

IV. The application of Art. 25(1)(e) CDR and its implications

A. *The procedure of invalidation of a Community design*

1. Applicant and forum

According to Art. 52 and Art. 25(1)(e) CDR it is solely the holder of a prior distinctive sign that has standing in the invalidation proceedings, which he is obliged to prove by submitting relevant documents, such as a registration certificate.²⁸⁹ In the case of unregistered signs the applicant will have to provide evidence as to the existence of his right to the distinctive sign. He can initiate the invalidation in OHIM – as regards a registered Community design, or in a Community design court²⁹⁰ – by way of counterclaim for invalidation of a registered or unregistered design when he has been sued for infringement of that design, or by a stand-alone action for invalidation of an unregistered Community design.²⁹¹

2. Applicable law and procedural challenges

The substantive law relied upon in the invalidation proceedings depends on the distinctive sign that is being invoked against the Community design. In the cases where the application is based on the right to a Community trade mark it will be the provisions on the scope of protection stipulated in the CTMR.²⁹² When a national right to a distinctive sign is relied upon – the OHIM or the Community design court will need to apply the provisions of the relevant national law.²⁹³ In the OHIM it is the duty of the applicant to substantiate both the facts²⁹⁴ and the legal ground in the same way as he would have done in the national court and he is

289 Rule 28(1)(b)(iii) CDIR.

290 Art. 80 CDR, Art. 81(c)-(d) CDR.

291 Art. 24(1), (3) CDR.

292 Art. 9 CTMR.

293 as in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681.

294 Art. 63 CDR, including the existence and validity of the earlier right and that he has the right to prohibit the use of the subsequent design (but not that he has actually prohibited it), as stipulated in the *Community Design Invalidation Manual*, *supra* note 15, C.7.3.

also obliged to establish the applicable rules e.g. by filing the copies of relevant statutes or case-law.²⁹⁵

The OHIM or a Community design court will apply their own procedural rules in the invalidation proceedings: those stated in the CDR – in case of proceedings in the OHIM, or rules applicable for proceedings governing national designs, unless the CDR expressly provides otherwise – in an action in a Community design court.²⁹⁶

The fact that the respective bodies apply their own procedural rules, but depending on the invoked prior right, can apply national substantive laws, may cause tensions influencing the scope and limits of protection of distinctive signs, especially in the instances where the owner of a Community design wants to invoke defences. National laws, in particular in those aspects that have not been harmonized, allow for various defences, requiring diverse evidence and providing for different rules on burden of proof. These are often part of the national procedural rules. Therefore a question can be posed as to how far the application of the national rules should go, especially in the proceedings in the OHIM which are of an administrative and not judicial nature. In *Beifa*,²⁹⁷ the only case on Art. 25(1)(e) CDR adjudicated by the General Court so far, the court accepted the application of national German provisions allowing the design owner to request proof of use of the trademark serving as ground for invalidation, applying the German substantive rule of Art. 25(1) MarkenG²⁹⁸ limiting the right of the trademark owner to assert claims under it and the arguably procedural defence under Art. 25(2) MarkenG²⁹⁹ allowing the defendant to request a proof of genuine use of a trademark registered for at least five years. Additionally the Court accepted the analogical application of the procedural rules on opposition to the registration of a Community trade mark, stating that the request of proof of genuine use should be filed in due time and cannot be made for the first time before the Board of Appeal.³⁰⁰

295 *The Community Designs Handbook: Release 6* (Aug. 2009) [2009] Sweet&Maxwell, 7-039/2 (hereinafter: *CD Handbook*), confirmed in CJEU Case C-263/09 - *Edwin Co. Ltd v OHIM*, O.J. (C 252) 4, para. 50 and included in *Community Design Invalidation Manual*, *supra* note 15, C.7.3.

296 Art. 88 CDR, Casado Cerviño and Wahl in: Gielen/ von Bomhard, *supra* note 73, 362; Ohly 2004, *supra* note 56, 316.

297 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 65-66.

298 Ingerl/Rohnke, *supra* note 24, §25 para. 1.

299 *Id.* This provision may also be seen as possessing a substantive nature, complementing the rule of Art. 25(1) MarkenG.

300 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 69; as stipulated in the *Community Design Invalidation Manual*, *supra* note 15, at B.1.1.2, the request for proof of use must be submitted together with the design holder's first submission in response to the application for invalidation.

In many instances the CDR itself remains unclear as regards the applicable rules on procedure and in the absence of procedural provisions in OHIM refers to the rules generally recognised in the Member States.³⁰¹ In particular, it does not include rules on defences that might be applicable in the invalidation proceedings. However, while the rules on defences may be generally seen as substantive provisions and therefore reference to the respective national laws should be acceptable, the rules on evidence are of procedural nature. The general rule of conflict of laws³⁰² prescribes that upon application of foreign law the court may use the foreign substantive provisions, but must apply its national procedural law. Therefore, since the CDR does not foresee any specific procedural rules on application of foreign national laws during invalidation proceedings, the availability of those – especially as defences should be limited. On the other hand, the General Court in *Beifa* seems to have accepted the application of national rules of a procedural character, at least to some extent. Whereas this might be practical in the case of national trade mark laws harmonised under the TMD, it seems problematic in the not harmonised regimes of unfair competition and of other distinctive signs, requiring the OHIM to gain expertise in 27 national legal regimes on both substantive and procedural level.

Furthermore, Art. 25(1)(e) CDR uses the phrase “Community law or the law of the Member State governing that sign confers on the rightholder of the sign the right to prohibit such use”. It is not clear whether this refers to the procedural or the substantive rules. This was also not explained in the *travaux préparatoires*.³⁰³ Other provisions of the CDR that include a reference to the national laws of the Member States include Art. 89(1)(d)³⁰⁴ and Art. 96(1) – which seem to refer to national substantive rules, but also Art. 84(3)³⁰⁵ and Art. 92(2) – which are more prone to be referring to national procedural rules. It is submitted that the harmonisation goal is more likely to be achieved if the application of certain provisions by both national courts and the Office leads to the same result. However the acceptance of the application of both substantive and procedural national rules by the OHIM finds no support in the rules governing conflict of laws and might lead to overloading the Office with tasks. Certainly guidance from the European Legislator on this matter would be desirable.

301 Art. 68 CDR.

302 E.g. Art. 1(3) Rome II.

303 *Green Paper*, *supra* note 283.

304 Which according to Ruhl should include also procedural rules of foreign countries which should be transformed into corresponding national provisions of the forum, Ruhl 2007, *supra* note 89, Art. 89 para. 75.

305 Ruhl 2007, *supra* note 89, Art. 83, para. 4.

3. Effect of the invalidation

The invalidation of a Community design has an *ex tunc* effect³⁰⁶ – the design is to be treated as if it had not existed at all, to the extent that it has been declared invalid. This effect is introduced when the decision on declaration of invalidity becomes final³⁰⁷ and is subject to the possibility to maintain the Community design in an amended form in spite of its eligibility for invalidation, as long as that form complies with the requirements for protection and the identity of the design is retained, which may include a disclaimer and which can be done upon a motion of the design's holder or by way of a decision declaring the design's partial invalidity.³⁰⁸ Due to the abstract nature of the design protection³⁰⁹ such an amendment may limit only the content of the design and not the goods or services for which it may be applied – therefore if that is not possible it should be declared invalid *in toto*.³¹⁰ Despite the CDR being modelled on the rules of the CTMR, it does not include a provision corresponding to Art. 112 CTMR, which would allow for a conversion of a design challenged for validity into national design applications.

Moreover, an amendment may not limit the territorial character of the Community design. Even in the cases where the application or counterclaim for invalidation are based on a national right – due to the unitary character³¹¹ of the Community design right, the effect of invalidation stretches onto the entire territory of the European Union,³¹² and is not limited to the territory where the prior right exists. This is different under German law as regards the unregistered trade marks³¹³ and company symbols³¹⁴ which may cause invalidation of a national design only when they are nation-wide, while in the cases where they exist locally – they have an effect of a territorial limitation of the design right.³¹⁵ Therefore it has been suggested by the German authors, that an unregistered German trade

306 Art. 26(1) CDR, Suthersanen, *supra* note 21, 6-078.

307 Art.87 CDR.

308 Art. 25(6) CDR; under *Community Design Invalidity Manual*, *supra* note 15, B.1.3, maintenance in an amended form may include registration of the design with a disclaimer, or entry into Register of a decision by court or OHIM Invalidity Division declaring the design's partial invalidity.

309 See *supra* Chapter II.B.

310 Hartwig and Traub in: Comments to ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, in Hatwig 2007, *supra* note 130, 220.

311 Art. 1(3) CDR.

312 *CD Handbook*, *supra* note 295, 7-039/1.

313 §4 No 2 MarkenG.

314 §5 MarkenG.

315 Eichmann in: Helmut Eichmann and Roland Vogel von Falckenstein, *Geschmacksmustergesetz* [2010] C.H. Beck, §34 para. 3.