

TIMING TRAPS IN EUROPEAN DESIGN LAWS

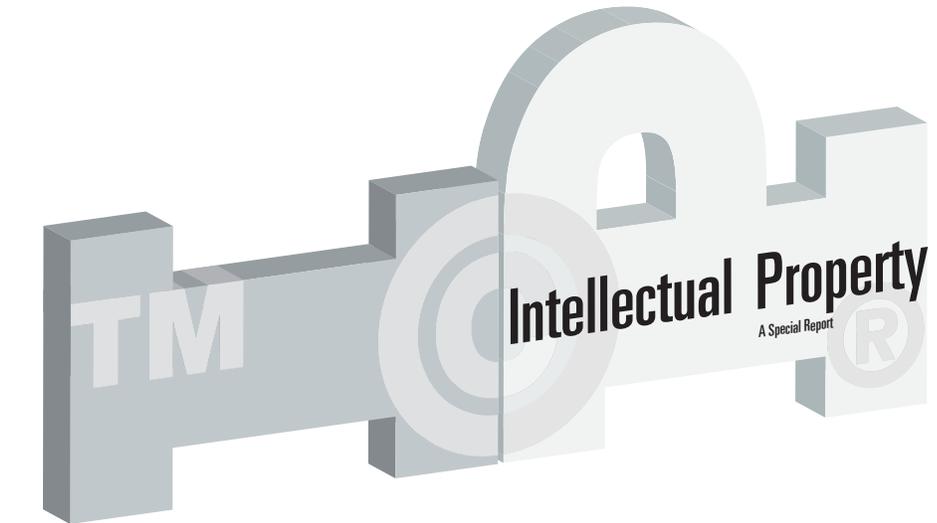
If certain filings and disclosures are not made and timed properly, potential design rights could be lost.

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In 2003, Europe revamped its design laws to establish parallel registered and unregistered design rights. Although many manufacturers have been able to avail themselves of both types of design rights, neither avenue is free of traps for the unwary. Indeed, both European registered community design (RCD) protection, which is obtained via registration with the Office for Harmonization in the Internal Market (OHIM), and unregistered community design (UCD) protection, which is obtained via disclosure of a design in a European Community member state, operate such that if certain filings and disclosures are not made and timed properly, potential design rights may be lost or otherwise negatively affected.

As Europe's role as a critical market for goods in the global economy continues to grow, so too does the importance of European design rights. The evolving distribution patterns of infringing goods and the long reach of European design rights into the European Community's 27 member countries only increases the value of these rights to product designers and manufacturers. During the past few years, however, legal decisions have demonstrated how unfamiliarity with and disregard for the intricacies of European design rights — particularly the importance of properly timing registration filings and disclosures in attempting to establish such rights — can complicate, if not entirely bar, the securing of any protection under Europe's design laws. This article examines these cases and seeks to provide strategies for avoiding similar situations.

Since April 2003, the OHIM has offered RCD protection. Prior to the creation of the RCD right, a product designer or manufacturer hoping to



obtain design rights in Europe would have needed to file a design application in each European country in which protection was desired. This process was both economically and logistically onerous for companies of all sizes, and often smaller companies chose to forgo design protection in some countries simply to reduce complexity and cost.

Under the current scheme, however, a product designer or manufacturer need only file a single design registration with the OHIM (a central office that receives application filings and grants registrations) to obtain design protection in all European Community member countries. Additionally, a person seeking to register a design is given a one-year grace period from the time of first disclosure in which to file an application for registration of the design. See generally Council Regulation (EC) No. 6/2002 of 12 December 2001 on Community Designs, 2002 O.J. (L 3) 1-24 (setting forth the various provisions that govern European RCD and UCD rights).

THE ONE-YEAR GRACE PERIOD

Although the existence of the one-year grace period may be reassuring to some, particularly those product design-

ers and manufacturers who may wish to test their new design in the marketplace prior to deciding whether or not to seek RCD protection, the benefits provided by the one-year grace period are not without their attendant dangers. Specifically, the one-year grace period exempts from the prior-art disclosures made by the designer within the 12 months following the designer's first disclosure of the design. But because the European Community and the OHIM have a "first to file" system with respect to the RCD right (rather than a "first to invent" system, as historically used in the United States with respect to its design patent rights), it is possible for an unscrupulous competitor to see the publicly disclosed design (e.g., on sale at a retail outlet, on display at a trade show, etc.) and attempt to register the design before the designer files an application for registration.

In such a situation, for instance, when the creator of the design has been beaten to the registration office by an unscrupulous third party, the creator is left with few options — none of which is ideal. One approach is to file a cancellation action with the OHIM. However, applicants should be aware that the OHIM

does not have jurisdiction when it comes to deciding ownership disputes.

In a recent case, a designer who created and first disclosed a design was beaten to the registration office by a third party who had allegedly copied and registered the designer's design. Because the designer argued that the registered design was his, the OHIM refused to grant a cancellation request, treating his first disclosure not as invalidating prior art, but as an excused disclosure within the grace period. See OHIM Division of Cancellation Decision ICD 6682. An alternative, but much costlier, approach would be for the designer to file an action in a national court of a European country to be named the rightful owner of the design.

Another potential trap exists in a situation in which a designer discloses his design, an unscrupulous third party copies and also discloses the design, and then the true designer files an RCD application. In a subsequent cancellation proceeding in the OHIM or in an enforcement action in a European national court, the designer may have to deal with an allegation that his design is not novel due to the prior disclosure by the unscrupulous third party. If that third party is not involved in the lawsuit, or if it has gone bankrupt or disappeared, it may be difficult to prove that the design disclosed by the unscrupulous third party was copied from the true designer's original design (and accordingly should be excluded from the prior art under the grace-period provision).

In view of these potential traps, it becomes clear that, despite the existence of a one-year grace period, it may still be best to file an application for registration of the design prior to any public disclosure or as soon as possible thereafter, if only because early filing could save such a product designer or manufacturer the trouble of winding up in one of these situations, however rare such situations may be. With this in mind, relying on the grace period is perhaps best viewed as an insurance policy — not an intentional design-right procurement strategy.

UNREGISTERED DESIGN-RIGHT LAW

Another potential trap for the unwary comes with respect to the UCD right. Under European law, a design is protected by the UCD right for a term of

three years from the date "the design was first made available to the public within the Community." The UCD right provides similar protection as the RCD right with respect to designs, except that to bring an infringement claim based on a UCD right, one must show that the accused infringer actually copied the protected design.

While the UCD right thus provides convenient protection to designs disclosed in the European Community, the law has attracted substantial discussion as to whether it requires the first disclosure of a design to be made within the boundaries of the European Community for a UCD right to exist. Although there has yet to be a decision from the European Court of Justice on this issue, there have been at least two decisions by German courts that held that the first public disclosure of a design must have been in the European Community for the design to be entitled to a UCD right. See *In re Thane International Group's Application* (3/12 O 5/04 Ab Swing-Hometrainer) [2006] E.C.D.R. 8, GRUR-RR 2005 Heft 1 (Frankfurt Regional Ct.); I ZR 126/06 Gebäckpresse II (Pastry press II) GRUR 2009, p. 79 (F.R.G. Sup. Ct.).

The rationale underlying these decisions is that a physical disclosure within the European Community is required to establish the UCD right, and a first disclosure made outside of the European Community would predate a subsequent disclosure in the European Community and serve as novelty-destroying prior art. So, at a minimum, it may be difficult or impossible to successfully establish UCD rights for designs first disclosed outside of the European Community. For example, launching a new product design at an internationally prominent trade show in Las Vegas or showcasing a new clothing line at an internationally prominent fashion show in New York may bar UCD rights in Europe.

Some practitioners have commented that this aspect of the law is flawed because it not only is biased against non-European companies, but it also creates undue hurdles for European companies that want to maximize the impact of a first disclosure at a trade show outside of Europe. Practitioners also have noted that the introduction of a three-month grace period into this statute, such that a designer who first discloses his or her design outside of Europe would have a three-month window in which to make

a UCD-right-establishing E.C. disclosure, would eliminate this flaw and significantly improve the UCD system for both European and non-European designers. There is no indication, however, that the law will change any time soon. Unless and until such a change occurs, careful attention must be paid to the location of the disclosure of new designs if the benefit of unregistered European rights is sought.

One strategy to preserve such rights when disclosing a design outside of Europe is to coordinate a simultaneous disclosure of the design within the European Community. While there have been no legal decisions regarding such simultaneous disclosures, logic seems to suggest that this would be sufficient to establish UCD rights. Of course, another strategy would be to timely file an application for registration with the OHIM and rely on registered rights.

With European design rights becoming increasingly valuable to product designers and manufacturers, the issues discussed here should not be disregarded by those who may benefit from European design protection. Given the potential pitfalls of reliance on the one-year grace period when seeking registered European rights and the potential burden of properly disclosing designs to establish unregistered rights, however, the safest strategy may be to simply file applications for registration prior to publicly disclosing any new designs. But if obtaining registered rights is too costly or otherwise impracticable, care should be taken to ensure that new designs are at least first disclosed in a way that more safely establishes unregistered European rights.

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