

International **Comparative** Legal Guides



Practical cross-border insights into designs law

Designs **2022**

Second Edition

Contributing Editors:

Katharine Stephens & Ewan Grist
Bird & Bird LLP

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Disclosure and Unregistered Designs – The Mystery Continues

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The unregistered Community design (the “UCD”), introduced almost 20 years ago in the European Union by the Community Design Regulation 6/2002, was intended to provide short-term (three-year) protection to novel designs having individual character without the need to register them. It was of significant benefit to designs with short shelf lives or in sectors that produced large numbers of designs frequently making registration impractical. Fashion, jewellery and furniture design are some of the most obvious examples of industries that greatly benefitted from this right. Yet as businesses operate on a global scale and the internet becomes ever more pervasive, one fundamental question remains uncertain: where a design is first disclosed outside of the EU, is that design still capable of attracting UCD protection, or does that first non-EU disclosure destroy the novelty of any subsequent EU disclosure, such that UCD cannot arise in the first place?

This matters because businesses around the world frequently need to first exhibit their new products at particular trade fairs or other events outside of the EU. Given the importance of UCD protection, it is of considerable surprise that this question is still without a clear answer after almost 20 years.

What Does the CDR Say?

In the EU, the Community design right regime is set out in Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (the “CDR”). This legislation introduced the UCD and, at the time, was rather unique to the EU (of which the UK was a Member State until Brexit).

The UCD closely aligns with the registered Community design (“RCD”) regime system in terms of requirements for protection such as novelty and individual character. The requirements are set out in Articles 5 (novelty) and 6 (individual character) of the CDR. To benefit from protection, it is key that the design in question has not previously been “made available to the public”. Article 7(1) goes on to explain what is meant by disclosure and reads:

“For the purpose of applying Articles 5 and 6, a design shall be deemed to have been made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.”

This is important because if a design has already been disclosed then such disclosure will be novelty-destroying. However, a key

difference between RCD protection and UCD protection is that UCD protection commences from the date of first disclosure to the public within the Community rather than the date of registration.¹ But what is meant by first disclosure to the public within the Community? Article 11 of the CDR reads as follows:

1. A design which meets the requirements under Section 1 shall be protected by an unregistered Community design for a period of three years as from the date on which the design was first made available to the public within the Community.
2. For the purpose of paragraph 1, a design shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.

It is clear that disclosures in confidence will not be novelty-destroying or count as a first disclosure for the purposes of commencing UCD protection. However, can a disclosure outside of the Community still count if these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community? Article 11 itself does not specify the precise geographical location in which a design may be disclosed. On the face of it, that would appear to be in keeping with the terms of Article 7 which also suggest that any disclosure worldwide could be novelty-destroying except in a limited set of circumstances (such as if the disclosure could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned or the disclosure being in confidence).

However, Article 110a (5) states that:

“Paragraphs 1, 3 and 4 above shall also apply to unregistered Community designs. Pursuant to Article 11, a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design.”

One might expect that this means designs for which UCD protection is sought must be disclosed geographically within the territory of Community, but that would appear to contradict Article 11.

Judicial Interpretations

Some national courts, but not yet the Court of Justice of the European Union (CJEU), have wrangled with this question. For instance, in 2008, the German Federal Supreme Court decided

in *Gebäckepresse*² that the disclosure relied on as qualifying for a UCD needed to take place geographically within the EU territory – in other words, a non-EU first disclosure would deprive the designer of UCD protection.

In that case, the claimant was a Chinese company and the defendant based in Germany. The claimant had secured Chinese design protection for the product – a pastry press – in May 2002. The product was subsequently supplied to a UK company between June and October 2002. The claimant’s position was that its product was protected by a UCD.

There was little question as to whether or not the defendant’s product would infringe if UCD subsisted – it was almost identical. The key question was therefore whether a UCD could subsist if the first disclosure was outside the EU or whether such a disclosure would be novelty-destroying and hence prevent the UCD subsisting. There was also a secondary question as to whether the one-year grace period which is available for applying for registered designs would apply to UCDs.

The German Court considered the impact of Article 110a(5) and whether and how that provision served to affect the interpretation of Article 11. The German Court concluded that, although Article 110a(5) was included to deal with the enlargement of the EU at that time, it did in fact operate to ensure that first disclosure must be geographically within the EU for UCD to arise.

The German Court further considered if a UCD would arise from the later UK disclosure. However, it concluded that unlike Article 11, Article 7 (disclosure) did extend to beyond the EU and accordingly a disclosure anywhere in the world was potentially novelty-destroying. In this case the disclosure in China was novelty-destroying to the disclosure in the UK and so no UCD could arise as a result of the UK disclosure.

The German Court also concluded that there was no corresponding grace period for UCDs. This creates the rather uncomfortable position for global businesses whereby if a design is disclosed for the first time outside the EU, no UCD can arise, though it is still possible to apply for registered protection within the first year of disclosure.

A similar question was considered again, this time by the English court, in September 2019 in the case of *Beverly Hills Teddy Bear Company v PMS International Group Plc* [2019] EWHC 2419 (17 September 2019) before the UK Intellectual Property Enterprise Court (“**IPEC**”). It related to a toy maker, the Beverly Hills Teddy Bear Company, which makes “Squeezamals”, a range of squeezable, plush soft toys that became popular quickly after their release in 2017. Beverly Hills brought a claim against the defendant, PMS International Group (of Magmatic fame), for UCD infringement.

The designs of the Squeezamals were not originally disclosed within the EU. They were first disclosed at the Hong Kong Mega Show outside the EU. This was an important international toy trade show and a scenario that many businesses may find themselves in – the need to display new products at key trade fairs in other jurisdictions.

Here, the question arose whether the UCD subsisted in the first place. Did the trade fair disclosure in Hong Kong trigger a UCD for the claimant in 2017? It was common ground between the parties that the international nature of the Mega Show was such that the designs would have become known at that time to the circles specialising in the sector concerned operating within the EU. Or, alternatively, was the UCD triggered later on, when the Squeezamals were first released in the EU in 2018? If the latter, had the earlier 2017 disclosure of the designs in Hong Kong destroyed the novelty of the designs at the point of their first release in the EU in 2018, thus depriving them of UCD protection?

Whilst the German court’s decision in *Gebäckepresse* was not binding on the English court, it was nonetheless considered. However, the English Court still considered the question sufficiently unclear to necessitate referring the following questions to the CJEU:

1. For UCD protection to come into being under Article 11, must the event of disclosure take place within the geographical confines of the Community, or is it sufficient that the event, wherever it took place, could reasonably have become known in the normal course of business to the relevant circles in the Community?
2. Is novelty under Article 5(1)(a) to be assessed as of the date on which UCD protection comes into being under Article 11, or as of the date on which an event of disclosure of the design, wherever it took place, could first reasonably have become known in the normal course of business to the relevant circles in the Community?

Unfortunately, however, the case was settled between the parties before these questions could be answered by the CJEU, so a definitive answer to this important question remains elusive.

The Position in the UK Following Brexit

The question of UCD disclosure still matters in the UK even though the UK has now exited the EU and is no longer subject to EU law, including the CDR. This is because, to fill the gap left by the removal of UCD protection from the UK, from 1 January 2021, the UK introduced two new UK unregistered design rights:

1. designs that were already protected in the UK as UCDs since 1 January 2021 are automatically protected for the remainder of the UCD term in the UK territory as UK continuing unregistered designs (“**CU**Ds”); and
2. for designs first disclosed after 1 January 2021, supplementary unregistered designs (“**SU**Ds”) will provide an identical scope of protection to that of the UCD but for the UK territory only.

From 1 January 2021, the new SUD right faces the same issue on disclosure as discussed above in relation to the UCD: can a design that is first disclosed outside the UK be protected by an SUD, or is that first non-UK disclosure novelty-destroying to any subsequent claim to an SUD?

This question is perhaps easier to answer for the SUD. That is because the provision of the CDR which caused the German court to decide that a first disclosure geographically within the territory of the Community was essential for UCD to subsist – namely Article 110a(5) – has been omitted by the UK legislation which amended UK design law so as to create the new SUD right.³ So the obscure provision in the CDR which caused the long standing uncertainty in relation to the requirement for disclosure of UCD forms no part of the UK legislation providing for the SUD. That might suggest that provided the disclosure took place in such a way that, in the normal course of business, it could reasonably have become known to the circles specialised in the sector concerned operating within the United Kingdom, such a disclosure would suffice (even if it geographically took place outside of the UK).

However, the UK government website provides the following guidance on the issue:

“A SUD will be established by first disclosure in the UK. First disclosure in the EU will not establish a SUD. However, it may destroy the novelty in that design, should you later seek to claim UK unregistered rights. Similarly, first disclosure in the UK may not establish a UCD and could destroy the novelty in that design, should you later seek to claim EU unregistered rights. However, you should check guidance from the EU Intellectual Property Office on this.”

It seems therefore, at least to err on the side of caution that, designers may only have the benefit of unregistered design protection in the territory where the first disclosure took place – either the UK or EU, not both – and disclosure in one territory may destroy novelty in the design for the purposes of protecting the design in the other territory. The SUD can only be established by first disclosure in the UK, and not EU disclosure. If a design is disclosed in the EU, it may destroy novelty in the design for the purposes of seeking UK unregistered design rights. Conversely, first disclosure in the UK may destroy novelty in the design for the purposes of seeking UCD protection.

The position therefore seems to be that the designer must decide: disclose first within the EU and get unregistered design protection in the EU but not the UK, or *vice versa*. First disclosure outside both the EU and the UK would appear to sacrifice protection in both territories.

However, designers can of course still obtain registered design protection. One way around this is to seek registered design protection in the UK and EU, which once registered, will provide designers with certainty that their designs are protected in both territories. The 12-month grace period following disclosure will continue to apply.

Of course, registration will not always be practical or possible due to commercial constraints such as budgets. Whilst registered design protection is relatively cheap in comparison to the registration of other intellectual property rights, maintenance fees are payable and the registration of multiple designs may not always be practicable where collections are large scale.

Online Disclosure

A further question mark remains over first disclosure online, for instance on the business' website or on a social media platform, which is increasingly common, perhaps even normal. Where is such a disclosure deemed to have taken place? Is it the location of the person who posted the content online, the location of the server(s), the location of the viewers or is it simply deemed to be everywhere simultaneously where the content is accessible (potentially worldwide)? Are such disclosures, which effectively become visible to the public around the world simultaneously, deemed to be first disclosed everywhere all at once, or conversely not actually first disclosed anywhere? Neither the UK nor EU legislation provides an express answer.

To date, these questions have not been addressed directly by the courts. Though there is some guidance as to jurisdiction in relation to online infringements in relation to trade mark and copyright disputes, the issue of first disclosure is different and it is not clear whether the principles developed under the case law of other intellectual disciplines would necessarily be applied. A further complication is that the rules on jurisdiction and the internet generally differ from territory to territory around the world. It will be interesting to see how the courts in both the EU and UK deal with these questions. Whilst some businesses had hoped that simultaneous disclosure would be the answer to securing unregistered rights in both the UK and the EU, this remains a risky strategy.

And Then Copyright

Designers will therefore need to choose the territory where they first disclose their designs carefully and also consider whether

their designs can be protected by additional rights, such as registered design protection or under copyright.

Copyright, in Europe at least, has in recent years almost come full circle in some respects and is potentially useful for protecting a wider variety of designs than perhaps was previously thought. For example, in *Cofemel*,⁴ it was found that copyright subsisted in a design for a pair of jeans. In *Brompton*,⁵ a design for a foldable bike was held to be protected by copyright. The CJEU held that copyright protection is in principle available to products whose shape is, at least in part, necessary to obtain a technical result, in so far as “*that product is an original work resulting from intellectual creation, in that, through that shape, its author expresses his creative ability in an original manner by making free and creative choices in such a way that that shape reflects his personality*”.

First disclosure for the purposes of copyright can be outside of the jurisdiction and so designers may benefit from copyright in their designs (subject to meeting the eligibility criteria for copyright – which is different to that of unregistered designs) in both the UK and the EU.

Practical Tips

The first key step in addressing this issue within any organisation is to understand the problem exists – that a valuable EU and/or UK right may be lost without good planning. With that in mind, there are practical solutions that designers can take to avoid or mitigate this problem:

- **Consider where your most important markets are:** it may be that the majority of your customer base is located in a particular territory. Having strong unregistered rights (if available) in that territory will be of greater commercial importance.
- **Can you budget for registered design protection?** Classic or major products could be well served by registered design protection which can be obtained in multiple territories around the world.
- **Is online disclosure appropriate?** Although it is not entirely clear what the position online is, it may still be worth disclosing your designs online on websites that are clearly targeting customers in the EU/UK or both (if those are your desired territories) to provide you with the best possible chance of obtaining protection in both territories.
- **Could your design be protected by copyright?** If copyright subsists then the loss of unregistered rights might be mitigated, though the two rights do function in different ways, it would at least still provide some form of protection.

Endnotes

1. Article 11(1) CDR.
2. Case I ZR 126/06 *Gebäckpresse II*.
3. See Schedule 1 (Amendments to the Design Regulation and 2005 Regulations relating to the creation and application of the supplementary unregistered design right etc.) of The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019.
4. *Cofemel*, C-683/17.
5. *Brompton Bicycle*, C-833/18.



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Our International Product Design group helps clients from a wide range of sectors, ranging from fashion, luxury goods and homeware through to medical devices, consumer electronics and machinery, to protect and enforce their valuable product design utilising a range of IP rights.

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