

Cross-border: Europe

The Community design right: a (double-edged) sword for brand owners

Designs and trademarks are different rights with different purposes – at least, this is how they were originally intended and have been regarded for a long time. However, this principle has been called into question as the relationship between designs and trademarks begins to take on a new and surprising dimension.

Previously it was accepted that a design and a trademark could overlap in regard to the shape of a product, which could be protected by registration as both a design and a three-dimensional trademark. However, the product had to satisfy both design and trademark requirements in order to obtain dual protection. Clearly this was easier for a container (eg, a bottle), which has the character of both a design and a trademark, than for a piece of furniture or a garment.

The purpose of a design registration is to protect a creative object (eg, a shape or an ornament). The purpose of a trademark registration is, as stated in a recent decision of the European Court of Justice (ECJ), “to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin”. Here the distinctive function of the trademark prevails over all other aspects, including creativity, and thus over the idea of the trademark as an original shape or combination of graphic elements or colours.

Impact of Community Design Directive and Regulations

In Europe, this traditional pattern was substantially modified by the concept of design registration as it emerged from the preparation of the EU Community Design Directive and Regulation.

In *Community Design Law* David Musker underlines that for European design law, the directives and regulations are the “biggest change in the century”. It is difficult to judge now whether and why such major

change was needed and advisable. However, Bernhard Posner, who was initially responsible for promoting the European Commission proposal for a directive and regulation on the Community design, explains that within the Community internal market legislative procedure, “the search for compromises if and whenever necessary takes precedence over all other considerations, irrespective of whether the compromises from a traditional legal point of view are considered good or disreputable... and in no other area of law were compromises more necessary than in the area of design protection law”.

This was certainly the case for certain central ideas of the Community design system such as the concepts of ‘individual character’ and ‘informed user’. It is evident that these elements are the core of the protection system. In fact, a design can exist and be infringed only if it has individual character, which means that the overall impression it produces on the informed user differs from the overall impression produced on such a user by any prior design, or that the later third-party design does not produce a different overall impression on the informed user.

The two concepts of individual character and informed user are closely linked since the former is defined with reference to the overall impression it produces on informed users, which should differ from the overall impression produced on such users by any prior design.

The individual character concept is formally presented as different from the traditional copyright, patent or trademark approaches. However, it substantially derives from the concept of distinctiveness which was initially proposed by the commission in the green paper on the legal protection of industrial designs. As Marianne Levin explains in her commentary on the individual character approach, there is little difference between the green paper’s requirement that a Community design have a “distinctive character” and

the final requirement of the directive and regulation that a Community design have an “individual character”, as the intention is to emphasise “that the reaction to a design in the market should be decisive, appreciated as a difference to what is previously known”.

Commenting on the legislative history, Musker notes that “the approach used to implement the trademark test of distinctiveness appears more appropriate than the patent approach in view of the stated intention to protect the marketing function of designs”.

It is unanimously recognised that the novelty requirement is of little practical use since the real and dominant registrability criterion for the Community design is the “individual character”; therefore, it is clear that the new system has made the differences between trademarks and designs uncertain.

The informed user

This difficult situation is exacerbated by the fact that the distinction between the new design and the prior design is to be made by an ‘informed user’. In the original green paper reference was made to the “relevant public”, and only later did the informed user become a central element of the design protection system. The definition of ‘informed user’ is not included in the official text of the directive and the regulation. However, the commission guidelines attached to one of the proposals for a Community trademark regulation state that the informed user should not be intended as a design expert, but may be viewed differently depending on the circumstances of the case: he or she may be “the end consumer” or a person having “a certain level of knowledge or design awareness... depending on the character of the design”, or “in the course of the repair... the person replacing the part”. These explanations appear confusing, considering also that a given design product, during its development and commercial life, may interest and appeal to different classes of consumer. However, the concept nearest to the informed consumer is certainly the original “relevant public”. Musker states openly that “the test person is an informed user who is presumably the end user”. In his opinion this is confirmed by the wording of Article 3(3) of the directive, which requires component parts of a complex product to be visible during the normal use – and such normal use is that made by the end user. Having underlined that the informed user concept means “an obvious deviation from existing design protection systems”, Levin believes that “the main quality of an informed user is on the one hand that he knows and understands the type of products in question, and on the other that he is not a design specialist”.

Despite the fact that the extreme flexibility of the informed user concept makes it difficult to define, these comments show how, in practice, it corresponds to the concept of the ‘average consumer’, defined by the ECJ as “reasonably well-informed and reasonably observant and circumspect”.

Therefore, it is likely that the individual character, to be assessed with reference to the informed user, is not essentially different from the distinctive character of the trademark, to be assessed with reference to the average consumer in order to evaluate the likelihood of confusion.

Confusion between trademark and design registration requirements

It follows that the marketing approach taken by the commission and by the EU legislature in shaping the design system has far-reaching consequences. In fact, that approach has fatally confused trademark registration requirements with design registration requirements, and has failed to recognise that the world of designs is inherently different from that of trademarks. This is likely to have effects at various levels.

One such effect has arisen from the unfortunate interpretation of the definition of ‘design’ given by the Office of Harmonisation for the Internal Market (OHIM), which ever since the EU Community Design Regulation came into force has advised, or rather advertised, the possibility of registering any figurative mark or logo not only as a trademark, but also as a design.

The origin of this apparent misunderstanding comes from the definition of ‘design’ given by both the directive and regulation. A ‘design’ is said to be the appearance of a product or a part thereof, while a ‘product’ means any industrial or handicraft item, or part thereof, including packaging, get-up, graphic symbols and typographic typefaces, but not computer programs. The combination of the definitions offers the generous possibility of including practically anything. It is clear that the aim of the commission was to provide users, particularly industry, with an instrument of protection that is as broad as possible in order to enhance the success of the new system with respect to national design laws.

This probably explains why Article 1 of the directive specifies that a product which could be registered as a design might also consist of “packaging, get-up, graphic symbols and typographic typefaces”. Some of these products (eg, packaging and typefaces) were included in the existing Locarno Classification. OHIM adopted the Locarno Classification with some modifications, as EUROLOCARNO, in which items such as graphic symbols, get-up and logos appear in the miscellaneous Class 99, with some other unrelated products such as

collection boxes for religious purposes, crematory urns, incense burners, ingots or propagators. Recently, ornamental items have also been added to these products in Class 99 of the EUROLOCARNO Classification.

However, if these special kinds of product are intended to be industrial design products *per se*, they must take the form of a three-dimensional industrial or handicraft product unless they have a merely ornamental purpose. Therefore, typefaces, graphic symbols or logos could be assumed to be products consisting of type metal, electrotype or typographic moulds as they were made before the advent of modern printing devices.

Now that they can be easily produced electronically, the problem may be different but the answer depends on the design item itself – that is, on its intended purpose. If the graphic symbol is an icon used in high technology, a typeface for electronic printing or a symbol used as an indicator of a given situation or possible use, it is clear that the intended purpose is not to distinguish the goods or services of one concern from those of others, but rather to be an industrial product or part thereof. On the other hand, if the graphic symbol or logo merely materialises a figurative mark to be used on products or packaging or on the labels attached to them, a design registration would be not justified.

Dual registration

In presenting the new Community Design Regulation and commenting on its practical application, OHIM decided to give its own interpretation of this matter by encouraging users to register figurative trademarks and brands as Community designs. For example, in a paper presented at the International Federation of IP Attorneys World Congress in June 2003, Dr Martin Schlötelburg wrote: “Most interestingly, Article 3 [of the Community Design Regulation] explicitly mentions a ‘graphic symbol’ as an example of a product whose appearance could be protected by the Community design. In OHIM there is a common understanding that Article 3 allows for filing a figurative sign as a Community design. For instance, OHIM has registered the Community design No 310 indicating ‘graphic symbol’ as product classified in Class 99 and consisting of the letter ‘F1’ with some figurative elements. The attraction of registering a figurative sign as a Community design lies in the fact that the design protection is not limited to specific goods and services. On the contrary, Article 36(6) stipulates that the scope of protection of a registered Community design is not affected by the indication of products specified in the application. Another advantage of designs versus trademarks is the fast registration: a Community design is registered within a few weeks from the date of filing of

the application, whereas the registration of a Community trademark takes on average 17 months with no opposition and 35 months where an opposition is raised.”

One year later, José Izquierdo, also from OHIM, in his presentation at the European Competitive Telecommunications Association Annual Conference in June 2004, underlined the advisability of a parallel registration as design and trademark of the same logo or figurative mark, pointing out that “underestimating the applicability of the Community Design Regulation to brand assets could be a fatal move”.

The result of this strategy, which openly favours registration of a figurative element as both a design and a trademark with no regard for its real substance and intended purpose, is that many trademarks have been registered in both categories, often in EUROLOCARNO Class 99 but also in other classes since, from the point of view of protection, it makes no difference. The result is an imbalance between the various protective rights set up by the industrial property system.

In terms of the extent of protection, a greater advantage is afforded to designs that are registered as trademarks. In fact, while registered design rights have a maximum term of 25 years, trademark rights can be extended infinitely. For this reason, the EU Trademarks Directive attempts to avoid an overlap in the protection offered to designs by providing that a sign which consists exclusively of a shape resulting from the nature of the goods themselves or of a shape giving substantial value to the goods cannot be registered.

Similarly, the Community Design Regulation should now counterbalance the provisions of the EU Trademarks Directive to limit or avoid an overlap in the protection offered to distinctive signs. The failure to consider the extent of the advantages afforded by the application of the Community design registration to distinctive signs, specifically in terms of the scope of protection not being limited to any class of products, has created a loophole for brand owners which, if they are seeking design protection for their brands, are not limited by a provision similar to that introduced by the directive for design products seeking trademark protection.

It is clear that the registration of trademark signs (eg, logos, labels) as Community designs jeopardises the balance of rights acquired by users, as well as third-party rights. In contrast to a trademark registration, a design registration:

- takes less time;
- undergoes a limited examination, mainly restricted to formalities;
- is not subject to opposition proceedings;

- has no rules on compulsory use; and
- extends protection to any product of the Locarno Classification independently from the products and classes indicated in the design application and/or registration.

Moreover, an applicant for a design registration may request that the application be kept confidential for up to 30 months.

In addition, Article 52 of the Community Trademark Regulation provides that a Community trademark registration can be declared null at the request of the proprietor of an earlier “industrial property right”, which obviously includes a Community design. This means that the registration of signs as designs raises the problem of searches for prior rights which, for a newly proposed mark, should also be extended to registered

designs in any class. Such searches, which were already difficult, do not reveal design registrations for which the applicant has requested the deferment of publication. Finally, the fact that for designs there is no possibility of opposition and no use requirement makes the defence of a trademark in conflict with a design much more complicated and costly.

Conclusion

The choice to shape the Community design protection according to a pure market approach has threatened the previously balanced co-existence of the trademark and design systems. The availability of fair protection for users can pose a risk, particularly if the courts fail to appreciate the need to keep each type of right within its own area and to guarantee, as far as possible, the balance between the rights of the users of each system.

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