



FERRARI WINS ANOTHER RACE – UNREGISTERED DESIGNS IN EU

Decision of the EU Court of Justice of October 28, 2021 (C-123/20)

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I. Brief background on Unregistered Community Design Rights (UCDs) in EU

Industrial design can be the most important factor determining the attractiveness of a given product, which is why it is so important to ensure its protection. Industrial design fulfils the function of advertising goods by using the external appearance of the product.

The idea of UCDs is not common around the world. However, EU Design law provides that any new design which has individual character will benefit from an automatic design right that protects against copying. The UCD lasts for a period of three years from the date the design is first made available to the public (disclosed) within the Community (EU). In this context, it is important to note that a disclosure outside the EU territory is not sufficient for an UCD.

No formal registration procedure is required (or possible) to obtain a UCD: Again, it simply comes into existence automatically when the design is disclosed. UCD protects both, the shape of a product and surface decoration. The product may even be a graphic symbol, e.g. a computer icon, or a typographical typeface or a logo. It is a very useful form of protection that is relied upon by those whose designs can be short-lived such that registration tends not to be economically viable, particularly the fashion industry with new designs coming up in short intervals. For these sectors, it is more important that the protection of the design is ensured from the date it is made available without the need for registration formalities, rather than a longer period of protection and a wider scope of protection, as in the case of a registered design. Some sectors of industry definitely appreciate the short protection only against copying, rather than the protection resulting from the registered design.

A UCD must also meet the two most important criteria, like a registered Design does: It must be “new” and it must have “individual character”. For a UCD to be Novel, it must differ from prior designs by more than immaterial details. For a UCD to possess individual character, it must produce a different overall impression on the informed user from prior designs. In many cases, the informed user is likely to be the end user of the product. In fields where the designer has less design freedom, the difference between protectable designs and prior designs will not be as great as where the designer had complete design freedom.

The protection via UCD of a product as a whole is completely undisputed. However, the present case deals with the question of whether parts of a product are also accessible to protection via a UCD and, if so, under what conditions.

II. Background on the Ferrari case (C-123/20)

1. The Court of Justice of the European Union (CJEU) may be asked by the national courts of the EU Member States to take a decision on the interpretation of European law if the national courts are not completely sure how to interpret a provision exactly and/or if they are of the opinion that a certain stipulation is not clear enough.

The request to the CJEU for a preliminary ruling in this case, made by the Federal Supreme Court, Germany, concerns the interpretation of Regulation (EC) No 6/2002 on Community Designs.

The request was submitted in the context of a dispute between Ferrari SpA on the one hand and Mansory Design & Holding GmbH on the other hand. Mansory Design's chief executive officer has also been involved in the proceeding.

2. Ferrari SpA is a famous manufacturer of racing and sports cars. In a press release dated December 2, 2014, Ferrari presented its racing-only model FXX K to the public for the first time, using the following photograph, among others:



Whereas, Mansory Design manufactures and sells "tuning kits" designed to make the Ferrari 488 GTB resemble the (more prestigious) Ferrari FXX K.

Ferrari brought infringement proceedings against Mansory Design and its chief executive officer, claiming that they had copied a number of unregistered Community designs, within the meaning of Article 1(2) (a) of Regulation No 6/2002, of which it claims to be the holder. Ferrari argued that, among other things, a part of the FXX K model shown in the first publication was protected, which consists of

- the V-shaped element on the front bonnet,
- the fin-like element protruding from the centre of this element and arranged longitudinally,
- the two-layer front spoiler integrated into the bumper and
- the central vertical connecting bridge that connects the front spoiler to the front hood.

According to Ferrari's arguments, those areas or parts are understood as a unit which determine the individual "facial features" of that vehicle.

3. At first instance, Ferrari, on those various grounds, applied for an injunction throughout the European Union against the making, offering, putting on the market, importing, exporting, using or stocking of the accessories at issue, and made a number of associated requests, namely, provision of accounting documents, recall and destruction of the products at issue and the award of financial compensation.

The Landgericht Düsseldorf (Regional Court, Düsseldorf, Germany) dismissed those applications in their entirety.

Ferrari appealed against that decision to the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf, Germany), maintaining the claims for compensation for its damages, but having to declare its applications for an injunction settled on December 3, 2017 (3 years after the first publication) because of the interim expiry of the rights. The Court of Appeal dismissed Ferrari's appeal on the ground that the claimed UCD had never existed. According to the Court, Ferrari has not shown that the minimum condition of a certain autonomy and unity of form was met.

Ferrari brought an appeal on a point of law before the Federal Supreme Court, Germany, which allowed the appeal. The Federal Supreme Court, however, took the view that the decision depends on the interpretation of Regulation No 6/2002 and, in particular, on the conditions under which the appearance of part of a product may be protected under that regulation as an UCD.

4. Apart from the attraction that this case inevitably has for sports car fans, the legal interest of this case lies in the fact that the subject of the Community design on which Ferrari primarily relies is not the overall appearance of the FXX K, but the appearance of **a part of that vehicle**, made up of certain elements of bodywork. The referring court (the Federal Supreme Court) thus invites the CJEU to rule, for the first time, on the conditions in which the appearance of a part of a product – or "*partial design*" – may be protected as an UCD. The Federal Supreme Court therefore forwarded the following two questions to the CJEU in order to obtain their view how the Regulation has to be interpreted:
 - a) In that context, *first*, the question arises whether, in accordance with Article 11(2) of Regulation No 6/2002, in order to be protected as an unregistered Community design, the appearance of a part of the product must be specifically made available, or indeed if the making available of the design of that product in its entirety is sufficient in that respect. In the case in the main proceedings, Ferrari merely published a number of overall views of its FXX K model, the publication of which, in its submission, also amounts to the making available of the claimed design of the elements of bodywork.
 - b) *Second*, it falls to be ascertained whether, in order to be the subject of a separate Community design, distinct from that protecting, where applicable, the appearance of the product taken as a whole, the appearance of a part of a product must present a certain autonomy by comparison with the overall shape. In the main proceedings, Ferrari was criticised for having claimed a design right for an arbitrarily defined part of the FXX K.

III. The legal framework

In order to understand the questions raised as well as the decision of the CJEU it is important to know at least the three most relevant stipulations in the regulation:

Article 1 of the Community Design Regulation, states, in paragraph 2(a):

'A design shall be protected:

- (a) by an "unregistered Community design", if made available to the public in the manner provided for in this regulation.'

Article 3 of that regulation, entitled "Definitions", provides:

For the purposes of this regulation:

- (a) "design" means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation;
- (b) "product" means any industrial or handicraft item, including inter alia parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs;
- (c) "complex product" means a product which is composed of multiple components which can be replaced permitting disassembly and re-assembly of the product.'

Article 4 of that regulation, entitled "Requirements for protection", states, in paragraphs 1 and 2:

1. A design shall be protected by a Community design to the extent that it is new and has individual character.
2. A design applied to or incorporated in a product which constitutes a component part of a complex product shall only be considered to be new and to have individual character:
 - (a) if the component part, once it has been incorporated into the complex product, remains visible during normal use of the latter; and
 - (b) to the extent that those visible features of the component part fulfil in themselves the requirements as to novelty and individual character.

IV. The ruling/decision of the CJEU

1. By its two questions the Federal Supreme Court asks the CJEU, in essence, whether the disclosure of images of a product, such as the publication of photographs of a car, may also lead to the disclosure of a part or a component of that product, and, if so, to what extent the appearance of a part of a product, must be autonomous in relation to the product in its entirety.
2. In its judgement the CJEU noted that the formal requirement for obtaining an UCD is making it available to the public according to Article 11(2) CDR. In this regard, the CJEU argued that when a part of a product has been made publicly available simultaneously with the whole product, the appearance of the part of the product needs to be clearly visible. Otherwise, specialized circles cannot obtain clear and precise information on a part of a product protected as an unregistered Community design.

In detail the CJEU substantiated its opinion as follows:

"(...) As is apparent from that provision, the unregistered Community design arises as from the date on which it was first made available to the public within the European Union. Under that provision, a design is 'made available' when it is disclosed by events which may, in the normal course of business, 'reasonably have become known to the circles specialized' in the sector concerned, operating within the European Union. That criterion may be satisfied where the images of the design at issue were distributed to traders operating in that sector (see, to that

*effect, judgment of 5 July 2018, Mast-Jägermeister v EUIPO, C-217/17 P, EU:C:2018:534, paragraphs 54, 55 and 60). Those considerations are also relevant to unregistered Community designs, since current and potential competitors of the designer or operator of the design at issue need, in that case also, clear and precise information. **That being so, the requirement concerning the ability to identify the subject matter of the protection, which contributes to a certain level of legal certainty in the context of the system of protection of unregistered Community designs, does not imply an obligation for designers to make available separately each of the parts of their products in respect which they seek to benefit from unregistered Community design protection. (...)***

The CJEU further argued that the obligation to separately publish every part of a product would be contrary to the objectives of simplicity and speed necessary for UCDS. In that regard the CJEU stressed that it should be noted that the level of protection enjoyed by the holder of an UCD is also reduced: First, under Article 19(2) of Regulation No 6/2002, the holder is to be protected only against the copying of that UCD. Secondly, the duration of the protection afforded to holders of UCDS is limited to three years as from the date on which the design was first made available to the public, pursuant to Article 11(1) of that regulation. Considering this and since the EU legislature does not express a different intention, Article 11(2) of Regulation No 6/2002 must be interpreted as meaning that it does not require designers to make available separately each of the parts of their products in respect of which they wish to benefit from unregistered Community design protection.

3. At the same time, however, the CJEU made clear that the criterion of awareness of the events constituting the making available to the specialized circles requires that the design of the part or component of the product is clearly identifiable. Where, as in the present case, the act of making available consists of the publication of images of a product, the features of the part or component of that product in respect of which the design at issue is claimed must, therefore, be clearly visible.

In that regard, it must be borne in mind that, as the CJEU has already held in relation to the words “any design” in Article 6 of Regulation No 6/2002, it is necessary, in order to assess whether the design claimed has individual character, to be able to compare it with one or more specific, individualized, defined and identified designs from among all the designs which have been made available to the public previously (see, to that effect, judgment of 19 June 2014, *Karen Millen Fashions*, C-345/13, EU:C:2014:2013, paragraph 25). To that end, it is essential to have an image that makes it possible to visualize, precisely and with certainty, the design claimed.

The CJEU concludes that, in order to assess the conditions for protection as a Community design, the part of the product or component part of the complex product at issue must be visible and defined by features which constitute its particular appearance, namely by particular lines, contours, colors, shapes and texture. That presupposes that the appearance of that part of the product or that component part of a complex product is capable, in itself, of producing an overall impression and cannot be completely lost in the product as a whole.

4. The final answer given by the CJEU with respect to the questions raised by the German Court is that the publication of photographs of a car, entails the making available to the public of a design of a part of that product, within the meaning of Article 3(a) of that regulation, or of a component part of that product, as a complex product provided that the appearance of that part or component part is clearly identifiable at the time the design is made available. In order for it to be possible to examine whether that appearance satisfies the condition of individual character, it is necessary that the part or component part in question constitute a visible section of the product or complex product, clearly defined by particular lines, contours, colors, shapes or texture.

V. Conclusion/Comment and relevance of the case

First of all, it must be made clear that the safest protection is and remains the registered design. Such registered Design is clearly defined by the submitted illustrations and the question of publication or individual character raises fewer questions. It is therefore strongly recommended to register a design for aesthetic innovations that can develop comparatively comprehensive protection for up to 25 years.

However, if someone has – intentionally or unintentionally – waived an application, he/she can still claim design protection for this within three years of the first publication of the corresponding product and take action against its imitation. According to the decision now adopted, the protection of the unregistered Community design extends not only to a complete product, but explicitly also to parts of it. The prerequisites for this were shown relatively clear in the decision. Particularly noteworthy: Unlike a registered design, in which you have to apply for a separate property right for each claimed subject-matter, the first publication of a product may result in several UCDS at the same time – for the entire product and for clearly recognizable, clearly defined parts of it. Of course, this is also associated with a certain uncertainty for any competitors, as they cannot (or only with difficulty) research the status of property rights.

Despite the general importance of the judgement, the *Ferrari* judgment might also be important as part of the broader discussion concerning the general requirement of “visibility” of design protection in EU. In particular with complex products the aspect of “visibility” is quite important and there has been a dispute whether the criterion of “visibility” should only apply to component parts of complex products, or whether it should apply to all categories of products. Considering past case-law, visibility has only been required for component parts of complex products. The general idea behind this has always been to avoid abusive registrations for parts inside machinery.

In the judgment, the CJEU states that the visibility requirement is not only for component parts, but also parts of products in general. It also recalls the principle that appearance is the decisive factor for a design. As such, it seems that requiring visibility for all categories of designs is just a matter of time and voices are getting louder that the requirement should apply to all products.

The author of this article is also of the opinion that “visibility” should be given for all kind of products. A design (per se) as well as the accompanying rights are a marketing tool for their owners, and what is not visible to the informed user should not be eligible for protection. The visibility requirement would thus be extended to all designs, and not only to component parts. The consideration would be done from the perspective of an informed, and not end, user.