

The Community Design in particular relation to Austria

By Rainer Schultes

1. The Community Design

Since April 1, 2003 it has been possible to apply for a Community Design with the scope of protection for the whole of the European Community under the Council Regulation (EC) No 6/2002 on Community designs. An application for registration of a Community Design may be filed with both, the Office for Harmonization in the Internal Market (OHIM) or the Austrian Patent office.

According to the Austrian Design Model Act and also according to article 3 lit a of the Council Regulation (EC) No 6/2002 on Community designs, "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. This definition also includes individual parts, which shall be put together to form a whole product as well as packaging, equipment, graphic symbols and typographic type faces. A whole product means a product which is composed of several devices which can be replaced so that the product can be disassembled and re-assembled .

In addition to the Austrian Law on Design Models, EC No 6/2002 on Community designs also protects unregistered (Community) designs. A design which meets the protection requirements shall be protected as an unregistered Community design for a period of three years as from the date on which the design was first made available to the public within the Community, while a registered Community design shall be protected for a period of five years. Then the right holder of the registered design may have the term of protection renewed for one or more periods of five years each, up to a total term of 25 years.

2. The Austrian Design Model Act

From 2003, when the Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs was implemented, the Austrian Law on Design Models was harmonized with the European legal framework in general and the

Council Regulation (EC) No 6/2002 on Community designs (CDR) in particular.

Thus the Austrian Design Model Act is required to match with the Paris Convention for the Protection of Industrial Property and TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights).

2.1 Subject of the protection

According to sec 1 par 2 of the Austrian Design Model Act, the „design“ means the appearance of the whole or a part of a product (see also art 3 CDR). A design model consequently protects the intellectual appearance of a product which can be produced industrially or manually, which can be a one-piece or a complex item.

Only the optical effect is relevant, not the sense of touch, smell, taste or hearing.

A design model has to be new and individual at the moment of registration.

A design is considered to have individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public.

Whether or not the designs to be compared are confusingly similar is of no importance.

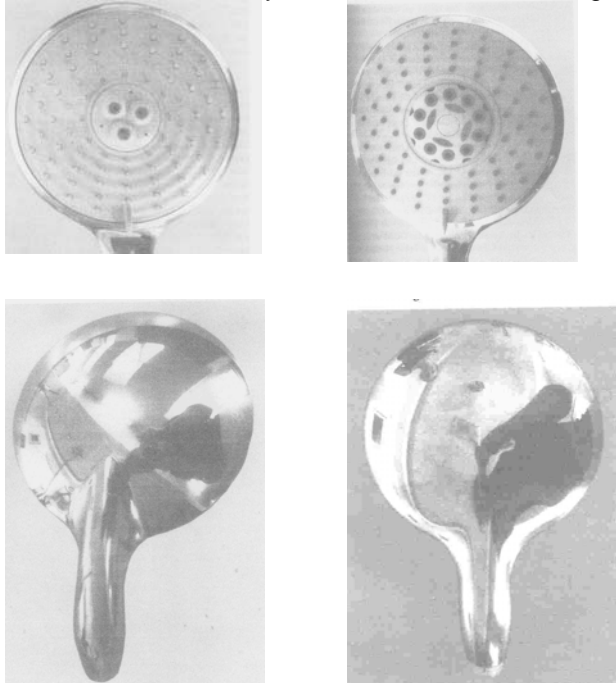
The scope of a design model is determined by its overall impression. An analysis of single design elements is not admissible whereby some elements may have a more characterising impact on the overall impression than others.

This was confirmed by the so far only decision of the Austrian Supreme Court on Community Designs (4Ob 177/05s – rolling billboards). When evaluating the scope of protection, the Court said that no comparison detail by detail shall be made but a mere comparison of the overall impressions.

On the other hand, when evaluating the validity of the Design model, the Austrian Supreme Court found that the overall impression of a design can be influenced by single characteristics which have to be evaluated and assessed according to their contribution to the overall impression. Should all characteristics contribute to the overall

impression to the same extent, a design is considered individual if it differs from the other in at least one feature.

An interesting decision was rendered by Vienna Appeal Court at the end of 2004 (OLG Wien, 1R 183/04w - raindance) on shower heads. The two shower heads at stake were characterized by a particular large shower head with respect to the length of the handle. The Court ruled that the infringing shower head (on the right) produced the same overall impression as the registered Community Design on the left. The spite the fact that a Community Design is granted without prior evaluation of novelty and individuality, it provides prima facie evidence on its validity when it comes to an infringement process.



2.2 Period of protection

Pursuant to sec 5 of the Austrian Design Model Act, the term of protection now amounts to a time period of five years and may be extended for four successive five year time periods up to a total protection time period of 25 years, while prior to the implementation of the Directive 98/71/EC a maximum term of 15 years was granted.

2.3 Forbidden registration

Designs which are contrary to public policy or to accepted principles of morality must not be registered. The same applies for designs which are in conflict with a model of earlier priority which have been made available to the public after the date of filing of the application or the date of priority of the model (prohibition of double protection)

Characteristics which are solely dictated by the technical function of a product cannot be protected.

2.4 Secret design model

The secret design model was not abandoned by the Austrian legislator, despite having had to cede a lot of its prior importance to the unregistered community model under art 19 par 2 CDR and the secret design model under art 50 CDR.

Usually the design has to be disclosed with the application for registration by drafting a drawing or a copy of the design. The secret design allows the applicant to deposit the design in a sealed envelope, which shall only be opened upon an application of the applicant or a third party, which is able to demonstrate that the applicant has referred to it for a claim against that party. Ex officio the envelope has to be opened after a period of 18 months after the priority date.

Art 50 CDR provides that the applicant for a registered Community design may request that the publication of the Community design be deferred for a period of 30 months.

2.5 Novelty

According to sec 1 par 1 Austrian Design Model Act a design shall be considered new if no identical design has been made available to the public before the date of filing of the application for registration. Designs shall be deemed to be identical if their features differ only in immaterial details.

Novelty will not be examined by the Patent Office. Therefore the Design Model Law is unexamined law. But under certain conditions according to sec 23 of the Austrian Design Model Act design can be declared invalid.

According to the harmonised Austrian Design Model Act, contrary to the previous Austrian legal situation, a design shall be deemed to

have been made available to the public if it has become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.

The design shall not be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.

With amendment of the Austrian Design Act in 2003, the grace period Austria was introduced into Austrian law

A disclosure shall not be taken into consideration if a design has been made available to the public during the 12-month period preceding the date of filing of the application or the date of priority

1. by the designer, his successor in title or
2. if the design has been made available to the public as a consequence of an abuse in relation to the designer or his successor in title.

2.6 Forbidden dual protection

According to par 3 of the Austrian Design Model Act, a design shall be refused registration if the design is in conflict with a prior design which has been made available to the public after the date of priority and if there has been a filing of the application before the date of priority.

The violation of the prohibition of dual protection is not examined by the Patent Office either.

2.7 Rights conferred by the design model

The designer or his successor in title has a right conferred by the design right. If the design was made by an employee in the course of his duties and responsibilities as an employee, or if the design was ordered, the rights belong to the employer or the ordering party.

2.8 Assignability

A design may be assigned by agreement. The holder of a design is allowed to grant an exclusive license or a non-exclusive license of right of use.

2.9 Grounds for nullity as per par 23 of the Austrian Design Model Act

- lack of registration requirements (including lack of novelty and individuality)
- forbidden dual protection
- design is contrary to public policy or morality
- the holder is not the designer, his successor in title, or in case of the design by an employee the course of his duties or responsibilities, or has been ordered by the employer and hence belongs to the employer.

2.10 Denial as per par 25 of the Austrian Design Model Act

Anybody who claims a better priority on a registered design may claim the partial or entire assignment of the design model, within three years of the registration date of the design.

2.11 Scope of protection

The registration of a design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover in particular the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied or stocking such a product for those purposes.

The provision for import and the export were introduced into the Austrian Design Model Act when the directive 98/71/EC was implemented.

Not only identical designs fall within the scope of protection but also designs which do not produce a different overall impression on the informed user. In doing that evaluation, the freedom of scope has to be taken into consideration, such as the density of existing designs in the relevant field.

2.12 The right for prior use

The right for prior use may be assigned together with the company which is the holder of the design.

It is possible to register the right for prior use into the Austrian (also the European) Design Register.

2.13 Claims according to infringements

The owner of a design model may claim omission, removal, publication of judgement, adequate remuneration, indemnification, restitution of the profit, rendering of accounts and information about the origin and the distribution channels of the product.

Basic preventative action for injunction is allowed.

2.14 Criminal liability

According to par 35 of the Austrian Design Model Act, wilful design infringement is punishable.

Anybody who infringes a design will be punished with a penalty up to 360 daily rates (up to EUR 500,-- per daily rate) or in case of commercial intention with imprisonment up to two years. If the infringement occurred to the advantage of a legal person or if the legal person violated one of its duties, then it may be fined with up to 70 daily rates (up to EUR 10.000,-- per daily rate).

2.15 Limitation of the rights conferred by the design right

The rights conferred by a design right shall not be exercised in respect of

1. acts done privately and for non-commercial purposes;
2. acts done for experimental purposes;
3. acts of reproduction for the purposes of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source.

2.16 Exhaustion of rights

The rights conferred by a design right shall not extend to acts relating to a product in which a design included within the scope of protection of the design right is incorporated or to which it is applied, when the product has been put on the market in the Community by the holder of the design right or with his consent.

2.17 Request for declaratory decisions

Before somebody makes, offers, puts on the market or uses a new product, he may request a declaratory decision at the Patent Office

about whether a certain product partly or totally infringes a design right.

Accordingly the holder of a design may apply for a declaration, if a design used by somebody else infringes partly or totally his protected design.

Such applications of determination are admissible only if there is no prior infringement proceeding concerning the same design pending.

3. Infringement

3.1 Jurisdiction

Within the EEA, the international jurisdiction of the court has to be assessed according to the rules of the EU Regulation on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters, as well as the Brussels and the Lugano Conventions.

If the Austrian jurisdiction can be confirmed, design model infringement cases are concentrated with the Commercial Court of Vienna. Criminal design model infringement is always heard by the Criminal Court of Vienna.

First instance decisions may result in an appeal to the Higher State Courts, legal questions sometimes may also be appealed to the Supreme Court.

In design model infringement cases, the parties have to nominate a legal representative as a compulsory requirement.

3.2 Warning letters

Warning letters are usually not required and usually do not have any influence on the obligation of reimbursement of the litigation expenses, if the defendant recognises the claims. Only the offer of an enforceable settlement agreement which gives the plaintiff everything it could have obtained through the court will remedy the danger of repeating the design infringement.

3.3 Expenses

Court fees are due upon institution of legal proceedings in court. They are set according to the amount of litigation which in case of

design model infringements often is set forth with EUR 36.000,-. The Court fees then amount to approximately EUR 600,-. Each party agrees with its legal representative on the legal fees. Often the general remuneration criteria (*Allgemeinen Honorarkriterien, AHK*) will be used to set the legal fees, or alternatively the Attorney Tariff Act (*Rechtsanwaltstarifgesetz, RATG*) will be used. Generally speaking the legal fees depend on the amount in dispute. It is also permissible to agree on a remuneration based on the time spent on the matter or the outcome of the litigation (contingency or success fee as well as a lump sum/retainer fee), as long as the fee is not a percentage of the amount won in court. The losing party has to reimburse the winning party its legal fees based on the Attorney Tariff Act.

3.4 Provisional injunctions

Quite frequently design model infringement cases require immediate remedies, which cannot be obtained through lengthy main proceedings. Therefore the plaintiff has the possibility to institute provisional proceedings, either on their own or in conjunction with the main proceedings. The time limits set by the courts are usually very short – often between only 7 and 14 days – so that the court may quickly decide.

The plaintiff does not have to prove that its rights are in jeopardy. He needs only to provide prima facie evidence which requires a lower degree of judicial persuasion than full proof. Only readily available evidence may be submitted in provisional proceedings, but the court is not bound by specific rules of evidence. It is sufficient to convince the court that the occurrence of a design infringement is more likely than the opposite.

Also in provisional proceedings, the court decision can be appealed to the Higher State Courts and if the case reveals questions of substantial legal importance, it may even be appealed to the Supreme Court.

If a provisional injunction is issued, the defendant may ask the court to lift the injunction under the condition of a submission of a security deposit. The amount of such a security deposit will be determined by the court according to the value of the claim that has to be secured; it has to be sufficient to compensate the plaintiff in case he prevails in the main proceedings. On the other hand, the defendant may obtain damages on a strict liability basis in case he prevails in the main proceedings. Such damages may be assessed on a discretionary basis.

If a provisional injunction is granted, the court orders the defendant to immediately cease the infringing activities. Such court orders may be enforced against the defendant if he keeps infringing the design model. The defendant may be fined up to EUR 100.000,- per day and even with imprisonment up to one year for any subsequent infringement.

If a provisional injunction (or a judgement) is enforced, the defendant has different legal remedies, such as an opposition to the validity of the title or a claim that there is no negligent or wilful infringement of the title. These two remedies are heard by the district court having personal jurisdiction over the defendant.

3.5 Criminal proceedings

Criminal design model infringement is a private criminal prosecution offence and therefore the aggrieved party has to initiate the proceedings and it has generally speaking the rights of the public prosecutor. Most notably, the criminal proceedings offer the possibility to obtain search and seizure order for the premises of the alleged infringer which may unveil documents and other evidence formerly unknown to the aggrieved party. Such search orders have to be granted by the examining magistrate. However new rules of criminal procedure, which will abolish the pre-trial proceedings in private criminal prosecution matters, will become effective on January 1, 2008. Consequently, the provision for house searches will be abolished, too.

It remains to be seen whether the civil courts will remedy that loss by a more extensive interpretation of the new rules of conservation of evidence which have been introduced by the Directive 2004/48/EC to ensure the enforcement of Intellectual property rights.

4. Anti Piracy Act

With the Council Regulation (EC) No 1383/2003 and the Austrian Anti Piracy Act BGBl I 56/2004, the holder of a design can also have his design right controlled by the local customs authority. These rules empower the customs authority to "stop" the importation, exportation or re-importation of goods which infringe intellectual property rights. Even though the authorities are able to act ex officio, it is advisable for the holder of the design to submit a request with detailed information as to how the infringed design may be identified. Such a request of "Surveillance by the customs authority" has to contain in addition to the relevant design rights the naming of an informed person, who is able to identify possible imitations. Concerning Austria such a request has to be made to the custom office "Villach" (town in

the south of Austria), which has been expanded to a central contact point concerning questions of surveillance in cases of product piracy. Hence the custom office Villach coordinates actions of all Austrian customs offices and administers all information collected from holder of designs in a computer network.

If products are stopped because of the possibility that they might infringe design rights, the custom authority will contact the named person of the holder of the design. The named person may inspect the products on site and may also take of samples or rather take away exemplars. As requested of the holder of the design rights he will be offered details about the importer and exporter. To reach a further stopping of the goods, the "competent authority" (competent court) must be involved within a period of 10 working days, which can be extended up to further 10 working days. Otherwise the goods have to be released.

In contrast with the custom proceedings on patents and copyrights, the owner, importer or recipient of the goods suspected of infringing a design model can, after the mentioned time period has ended, of obtaining the stopped goods by depositing a safety bond, even if the proceeding has only just started. The only way to avoid this is to obtain an interlocutory injunction within a time period of 30 days.

Mag. Rainer Schultes is an Austrian attorney at law with Gassauer-Fleissner Rechtsanwälte GmbH

Business address: Wallnerstrasse 4, 1010 Vienna, Austria

Tel: +43 1 205 206 – 0

Fax: +43 1 205 206 – 207

E-mail: r.schultes@gassauer.at

Internet: www.gassauer.at