed by the parties (paragraph 29-30). In addition, it noted that the amendments did not relate to the correction of obvious mistakes because 'obvious mistakes' are limited to formal matters, not affecting the scope and substance of the decision at issue, characterized by its operative part and grounds (Para.35).

In adopting the decision of 10 December 2009, the Board used the correction mechanism to remedy a breach of the applicant's rights of defence. This was not an obvious mistake. Instead, the breach was a mistake that affected the procedure leading to the adoption of the decision of 6 November 2009 and was, therefore, liable to vitiate the substance of that decision. Similarly, taking into account the observations submitted

by the applicant within the prescribed period affected the grounds of the decision of 6 November 2009 and, therefore, its content (paragraph 36-37). As a result, the GC concluded that the Board was not competent to adopt this decision on the basis of Article 39 CDIR.

However, the GC further observed that, this decision could, in principle, have been adopted by the Board on another legal basis (paragraph 38-39). In fact, according to case-law, a retrospective withdrawal of an unlawful administrative act which has created individual rights is permissible, provided that the institution which adopted the act complies with the conditions relating to reasonable time-limits and the legitimate expectations of beneficiaries of the act (paragraph 40). The Court held that the adoption of the decision one month and four days after the one of 6 November 2009 constituted a reasonable time-limits (paragraph 43). Moreover, since it did not amend the operative part of the decision, the legitimate expectations of the other party before the Board were not affected (paragraph 44). Accordingly, the Board's error regarding the choice of the applicable legal basis did not warrant annulling the decision of 10 December 2009 (paragraph 46).

Concerning the decision of 22 March 2010, the GC pointed out that the applicant's request for correction of 23 December 2009 did not seek the correction of a formal error affecting the decision concerned, but a re-examination of the substance of that decision and the adoption of a new decision with a different content. Thus, the mistake was not an obvious mistake, and the Board had not been competent to rule on the substance of that request using Article 39 CDIR (paragraph 47-48). Furthermore, because, when it had rejected the request of 23 December 2009, the Board had found its previous decision on the appeal not to be unlawful, it had also not been competent to withdraw that decision. Consequently, the BoA had no competence to adopt the decision of 22 March 2010, rejecting on the substance the request for correction (paragraph 49-50), and thus the decision of 22 March 2010 was annulled in so far as it concerned the applicant's request for correction of 23 December 2009.

As regards certain annexes to the application submitted after adoption of the decisions of 6 November and 10 December 2009, the Court found that they could not be taken into consideration (paragraph 52). This is because they did not form part of the factual context of the case as it existed when the decision of 10 December 2009 was adopted (paragraph 54).

The applicant also alleged infringement of the right to be heard as well as an error of assessment. The applicant submitted, in essence, that the Invalidity Division's decision had been notified to him by post on 25 May 2009, and thus that the written statement setting out the grounds of appeal had been submitted within the four-month period (paragraph 57-58).

The GC found, first, that OHIM complied with the requirements laid down in Decision EX-03-04 regarding the formalities of notification by fax (paragraph 62 to 65). The transmission report showed that, on 20 May 2009 at 12:22, OHIM sent the applicant's

representative a seven-page fax which included a one-page covering letter indicating that the Invalidity Division's six page decision was attached. The transmission report also indicated that it had been correctly received by the applicant's representative's fax machine (paragraph 66-67). It was apparent from the representative's fax report that he had received a seven-page fax from an unidentified sender at 12:35 on 20 May 2009. The eight minute interval between sending and reception could be explained, according to the GC, by the fact that the two fax machines may not be set at exactly the same time (paragraph 69 to 73). The GC was not impressed by the fact that the identification of the sender's number was not displayed on the fax since it could have been due to technical reasons and, in any event, Decision EX-03-04 does not require the sender's number to be indicated on faxes sent by OHIM.

The applicant also claimed that it could not be required to prove a negative. The GC rejected that argument by pointing out that he could have produced the fax which he actually received on 20 May 2009 at 12:35, in order to establish that it was not the fax sent by OHIM (paragraph 79-80). Thus, the GC considered that the Board had not erred in finding that the written statement, setting out the grounds of appeal, was received after the period laid down in Article 57 CDR and therefore could not be taken into consideration (paragraph 84).

Finally, the Court rejected the applicant's request to hear two witnesses in order to establish that faxes from OHIM show the sender's fax number and to explain the working practice in his representative's office regarding the processing of incoming faxes (paragraphs 91-92). Because of the findings already made, the GC stated that those facts were not relevant to resolving the dispute.

The decision of 22 March 2010 was thus annulled in so far as it concerned the applicant's request for correction of 23 December 2009, and the remainder of the action was dismissed (paragraph 93).

Importance

This case is pure procedure and therefore lays down principles that are applicable to trade marks as well as designs.

The Court's insistence in this case that parties cannot change the subject matter of proceedings before the Board is welcome news to decision-takers at appeal level. While there has been much discussion in trade mark matters over the admissibility of new facts, evidence and arguments, there has to be a limit to the continuity of functions of the Boards. As a quasi-judicial review body, the Board must – to the greatest extent possible – be put in a position where it can look at the case as it came before the first instance department. Changing the subject-matter of what comes before the Board (in this case by adding in an alternative claim for *restitutio in integrum*) goes beyond what may be tolerated.

The Office (and its Boards) should not abuse the right to correct linguistic errors or errors of transcription or obvious mistakes (under Article 39 CDIR) by using that provision to remedy a problem of the right to be heard. Matters affecting the scope and substance of a decision need that decision to be revoked. The Court helpfully referred to a general principle of the law of the European Union whereby an unlawful administrative act which has created individual rights can be withdrawn provided that this is done within a reasonable time limit and addresses the legitimate expectations of the beneficiaries of the act. Precisely what is a 'reasonable time limit' and how 'legitimate expectations' of beneficiaries of the act to be revoked may be properly assessed and balanced remains to be seen. These are clearly matters to be assessed on a case-by-case basis but it is comforting to know that the GC sees a role for revocation of decisions under general principles where no other remedy could apply. This must surely be in both the interests of the decision-making authorities and the litigants before them to avoid a situation in which an incorrect decision must stand until struck down by further appeal.

Finally, the GC has brought a common sense approach to the perennial argument regarding reception of fax communications; namely, that a party before the Office cannot be obliged to prove a negative. In this case, the Office could show by its fax transmission report that it sent a fax that concerned the case with the relevant number of pages. The appellant received a fax communication, with the same number of pages, quite shortly afterwards but denied it was either pertaining to the case or even from the Office. The GC accepted the party's use of an incoming fax log but pointed out that it could have produced the actual communication it received to rebut the Office's fax transmission report for the relevant documents. In other words, fax transmission reports offer *prima facie* evidence that may be rebutted by specific evidence of what has actually been received at the time and date indicated in the report. Representatives will have a duty of care to ensure that they can match actual communications to the fax reception reports their office machines generate.

7. Conclusion

The last year has been a reasonably good year for the Boards in terms of the rate of reversal brought about by judgments emanating from Luxembourg. The 'Pogs' judgment seeks to lay down the law in overall assessment while the other judgments take a more cautious approach, seeking consolidation of existing principles rather than innovation.

The recent case law confirms that the identity of the informed user lies somewhere between a sectorial expert and an average consumer. However, there may also be more than one group of informed users. Those persons may look at the designs as used on the actual products and not just on the register.

Although the informed user is attentive to a relatively high degree, and has some idea of prior art, this does not mean that he can distinguish aspects of the appearance of a product that are dictated by technical functions from the rest. He is principally influenced by the basic structure (i.e., proportions, shape, dimensions, lay out and arrangement) of the design.

Indirect comparison – where imperfect recollection would have to be used – remains a possibility for designs applied to certain types of product where a side-by-side comparison would be unusual or impractical.

What constraints are placed on the freedom of the designer is a question of fact, not appealable to the ECJ. However, technical functions are certainly one form of constraint.

Allegations of distortion of facts by the GC need to be strictly proved and remain unlikely to serve as a basis for a valid ground of appeal to the ECJ. Similarly, litigants need to prove their assertions (although where designs are very technical, this may be a high risk strategy equivalent to ‘shooting oneself in the foot’).

For components of complex products, the Court continues to look at actual use, focusing on what parts would be visible in ordinary use, and on the identity of the informed user of the complex product (rather than the component).

Although the GC has the right to limit its review of Board decisions to an assessment of legal errors rather than a full factual and legal re-evaluation, it has not yet chosen to do so. In fact, it has not even opted for use of an order rather than a judgment in designs matters in the last twelve months. This strongly suggests that the GC perceives a need to be proactive in the creation of a design law of the European Union and that we are likely to see a steady flow of cases to Luxembourg over the coming years.

Gordon Humphreys

Alicante, March 2012