

mark or a company symbol can provide a ground for invalidation of a Community design only when this prior right exists for the entire territory of Germany.<sup>316</sup>

### *B. Invalidation of the design or action for infringement of the prior sign?*

As has been shown (*supra* in Chapter III.) the invalidation of a Community design on the ground provided in Art. 25(1)(e) CDR grants the prior distinctive sign a very broad protection, based on both harmonised and not harmonised legal grounds, requiring different conditions for grant of protection and level of proof and hence giving the holders of prior signs a rich arsenal of weapons against a Community design.

Taking into consideration that if the design is novel and possesses an individual character, the owner of a prior sign can still invalidate it arguing that it infringes his distinctive sign, a question can be asked whether this owner could be more interested in invalidation of the entire Community design, or rather in starting a case on infringement of that sign, since the arguments he would be making in both proceedings correspond. After all, the invalidation of a Community design does not result in prohibition of use of the sign – it will only deprive the design owner of a negative right to stop others from using the design. What most owners of distinctive signs are interested in is in fact an injunction against the use of a design which can be obtained only in infringement proceedings and not upon application for invalidation of a Community design. But since a Community design benefits from an assumption of validity,<sup>317</sup> a legitimate doubt arises as to whether the owner of a distinctive sign may obtain an injunction against the use of a later Community design on the ground of infringement of his rights to a sign, without first obtaining a decision on invalidation of such a design.

This matter, although based on a slightly different factual pattern, has been a subject of a preliminary question to the CJEU by the Community Design Court in Alicante on 11 October 2010.<sup>318</sup> The case refers to a conflict between two designs in a situation where the subsequent registration was effected after the receipt of a cease and desist letter from the owner of the prior design, who subsequently filed a lawsuit for infringement of his right. The other party's defence was that as long as the design is not declared invalid, its owner has a positive

316 Eichmann in: Helmut Eichmann and Annette Kur, *Designrecht. Praxishandbuch* [2009] Nomos, 93.

317 Art., 85 and Art. 94 CDR.

318 Reference for a preliminary ruling from the Juzgado de lo Mercantil No 1 de Alicante (Spain) Case C-488/10 - *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, available at: [http://curia.europa.eu/jmcs/jmcs/j\\_6/](http://curia.europa.eu/jmcs/jmcs/j_6/) under the case number.

right to use the design under Art. 19(1) CDR and therefore a claim for infringement by such a design should be rejected for lack of the plaintiff's legal standing.<sup>319</sup> The question referred inquired whether in the proceedings for an infringement of a Community design the owner has the right to prohibit the use by a third party of a later design that does not produce a different overall impression or by a party who uses such a design registered in his name as long as the later design is not declared invalid and whether the answer should depend on the intention of the third party in registering the design.<sup>320</sup>

The infringement actions are regulated by the national procedural laws, since all of them, based both on Community and national rights, are dealt with by national courts. An example of a provision that allows for an infringement action without prior invalidation of the accused registered right is Art. 110 CTMR which allows the owners of prior rights to invoke their claims for infringement of those rights by a later Community trade mark. This is independent from the opposition or invalidation proceedings and leads to a different result: it allows for a national court to prohibit the use of a Community trade mark on the territory of a Member state where the conflicting prior right exists.<sup>321</sup> If an analogical application of Art. 110 CTMR to the Community design was accepted, the owner of a prior right would not need to apply for invalidation of a Community design, but would be able to limit the territorial scope of this right. It is submitted, that even though the CDR was modelled on the CTMR,<sup>322</sup> it does not include a provision corresponding to Art. 110 CTMR, therefore it should be seen as an intentional decision by the legislator and analogical use of the CTMR should not be accepted.

A further argument for a necessity of prior invalidation could be that due to the presumption of validity of a Community design which is binding not only in

319 For factual background of the case see: <http://class-99.blogspot.com/2011/03/cegasa-mystery-is-explained.html> (last visited June 5, 2012); even though the provision of Art. 19(1) CDR is expressed positively, it should be understood as relating to a negative right to prohibit use by others and not as positive right to use the design, according to Musker in: Gielen/ von Bomhard, *supra* note 73, 388.

320 Case C-488/10 - *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, available at: [http://curia.europa.eu/jmcs/jmcs/j\\_6/](http://curia.europa.eu/jmcs/jmcs/j_6/) under the case number; a corresponding reference for a preliminary ruling has been issued with regard to Community trade marks in: Reference for a preliminary ruling from the Juzgado de lo Mercantil No 1 de Alicante (Spain) Case C-561/11 - *Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza*, available at: [http://curia.europa.eu/jmcs/jmcs/j\\_6/](http://curia.europa.eu/jmcs/jmcs/j_6/) under the case number.

321 Eisenführ in: Günther Eisenführ and Detlef Schennen, *Gemeinschaftsmarkenverordnung*, Carl Heymanns Verlag 2010, 1138; this is supported by Felix Hauck in: Stöckel/ Lüken, *supra* note 53, 210, who argues that in infringement proceedings of a trade mark only its priority should be proved, even in a case against a subsequent right that is registered.

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

infringement action based on the design<sup>323</sup> but also in other proceedings,<sup>324</sup> in actions which are not enumerated in Art. 81 CDR (e.g. proceedings on infringement of a prior trade mark or other rights), it is not possible to challenge the validity of a Community design – neither by way of counterclaim nor as a defence. A separate application for invalidation of the design should be filed, subject to the suspension of the main proceedings.<sup>325</sup> Arguably, the presumption of validity implies that the Community design does not collide with other rights, until it is invalidated due to such a collision. Hence an action for infringement of a distinctive sign by a subsequent Community design would be successful only after the invalidation of the design is declared.

A different view<sup>326</sup> was presented by the Advocate General Mengozzi in his opinion in the case referred to the CJEU for a preliminary ruling and was subsequently adopted by the Court.<sup>327</sup> According to the ruling, the decisive consideration should be the “priority principle under which the earlier registered Community design takes precedence over later registered Community designs”.<sup>328</sup> Furthermore, the lack of substantive examination of the design, allowing for a quick registration of those rights must be taken into account. If prior invalidation of a design allegedly infringing earlier rights was required, it might lead to defendants registering their designs in order to block infringement proceedings instigated by owners of prior rights. This, according to the AG and the Court could result in unacceptable abuses of law. Therefore, an invalidation of a Community design is not a prerequisite for filing for a decision that that design infringes a right to a prior design and consequently that its use is prohibited.

Even though the decision of the CJEU refers to a prior design, which does not constitute a distinctive sign, it is submitted that the argumentation presented by the Court can be extended onto cases of infringements of prior signs. The rationales of the ruling, referring to the principles of priority and possibilities of abuse of law, do not so much depend on the type of the allegedly infringed right, but more on the nature of the design right, which despite of the CDR containing pro-

323 Art. 85 CDR.

324 Art. 94 CDR.

325 Ruhl 2007, *supra* note 89, Art. 94, para. 2.

326 Opinion of Advocate General Mengozzi Case C-488/10 – *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, Nov. 8, 2011, available at: <http://curia.europa.eu/juris/celex.jsf?celex=62010CC0488&lang1=pl&type=NOT&ancre=>, paras. 30-35.

327 CJEU Case C-488/10 – *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, Feb. 16, 2012, available at: [http://curia.europa.eu/jcms/jcms/j\\_6/](http://curia.europa.eu/jcms/jcms/j_6/) under the case number, para. 52.

328 *Id.* para. 39.

visions suggesting otherwise,<sup>329</sup> remains an unexamined right, granting its proprietor only a negative right to prohibit others the use of that design, but not granting him an absolute right to use it as long as it remains valid.

C. *Invalidation based on a prior distinctive sign: novelty, individual character or Art 25(1)(e) CDR?*

The community design, being a relatively novel legal instrument<sup>330</sup> still reveals a considerable number of open questions. Some of them are the controversies connected to the application of Art. 25(1)(e) CDR, especially as far as employment of national laws is concerned. Furthermore, due to the evidentiary burden resting on the applicant, covering not only the evidence on facts but also on law, Art. 25(1)(e) does seem less attractive than the other ground for invalidation available for the owners of prior distinctive signs, i.e. Art 25(1)(b) CDR.

Even though when applying for invalidation of a Community design, the applicant can avail himself of many legal grounds simultaneously, the OHIM can base its decision on only one of them without referring to the others. As the information on the Invalidity Division decisions shows,<sup>331</sup> more often than on the ground of Art. 25(1)(e) the applications are successful on Art. 25(1)(b) CDR.

Whether this trend changes will depend on the expansion of the case-law on the Community design. A recent development in that respect was the definition of the “informed user” relevant for the assessment of the design’s individual character. In the *PepsiCo*<sup>332</sup> case, it has been suggested by the General Court and accepted by the Advocate General Mengozzi, that “the informed user is particularly observant and has some awareness of the state of the prior art, that is to say, the previous designs relating to the product in question that had been disclosed on the date of filing of the contested design, or, as the case may be, on the date of priority claimed”.<sup>333</sup> This definition has been accepted by the CJEU who con-

329 Art. 19(1) CDR.

330 Entry into force on Mar. 6, 2002, see: Ruhl 2007, *supra* note 89, V.

331 See: Decisions on Invalidity concerning Community Designs available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> (last visited June 5, 2012).

332 CJEU Case C-281/10P – *PepsiCo, Inc. v Grupo Promer Mon Graphic SA*, O.J. (C 362) 9, available at: [http://curia.europa.eu/jcms/jcms/j\\_6/](http://curia.europa.eu/jcms/jcms/j_6/) under the case number.

333 Opinion of Advocate General Mengozzi Case C-281/10P – *PepsiCo v Grupo Promer Mon Graphic SA*, May 12, 2011, available at [http://curia.europa.eu/jcms/jcms/j\\_6/](http://curia.europa.eu/jcms/jcms/j_6/), under the case number, para. 45; it has been also suggested that comparison in the test for individual character should include a side-by side comparison, see: Anna Carboni, *The overlap between registered Community designs and Community trade marks* [2006] JIPLP 256, 262, later confirmed