

# World Trademark Review Daily

Court of Appeal interprets Article 91(1) of Community Designs Regulation  
United Kingdom - EIP

Design

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In *Samsung Electronics (UK) Ltd v Apple Inc* ([2012] EWCA Civ 729, May 30 2012), the Court of Appeal of England and Wales has dismissed an appeal filed by *Apple Inc*.

On February 21 and 24 of this year, Mr Justice Mann heard applications from Apple and *Samsung Electronics (UK) Ltd* arising out of proceedings brought by Samsung for a declaration of non-infringement of Apple's registered Community design No 181,607-0001. Apple sought a stay of Samsung's application under Article 91 of the *Community Designs Regulation* (6/2002), pending the outcome of invalidity proceedings commenced by Samsung and others before the *Office for Harmonisation in the Internal Market* (OHIM).

Article 91 reads as follows:

*"Specific rules on related actions*

*A Community design court hearing an action referred to in Article 81, other than an action for a declaration of non-infringement, shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties, or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community design is already in issue before another Community design court on account of a counterclaim or, in the case of a registered Community design, where an application for a declaration of invalidity has already been filed at the office."*

While, as noted in the judgment of Mann J, the exception "other than an action for a declaration of non-infringement" is not a promising start where the action complained of is a declaration of non-infringement, Apple argued that the structure of the regulation anticipated that challenges to the validity of the design should await a determination by OHIM however they are brought. In this regard, Apple argued that Samsung's claim involved validity questions because it concerned "scope of protection" points. Apple went on to refer to various aspects of Samsung's particulars of claim with a view to justifying this proposition.

Mr Justice Mann did not agree with Apple's interpretation. Refusing a stay, he found that the limitation that such an interpretation would place on Article 91 would "amount to a serious emasculation" of actions for declarations of non-infringement. Apple appealed.

The matter came before the Court of Appeal on May 21 of this year, with judgment being handed down on May 30.

Apple ran a slightly different case on appeal, arguing that, although Samsung's action for a declaration of non-infringement was, on its face, within the exception in Article 91(1), Apple's own counterclaim fell within the main provision of Article 91(1), not the exception. Apple argued that (a) since the court would be hearing an action referred to in Article 81 which is not taken out of the article by the exception, and (b) since invalidity was in issue in Samsung's prior proceedings in OHIM, the court was required (absent special grounds) to stay "the proceedings", which meant both claim and counterclaim. The result of the appeal would ultimately boil down to what was meant by "the proceedings" and whether this could refer to the counterclaim alone.

In the face of Apple's argument, Samsung sought to show that, if Apple's argument was followed, a rights holder could frustrate the ability of a person alleged to have infringed a design from obtaining rapid clearance to market his/her own product. This was on the basis that, taking the example of the case at hand, the question of validity might not remain finally determined by OHIM until 2018.

After weighing up the arguments of both parties, the Court of Appeal considered that, where a counterclaim to a declaration for non-infringement did fall outside the exception in Article 91(1), and where infringement was already in issue before OHIM or another Community Design court, the question of whether both declaration and counterclaim should be stayed, or merely just the counterclaim, boiled down to a consideration of the meaning of "the proceedings" within Article 91(1). The Court of Appeal found that it applied only to the counterclaim:

*"...in the context of Article 91(1), it seems to us that it would be natural to read 'the proceedings' as referring back to the opening words of the paragraph, that is to say to "an action referred to in Article*

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*81, other than an action for a declaration of non-infringement". That is the part of the litigation before the court which involves, or could involve, an issue of validity or invalidity, whereas a claim for a declaration of non-infringement cannot do so, by virtue of Article 84(4)."*

The court did not consider it appropriate to refer this question to the Court of Justice of the European Union.

This only left the Court of Appeal to consider whether "special grounds" existed that would permit its hearing to be continued. The Court of Appeal did not wish to define "special grounds", but did consider it a useful exercise to comment upon the legislative policy behind this provision:

*"The nature and force of the special grounds which would justify not ordering a stay in a given case would need to be such as make it appropriate to allow proceedings to continue to which Article 91(1) applies, thereby opening up the possibility of parallel and active proceedings on the same issue of validity or otherwise, and therefore possibly inconsistent decisions on the same point in different courts or as between a Community design court and OHIM. The grounds would have to be of sufficient importance and substance, on the facts of the given case, to justify that risk."*

Ultimately, the Court of Appeal did not consider that it had before it all the relevant material to decide the question of a stay of the counterclaim in these proceedings, most likely due to the issue of a stay of the counterclaim alone arising late in the day, and so left this matter to be determined at the time of the trial.

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