HERBERT SMITH FREEHILLS

UNREGISTERED COMMUNITY DESIGNS - COULD A REFERENCE TO CJEU SAVE LONDON FASHION WEEK?

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Legal Briefings

Unregistered Community designs (**UCD**s) became available in 2002 via the Community Designs Regulation as a new kind of short term protection (3 years) across the EU, aimed at providing protection for designs where either the market was moving too fast for it to be worth registering the design, as is often the case in the fashion industry, or simply to provide automatic and free protection whilst the decision whether or not to spend the money on registration was made. However certain aspects of how designs qualify for UCD protection still remain uncertain:

- In order to qualify for an unregistered Community design right, does the first publication of the design have to be within the geographical confines of the Community (EU) or just somewhere those working in the EU would see it (such as an international trade fair)?
- What is the date for fixing novelty of an UCD – the date that the right came into being (as per the first question) or the date that it reasonably became known to the circles specialised in the sector concerned, operating within the EU?

These questions (paraphrased here but set out in full below) were referred to the CJEU last month in *Beverly Hills Teddy Bear Company v PMS International Group plc* [2019] EWHC 2419 (IPEC) by Mr Justice Hacon, who was keen to have the issue referred while the UK courts still have that power (pre-Brexit).

THE POTENTIAL IMPACT OF BREXIT

The answer will have significant implications for the UK design and fashion industry in particular if the strict geographical confines requirement aspect for qualification for UCD is confirmed by the CJEU since the UK may soon be outside the EU. In making his reference, Hacon J observed that were he to decide this issue without making a reference to the CJEU, a later appellate court may be prevented from making such reference after Brexit. The position regarding UK references to the CJEU which are pending following Brexit day remains unclear, but assuming the CJEU does provide a response, its answers are likely to be of great interest to designers.

The decision could have a significant impact on the UK design and fashion industry and the exhibition and marketing practices in particular for those businesses, UK-based or otherwise, who usually rely on UCDs for protection and would not get this right if first exhibiting or marketing a design in the UK post-Brexit if the strict geographical interpretation is followed or in relation to novelty.

The UK does have a similar right – the UK unregistered design but this does not provide the exact same protection as the UCD and only applies in the UK. The UK Government has provided for the introduction of a UK right to provide the protection for new designs, post-Brexit, that would previously have been available under the UCD (to be termed the "supplementary unregistered design right") . This right will also only cover the UK of course. Post Brexit, first publication in the EU could affect novelty in relation to a subsequent application for supplementary unregistered Community design right in the UK and vice versa so careful decisions will need to be made the location and timings of such publications, dependant on the outcome of this reference. Simultaneous publication may be the answer, at least while the situation is unclear.

UCDs that are existing at the time the UK leaves the EU (or at the end of any transition period if one is negotiated) will be replaced in the UK by a right called "continuing unregistered Community design" which will continue for the remainder of the term.

It is topical that this reference was made during London Fashion Week 2019: as designers speculate about the possible implications of Brexit, many – particularly those who rely solely on UCDs for protection within the EU – are concerned about protecting their designs, with some in the fashion industry wondering whether Brexit will herald the end of London Fashion Week, in favour of EU alternatives. Consequently, many will be hoping that if it is decided that designs will still attract UCD protection where they are first disclosed outside of the Community, London Fashion Week 2020 may yet be saved.

For more on Brexit and unregistered design see the UK Government's guidance here.

BACKGROUND AND QUESTIONS REFERRED

- **UCDs: an overview**

Under the relevant Regulation (Regulation (EC) No. 6/2002) (the "Design Regulation"), a design will be protected by a UCD if it is new, has individual character, and is made available to the public within the Community. A design will be considered new if it has not been made available to the public "before the date on which the design for which protection is claimed has first been made available to the public" (Article 5(1)(a)), except where such prior disclosure could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.

A design which meets these requirements will be a protected UCD for three years from the date on which the design is first made available to the public within the Community (Article 11).

However, Article 11 does not specify whether "made available to the public within the Community" requires that the disclosure must take place within the geographical territory of the Community (ie the EU), or merely that the disclosure could reasonably have become known to the relevant circles within the Community.

Further, Article 5(1)(a) does not make clear whether the "date" of first making a design available to the public means the date of disclosure within the territory of the Community, or the date of any prior extra-territorial disclosure known to the relevant circles within the Community.

- **The Beverly Hills Teddy Bear case**

The relevant IPEC case, *Beverly Hills Teddy Bear Company v PMS International Group plc* [2019] EWHC 2419 (IPEC), concerns 'Squeezamal' toys sold by the claimant, BHTB, which BHTB claims are protected by registered community designs, UCDs, and copyright in the design drawings.

The defendant, PMS, has sought summary judgment to the effect that none of the relevant designs attract UCD protection. The parties agree that the toys were exhibited for the first time in October 2017, at the 'Mega Show' trade fair in Hong Kong (such disclosure deemed to be within the reasonably knowledge of the relevant circles within the Community), and subsequently in the EU in January 2018, at the Nuremberg toy fair (at which point the UCDs would have arisen). PMS' case is that the relevant date for assessing novelty under Article 5(1)(a) is the date on which the UCD comes into being, and as such the prior disclosure in Hong Kong was novelty-destroying.

In other words, in view of the ambiguities surrounding Articles 5 and 11 of the Design Regulation, the question in this case is whether the Hong Kong disclosure can be said to give rise to UCDs in respect of the relevant designs, or whether it is indeed novelty destroying and therefore precludes the subsequent EU disclosure from giving rise to UCDs.

There is no direct authority on this question, but it is important to note that Article 110(a) of the Design Regulation states that a design which has not been made public within the territory of the Community shall not enjoy protection as a UCD. This was interpreted by the German Supreme Court in *Gebäckpresse II* to mean that the disclosure itself must take place within the geographical territory of the Community. However, whilst Hacon J acknowledged the persuasiveness of this judgment, UK opinion has long been divided on this issue, with some of the view that a disclosure of a design could trigger protection regardless of where that disclosure occurred, as long as the design could reasonably have become known to the relevant circles in the Community in the normal course of business.

In an effort to resolve the ambiguity, Hacon J has referred the following questions to the CJEU:

1. *For the protection of an unregistered Community design to come into being under art.11 of Council Regulation (EC) No. 6/2002 of 12 December 2001 ('the Regulation'), by the design being made available to the public within the meaning of art.11(1), must an event of disclosure, within the meaning of art.11(2), take place within the geographical confines of the Community, or is it sufficient that the event, wherever it took place, was such that, in the normal course of business, the event could reasonably have become known to the circles specialised in the sector concerned, operating within the Community (assuming the design was not disclosed in confidence within the terms of the final sentence of art.11(2))?*

2. *Is the date for assessing the novelty of a design for which unregistered Community design protection is claimed, within the meaning of art.5(1)(a) of the Regulation, the date on which the unregistered Community design protection for the design came into being according to art.11 of the Regulation, or alternatively the date on which the relevant event of disclosure of the design, within the meaning of art.7(1) of the Regulation, could reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community (assuming that the design was not disclosed in confidence within the terms of the final*

sentence of art.7(1)), or alternatively some other, and if so, which date?

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.

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