

EIP

Owning Community registered design provides no protection from infringement proceedings

Summary

The Court of Justice of the European Union (CJEU) has confirmed that owning a Community registered design (CRD) does not provide a defence to an infringement action relating to earlier CRDs. The case, C-488/10 Celaya Emparanza y Galdos Internacional SA (Cegasa) v Proyectos Integrales de Balizamientos SL (PROIN), is a referral from a Spanish Court, and addresses the question of whether a holder of a CRD is entitled to bring infringement proceedings against a third party who holds a later filed CRD.

Background

Since 2005, Cegasa has been the holder of a CRD, consisting of a “beacon-like marker used for traffic signalling purposes”. In January 2008, Cegasa served a cease-and-desist demand upon PROIN, who at the end of 2007 had begun marketing its own marker, H-75, which Cegasa considered infringed their CRD. PROIN denied infringement of Cegasa’s CRD but gave an undertaking to change its design anyway. Cegasa repeated its cease-and-desist demand in March 2008.

Following the second cease-and-desist demand, in April 2008 PROIN applied for its own CRD, again consisting of a beacon-like marker used for traffic signalling purposes.

Cegasa brought proceedings before the Spanish Courts alleging infringement of its registered Community design. Cegasa did not apply for a declaration of invalidity of

PROIN's later registered Community design.

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PROIN opposed the infringement proceedings, submitting that Cegasa lacked locus standi (standing) to bring proceedings alleging infringement of its CRD because PROIN's H-75 is a reproduction of PROIN's own (later) registered Community design. PROIN argued that until such time that its later CRD is cancelled, it enjoys a right of use under Article 19(1) of the Community Design Regulation, which states that "a registered Community design is to confer on its holder the exclusive right to use it". PROIN argued that exercising their right to use their registered design cannot be an infringement of Cegasa's right to prevent third party use of their earlier registered design.

The Spanish Court had found that PROIN's H-75 was an infringement of Cegasa's CRD.

Consequently, the following two questions were referred to the CJEU:

- 1. In proceedings for infringement of the exclusive right conferred by a registered Community design, does the right to prevent the use thereof by third parties provided for in Article 19(1) of [the] Regulation ... extend to any third party who uses another design that does not produce on informed users a different overall impression or, on the contrary, is a third party who uses a later Community design registered in his name excluded until such time as that design is declared invalid?
- 2. Is the answer to the first question unconnected with the intention of the third party or does it depend on his conduct, a decisive point being whether the third party applied for and registered the later Community design after receiving an extra-judicial demand from the holder of the earlier Community design calling on him to cease marketing the product on the ground that it infringes rights deriving from that earlier design?

Decision

In line with the Advocate General's opinion given earlier, the CJEU ruled that the answer to question 1 is that the exclusive right conferred by a CRD extends to **any** third party, stating, "it is clear that the wording of Article 19(1) of the Regulation does not make any distinction on the basis of whether the third party is the holder of a registered Community design or not". The Court concluded its answer to question 1 by stating, "Article 19(1) of the Regulation must be interpreted as meaning that, in a dispute relating to infringement of the exclusive right conferred by a registered Community design, the right to prevent use by third parties of the design extends to any third party who uses a design that does not produce on informed users a different overall impression, including the third party holder of a later registered Community design".

Thus, it was confirmed that owning a CRD for a particular design for a product gives no defence to an action for infringement of an earlier CRD.

In answer to question 2, which essentially asks whether the answer to question 1 depends on the intention and conduct of the third party, the Court ruled that, “rights conferred by the Regulation must be determined objectively and cannot vary according to the circumstances pertaining to the conduct of the person applying for registration of a Community design”.

Given the wording of Article 19 of the Regulation, it is understandable that PROIN pursued this line of argument, even though it probably stood little chance of success. Indeed there are parallels in other IP regimes where an exclusive right to use is defined in a similar way, and in which the use of other registered rights provides an affirmative defence to infringement. For example, Section 11(1) of the UK Trade Marks Act 1994 provides such a defence in respect of trade marks, at least until such time as that trade mark registration is declared invalid. However, this ruling makes it clear that there is no such defence in the Community Design Regulations in respect of CRDs, and that the “exclusive right to use” was never intended to confer such a defence.

To those familiar with the principles of the patent system in Europe, this ruling confirms what would be expected, namely that, as the Court stated, “the provisions of the Regulation must be interpreted in the light of the priority principle, under which the earlier registered Community design takes precedence over later registered Community designs”. As in the patent system, the registered right is an exclusionary right to prevent use by third parties, and not a positive right for the proprietor to practise. Moreover, it would have been strange for the CJEU to decide that the registered Community design gives the proprietor a positive right to practise, and a defence against infringement of other rights, given that the Community design registration system has no substantive examination.

By Darren Smyth and Gareth Edwards.