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ECJ strengthens the rights of owners of Community designs – Joined Cases C-397/16 and C-435/16

In a highly informative and detailed Preliminary Ruling of December 20, 2017, the ECJ has clarified a number of long discussed questions concerning the “repair” clause in Article 110 of Regulation No. 6/2002 (the Community Design Regulation, CDR), but has at the same time given rise to new questions.

The cited provision states: *“... protection as a Community design shall not exist for a design which constitutes a component part of a complex product used within the meaning of Article 19(1) for the purpose of the repair of that complex product so as to restore its original appearance.”*

The ECJ confirmed a general rule in that the “repair” clause constitutes an exception to the principle of protection as a design, and that any exception to the protection of industrial designs must be limited (paragraph 76 of the Decision). Thereby, the Court strengthened the rights based on Community designs registered for complex products vis-à-vis manufacturers or sellers of component parts of those products.

In response to questions put before it by the Court of Appeal of Milan and the Federal Court of Justice (BGH), the ECJ interpreted several crucial aspects of the “repair” clause:

(1) One of the requests for interpretation concerned the question whether the scope of Article 110(1) CDR is limited to component parts forming part of a complex product *“upon whose appearance the protected design is dependent”*. This was denied by the Court. The aim of the “repair” clause was “to liberalize, to a certain extent, the market in replacement parts, in order to limit the creation of captive markets in spare parts” (paragraph 50).

(2) A further request for interpretation concerned the definition of the term *“component part”*. According to the ECJ, this term *“must be understood in accordance with its usual meaning in everyday language”* (paragraph 64). In the light of this interpretation, *“a car wheel rim must be classified as a component part of a complex product”* (a car), without which that product (the car) could not be subject to normal use (paragraph 66).

Further text of the “repair” clause has been interpreted by the Court as follows:

The concept of Article 19(1) CDR to which Article 110(1) refers is “broad and encompasses any use of a component part for the purposes of repair. (...) The use of the component part (e.g. the wheel rim) must be necessary for the repair of a complex product that has become defective. Any use of a component part for reasons of preference or purely of convenience, such as the replacement of a part for aesthetic

purposes or customization of the complex product, is excluded from the "repair" clause (paragraphs 68 to 70).

Since it is necessary that the repair be done so as to "restore the complex product to its original appearance, the "repair" clause applies only to component parts of a complex product that are visually identical to original parts" (paragraphs 74 and 75). "Any use of a component part which is not for the purpose of restoring a complex product to the appearance it had when it was placed on the market is excluded" (paragraph 77).

(3) The Court further stated that "the „repair" clause constitutes a derogation from the regime of design protection, and that the need to preserve the effectiveness of that regime of protection requires that persons relying on that derogation contribute ... to ensuring strict compliance, particularly by the end user, with the conditions laid down in Article 110(1) CDR" (paragraph 84). Insofar, the manufacturer or seller of a component part of a complex product are under a "duty of diligence" (paragraph 85).

In order to comply with this duty, they must

- "inform the downstream user, through a clear and visible indication on the product, on its packaging, in the catalogues or in the sales documents, that the component part incorporates a design of which they are not the holder and that the part is intended exclusively to be used for the purpose of the repair of the complex product so as to restore its original appearance
- ensure through appropriate, in particular contractual means, that downstream users do not intend to use the component parts in a way that does not comply with the conditions prescribed by Article 110(1) CDR
- refrain from selling a component part where they know, or ought reasonably to know, that the part in question will not be used in accordance with these conditions".

Especially the newly formulated "duty of diligence" and its putting into practice by the manufacturer or seller of a component part seems to contain much matter for further questions and court cases.

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