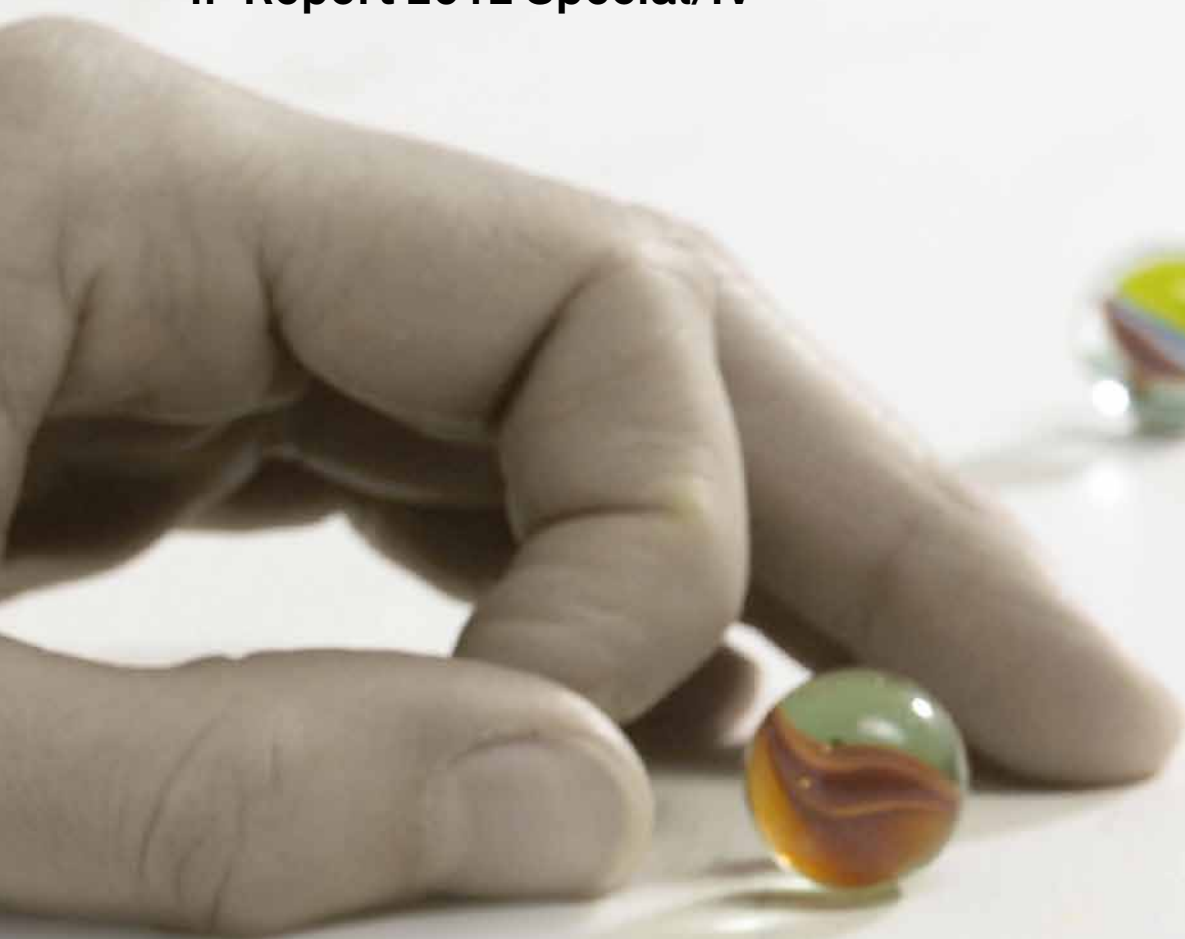




IP Report 2012 Special/IV

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Court of Justice of the European Union on the conflict between an earlier mark and a later Community design (decision of October 18, 2012 – Joined Cases C 101/11 P and C 102/11 P – Neuman, Galdeano del Sel and OHIM v Baena Grupo – Neuman)

Reported by Dr. Henning Hartwig

Conflicts between trademarks and designs are rare and corresponding guidance from the Court of Justice of the European Union (“ECJ”) is even rarer. The latest decision from Luxembourg is helpful but fails to draw a clear line between judging conflicts under design law and under trademark law.

1. The decision relates to a conflict between the prior figurative Community trademark No 1312651 (“earlier mark”) and the later registered Community design No 426895-0002 (“contested design”), both representing a seated figure. The question was whether the two designs produced the same or a different overall impression on the informed user, according to Article 6 Community Design Regulation (“CDR”). Both designs are reproduced below:



Community trademark No. 1312651



Community design No. 426895-0002

2. By decision of July 15, 2008, the Invalidity Division of OHIM had invalidated the contested design – not on the grounds of Article 6 CDR,

however, but due to a conflict under Community trademark law. Upon appeal, the Third Board of Appeal of OHIM found, on October 14, 2009, that the Invalidity Division had erred in considering that the earlier mark had been used in the contested design. Nevertheless, it found that the contested design did not have individual character, because it did not produce on the informed users, namely young people or children who habitually purchase T-shirts, caps and stickers or users of printed material, an overall impression that differed from that produced by the earlier mark (Article 6 CDR). On December 16, 2010, upon further appeal, by way of an action for annulment of that decision, the General Court of the European Union annulled the contested decision (published in French and Spanish only), finding that

- the overall impression produced by the two silhouettes at issue was determined to a large extent by the facial expression of each of them,
- the difference in the facial expression of the two silhouettes constituted a fundamental characteristic remembered by the informed user,
- said expression, combined with the position of the body leaning forward, which gives the impression of a degree of irritation, would induce the informed user to identify the “earlier design” as an angry character, whereas the overall impression created by the contested design was not characterised by the display of any feeling, neither on the basis of the facial expression, nor of the position of the body perceived as leaning backward

– the difference in the facial expression would be clear to young people buying T-shirts and



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caps and all the more important for children using stickers to personalise items, more likely paying particular attention to the feelings expressed by each character appearing on a sticker

– the differences between the two silhouettes were sufficiently significant to create a different overall impression on the informed user, in spite of similarities concerning other aspects and the significant freedom enjoyed by the designer of silhouettes, such as those at issue in the present case

Upon further and final appeal, the ECJ confirmed the decisions of the General Court and dismissed the appeals.

3. The ECJ largely although not exclusively dealt with two grounds of appeal. The first ground of appeal put forward by OHIM related to an alleged infringement of Article 61 CDR, with OHIM criticising the General Court for having carried out, during the assessment of the legality of the contested decision, a very detailed examination of the conflicting designs. OHIM argued that by failing to limit its review to manifest errors of assessment of the validity of such designs, the General Court exceeded the scope of Article 61 CDR. Furthermore, by considering that the expression of feelings of the characters of the designs at issue was more important than the graphic representation of those designs, the General Court substituted its own reasoning for that of the Board of Appeal. By doing so, the General Court carried out a new assessment of the facts rather than limiting its examination to a review of the legality of the contested decision.

The ECJ rejected the ground of appeal as unfounded, finding that the General Court did not exceed the limits of its competence for reviewing OHIM decisions and did not substitute its own assessment for that of OHIM. Pursuant to Article 61 (2) CDR, the General Court had jurisdiction to conduct a full review of the legality of OHIM's assessment of the particulars submitted, including whether the legal classification of the

facts of the dispute was correct and whether the assessment of the facts submitted was flawed. The ECJ, however, accepted that the General Court may, in appropriate cases, restrict its review of decisions in industrial design matters, by way of an exception, to an examination of manifest errors of assessment, in particular where OHIM is called upon to perform highly technical assessments.

In the case at hand, according to the ECJ, the General Court was competent to examine the Board of Appeal's assessment of the similarity of the earlier mark and the contested design. Consequently, the General Court could, without making any error of law, carry out a detailed examination of the assessments made by the Board of Appeal and then annul the contested decision.

4. The second ground of appeal was related to whether the General Court was wrong in finding a different overall impression produced by the conflicting designs.

– In particular, OHIM criticised the General Court for having based the comparison of the designs at issue on the imperfect recollection that the informed user retains in his memory. In this regard, Mr Neuman, Mr Galdeano del Sel and OHIM considered that this comparison should not be based on the imperfect recollection of the informed user but on a direct, side-by-side comparison of the silhouettes at issue.

– OHIM also criticised the General Court for having erred in law in that it did not base its examination of the impression produced by the designs at issue on the perception of the whole of the relevant public. Rather, the General Court limited its examination of those designs to the perception of a part of the relevant public only, namely that of young users of T-shirts, caps and stickers.

– Finally, Mr Neuman and Mr Galdeano del Sel argued that the General Court erred in law when considering that the overall impression

produced by the two silhouettes at issue on the informed user was determined by the facial expression of each of them, in particular when admitting that the designers of silhouettes enjoyed a significant degree of freedom.

The ECJ, firstly, confirmed its concept of the “informed user” (Article 6 [1] CDR) as “(...) lying somewhere between that of the average consumer, applicable in trademark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trademarks at issue, and the sectorial expert, who is an expert with detailed technical expertise. Thus, the concept of the ‘informed user’ may be understood as referring not to a user of average attention, but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question.” Consequently, the very nature of the informed user meant that, when possible, he will make a direct comparison between the earlier mark and the contested design. However, according to the ECJ it cannot be ruled out that such a comparison may be impracticable or uncommon in the sector concerned, in particular because of specific circumstances or the characteristics of the items which the earlier mark and the contested design represent. As a result, the General Court did not err in law by basing its reasoning on the informed user’s imperfect recollection of the overall impression produced by

the two silhouettes when comparing the earlier mark and the contested design.

Secondly, the ECJ rejected the complaint of OHIM that the General Court limited its examination of the earlier mark and the contested design to the perception of a part of the relevant public. Rather, the General Court “(...) took into consideration the whole of the relevant public as defined by the Board of Appeal, namely young people, children and users of printed matter, including advertising materials.”

Thirdly, the ECJ rejected the argument that the General Court wrongly considered the facial expression of the two silhouettes as determining the overall impression of the conflicting designs. In fact, the ECJ found this argument to be limited to the “(...) factual analysis undertaken by the General Court in the context of its assessment of the overall impression produced by the earlier mark and the contested design (...)”. The ECJ continued that it is established case law that “(...) the General Court has exclusive jurisdiction to find the facts, save where a substantive inaccuracy in its findings is apparent from the documents submitted to it, and to appraise those facts. That appraisal of the facts thus does not, save where the clear sense of the evidence has been distorted, constitute a point of law which is subject, as such, to review by the Court of Justice in an appeal (...)”.

Remarks

While the ECJ’s response to the first ground of appeal – the scope of examination by the General Court – is clear and leaves little room for interpretation, guidance as to the second ground of appeal appears to be less clear.

1. To start with the third portion of the second ground where the ECJ qualified the *assessment*

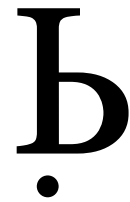
of the overall impression under Article 6 CDR as being a question of fact, falling, in general, into the General Court’s exclusive jurisdiction, such distinction is in line with established case law from other areas and authorities of law (likewise, the German Federal Supreme Court found that a same or different overall impression of the conflicting designs has to be determined by the

judge of facts, while the Supreme Court only has to verify whether the judge of facts referred to the correct legal concepts, whether general rules of logic and practice have not been infringed and whether all relevant circumstances have been taken into account; decision of September 28, 2011 – Case I ZR 23/10 – *Pram*; cf. also BARDEHLE PAGENBERG IP Report 2012/II). This has the consequence that the General Court will in most cases be the final instance in invalidity proceedings started at OHIM when it comes to *questions of similarities and differences* between two conflicting designs. Interestingly, the General Court already elaborated on the so-called concept of reciprocity (decision of September 9, 2011 – Cases T-10/08 and T-11/08 – *Kwang v Honda*; cf. also BARDEHLE PAGENBERG IP Report 2011/IV) when finding that “(...) the greater the designer’s freedom in developing the challenged design, the less likely it is that minor differences between the designs at issue will be sufficient to produce a different overall impression on an informed user. Conversely, the more the designer’s freedom in developing the challenged design is restricted, the more likely minor differences between the designs at issue will be sufficient to produce a different overall impression on an informed user.” This (clear and correct) test for reciprocity seems to be a legal concept under which the facts of the individual case must be assessed. While the General Court has exclusive competence as regards the latter, it will be interesting to see whether the ECJ will confirm the concept as such in the future. As a further remark, it is interesting to note that the ECJ did not address the freedom of the earlier mark’s designer when discussing the “overall impression” test, although the assessment was challenged within the second ground of appeal. Actually, according to the reciprocity analysis carried out by the General Court in the above mentioned *Kwang v Honda* cases, there is a clear link between this test and the designer’s freedom. Hence, the General Court’s guidance and clarification on “the same overall impression” test under Article

6 (1) CDR will have utmost impact on the future development of Community design law.

2. Turning to the second part of the second ground of appeal where the ECJ allowed the General Court to qualify “young people, children and users of printed matter, including advertising materials” as the “whole of the relevant public”, such *factual qualification* appears to be questionable. First of all, the earlier mark is registered for “clothing, footwear, headgear; games and playthings; gymnastic and sporting articles; beers; mineral and aerated waters, other non-alcoholic drinks; fruit drinks and fruit juices, syrups and other preparations for making beverages” while the indication of product of the contested design reads “T-shirts (Ornamentation for -), caps (Vizored -) (Ornamentation for -), stickers (Ornamentation for -), printed matter, including advertising materials (Ornamentation for -)”. Should the relevant public addressed by the earlier mark and the contested design both be relevant, it is inconsistent to limit the “whole of the relevant public” to “young people, children and users of printed matter, including advertising materials”, excluding adults. Should users of the later design be solely relevant, it is likewise inconsistent to focus on the above group only, since older people could be users of T-shirts, caps, stickers and printed matters, too. Apart from that, taking into account “users of printed matter, including advertising materials” does not appear to be helpful, because anyone who is able to read would be such a kind of user. Overall, it is highly questionable whether to spend much time on determining the type or notion of the informed user in the case at hand. This is all the more true, given that neither the General Court nor the ECJ have drawn any specific conclusions from qualifying the informed user (in particular, when considering and weighing similarities and differences of the conflicting designs).

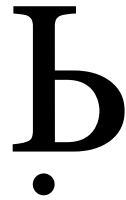
3. Finally, the ECJ decision seems to be inconsistent and far from providing legal certainty when finding, in a *first* step (by way of a rule),



that the “informed user” concept was different from trademark law where there is “no direct comparison between the trademarks at issue”, confirming, in a *second* step, that the “very nature” of the informed user “meant that, when possible, he will make a direct comparison” between the conflicting designs, limiting then, in a *third* step (without any need to do so), said principle by way of establishing an exclusion according to which “(...) it cannot be ruled out that such a comparison may be impracticable or uncommon in the sector concerned, in particular because of specific circumstances or the characteristics of the items which the earlier mark and the contested design represent (...)” and finally, in a *fourth* step, setting this rule-exception-ratio aside by approving the “informed user’s imperfect recollection of the overall impression” test as applied by the General Court – without even discussing whether a direct comparison was neither “possible”, nor “practicable” nor “common” in the sector concerned. Overall it seems that this understanding unnecessarily blurs the

boundaries between trademark and design law and, furthermore, is in clear contrast to case law from various national Community design courts. According to the England and Wales Court of Appeal (cf. [2007] EWCA Civ 936 at [27] – *The Procter & Gamble Company v Reckitt Benckiser [UK] Limited*), for instance, the “(...) main point of protection of a trademark is to prevent consumer confusion or deception. The possibility of imperfect recollection plays a significant part in that. The point of protecting a design is to protect that design as a design. So what matters is the overall impression created by it: Will the user buy it, consider it or appreciate it for its individual design? That involves the user looking at the article, not half-remembering it. The motivation is different from purchasing or otherwise relying on a trademark as a guarantee of origin (...)”

Hopefully the ECJ will find another opportunity for clarification and, even better, correction.



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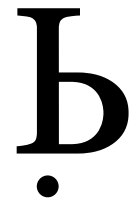
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