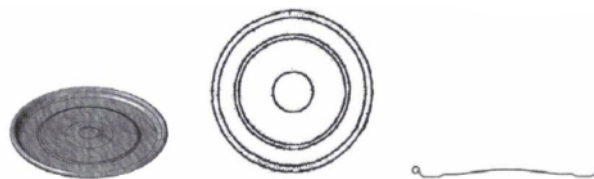


General Court: Three key lessons from the Court's first decision on validity of a registered Community design (Decision of March 18, 2010 – Case T-9/07 – Grupo Promer Mon Graphic SA v OHIM and PepsiCo Inc)

Eight years and 12 days after the Community Design Regulation (“CDR”) entered into force, Europe's General Court (formerly known as Court of First Instance) decided, for the very first time, on some key requirements for testing the validity of a registered Community design. While OHIM's Invalidity Division had invalidated PepsiCo's contested design, OHIM's Board of Appeal reversed the decision and found the design valid. The General Court confirmed basic conclusions of the Board of Appeal but nonetheless declared the contested design invalid.

On September 9, 2003, PepsiCo filed an application for registration of a Community design (indication of product: “promotional item[s] for games”) claiming priority as of July 23, 2003, represented the design as follows:



On February 4, 2004, Grupo Promer Mon Graphic filed an application for a declaration of invalidity against PepsiCo's Community design on the grounds of a prior Community design, filed on July 17, 2003 (indication of product: “metal plate[s] for games”) claiming priority as of July 8, 2003, represented as follows:



Three key lessons can be taken from the decision (not to mention, for instance, the issue of allegedly “acting in bad faith” and whether documents submitted before the Court for the first time shall be considered), which will also guide national design infringement courts throughout Europe. The dispute at hand mainly circled around the question whether PepsiCo’s Community design was “in conflict” with Grupo Promer’s prior Community design (Article 25 [1] lit d CDR).

The Court, firstly, decided 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). Thus, the Court agreed with the Board of Appeal that “in conflict” (Article 25 [1] lit d CDR) must be interpreted so as if the later design falls within the scope of protection of the prior design (Article 10 CDR). However, the Court made an interesting distinction in this context because it agreed, on the one hand, to solely focus on the scope of the protection conferred by the *prior* Community design as stipulated in Article 10 (1) CDR (at paragraph 49 – 50), while the Court, on the other hand, insisted, relying on Article 10 (2) CDR, that the freedom of the designer in developing the *later* Community design shall be decisive (see paragraphs 51 – 52).

Secondly, the Court held that the “informed user”, in the sense of Article 10 (1) CDR, 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. Instead, 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 on the date of filing of the contested design” (paragraph 62). The Court also clarified (in accordance with the Board of Appeal) that, in the present case, the informed user “could be a child in the approximate age range of five to ten or a marketing manager in a company that makes goods which are promoted by giving away ‘pogs’, ‘rappers’ or ‘tazos’” (products belonging, according to the Court, to the broad category of promotional items for games), provided that “both those categories of person are familiar with the phenomenon of ‘rappers’” (paragraphs 64 and 65). Since neither of the designs were registered for these particular products, the Court held that “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” (paragraph 56).

Thirdly, as regards the freedom of the designer in developing the later Community design, the General Court held that such freedom is established, *inter alia*, by the constraints of the features imposed by the technical function of the product or an element thereof, or by statutory requirements applicable to the product. These constraints result in a standardisation of certain features, which will thus be

common to the designs applied to the product concerned (at paragraph 67). In the present case, the Board of Appeal, says the Court, was correct in finding that the designer's freedom was severely restricted since he had to incorporate the common features of "rappers" in his design. Moreover, the designer's freedom was also limited in so far as those items had to be inexpensive, safe for children and fit to be added to the products which they promote (paragraph 70).

However, the Court disagreed with the Board of Appeal in that some of the similarities between the two designs were not the result of said restriction of the designer's freedom. In particular, the central part did not have to be delineated by a circle; this could also have been done by a triangle, a hexagon or an oval (at paragraph 77 – 84).

As a consequence, the General Court found the two Community designs did not produce a different overall impression on the informed user, but the later design being "in conflict" with the earlier design, within the meaning of Article 25 (1) lit d CDR.

Remarks:

Lesson 1 is correct as far as "in conflict" (Article 25 [1] lit d CDR) is transcribed in the sense of Article 10 (1) CDR. However, linking the freedom of the designer (Article 10 [2] CDR) to the later design appears to be questionable since, in that case, the scope of protection of the earlier Community design will become fluctuating and non-static (similar to a trademark), *i.e.*, constraints after the priority date of the earlier design will be taken into consideration (in particular, after some years have passed). Lesson 2, again, seems questionable, at least because the Court established a link between the indication of product of the earlier design and the informed user. This may be in line with case law from the Board of Appeal (see *Ferrari v Dansk Supermarked*) but deviates from other bodies, referring to the wording of Article 36 (6) CDR, pursuant to which the product indication of a Community design "shall not affect the scope of protection of the design as such". The same is true for Lesson 3 because the Court found the designer's freedom of developing the design of a "rapper" to be "severely restricted", also because such an item had to be "safe for children".

It will be interesting to see whether national Community design infringement courts will follow the General Court's path (or even the Court of Justice, should PepsiCo appeal).

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