

**Neutral Citation Number: [2008] EWCA Civ 358**

Case No: A3/2007/1867 and 1867A

**IN THE SUPREME COURT OF JUDICATURE  
COURT OF APPEAL (CIVIL DIVISION)  
ON APPEAL FROM THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION (PATENTS COURT)  
The Hon Mr Justice Lewison  
HC 07 C00539**

Royal Courts of Justice  
Strand, London, WC2A 2LL  
23/04/2008

Before:

**LORD JUSTICE WARD  
LORD JUSTICE JACOB  
and  
LORD JUSTICE RIMER**

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Between:

<b>Green Lane Products Limited</b>	<b>Claimant/ Appellant</b>
<b>- and -</b>	
<b>PMS International Group plc PMS International Far East Limited Poundland Limited</b>	<b>Defendants/Respond- ents</b>

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**David Vaughan QC and Dr Heather Lawrence (instructed by Messrs Briffa)  
for the Claimant/Appellant  
Richard Hacon (instructed by Gordons Partnership LLP)  
for the Defendants/Respondents  
Hearing date: 27 February 2008**

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**HTML VERSION OF JUDGMENT**

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**Lord Justice Jacob:**

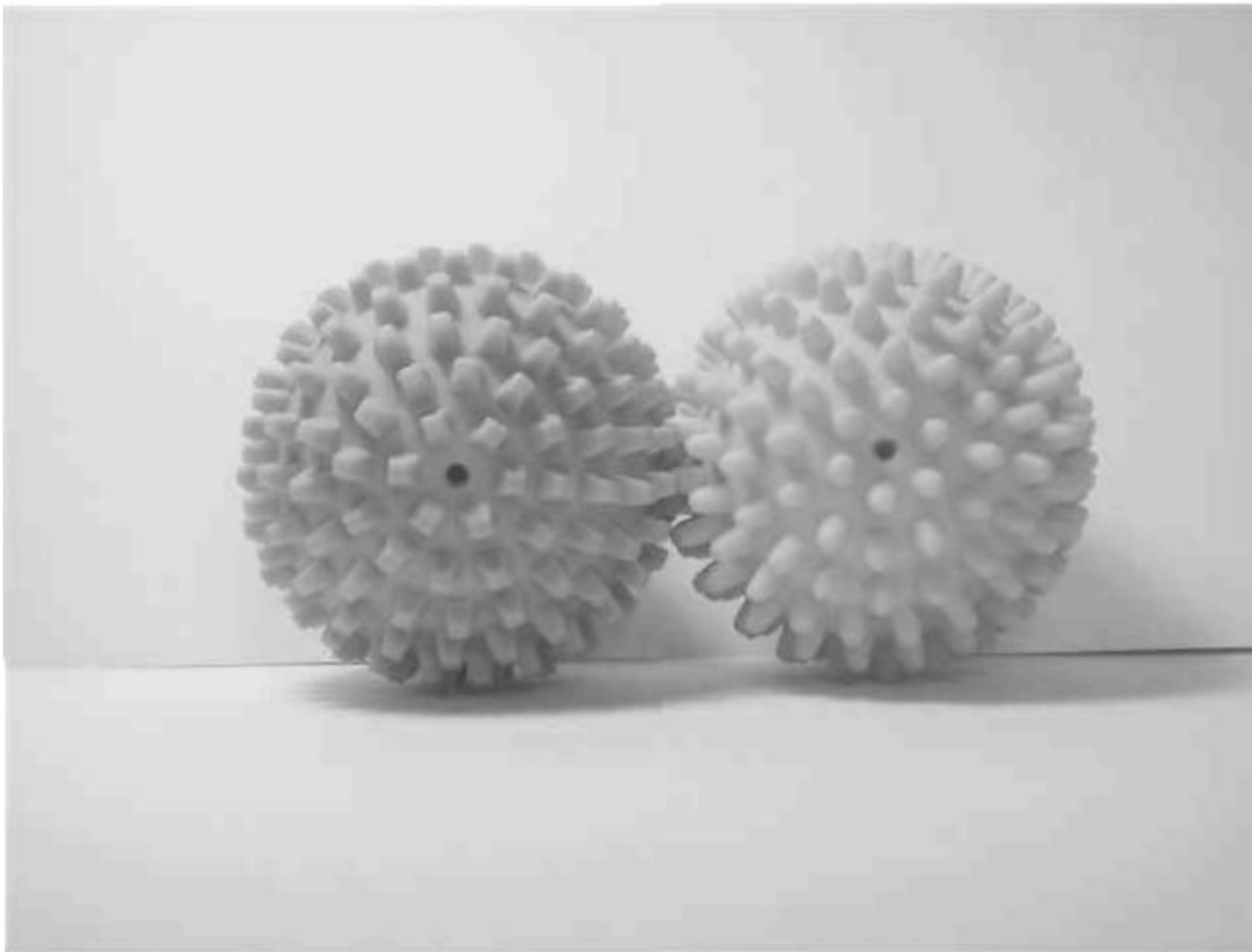
1. This appeal is from a judgment of Lewison J given on 19<sup>th</sup> July 2007, [\[2007\] EWHC 1712 \(Pat\)](#). He determined a preliminary point of construction of the Community Designs Regulation, 6/2002 ("the Regulation") The point was:

The correct meaning in law of "the circles specialised in the sector concerned operating within the Community" as that phrase is used Art 7 of the Regulation.

2. Mr David Vaughan QC and Miss Heather Lawrence appeared for the appellant, Green Lane. Mr Richard Hacon appeared for the respondents (collectively "PMS").
3. The appeal arises out of assumed facts which, if they were not the subject of a real case, might be thought to have been devised for a student moot. They are these:

(1) Green Lane make and sell under the trade mark "Dryerballs" spiky plastic balls for use in tumble driers. There are blue ones with square nodes and pink ones with rounded nodes. They apparently have a beneficial effect, for instance, helping soften fabrics and reducing drying time by lifting and separating the laundry as it tumbles.

(2) Green Lane has registered the design of its Dryerballs as community registered designs (CRDs) under Nos. 000217187-0001 – 004 with an application date of 24th August 2004. Below I show 0001, consisting of the combination of one ball with square nodes and one ball with rounded nodes, there being no colour restriction. It is not necessary to illustrate the others.



(3) PMS marketed spiky plastic balls (made in China from a tool created for PMS) extensively in the EU from 2002. They were sold as massage balls, not as laundry balls. They look like this:



(4) In 2006 PMS decided to sell its balls (of exactly the same design as its massage balls) for other purposes too. One of these purposes is as a laundry ball, but other packages are marked "Massage, Hand Exerciser, Easy-Catch Toy, Dog Trainer."

4. Green Lane says PMS will infringe its CRDs if they continue to sell their product for anything other than use as a massage ball. PMS says the CRDs are invalid by reason of their prior sale of their massage balls. Green Lane says (a) that such prior art is irrelevant as a matter of law and (b) even if it is relevant, their CRDs are nonetheless valid. We are concerned only with the first of these points.
5. The parties' contentions are based on the provisions of the Regulation. So many of these provisions are referred to in the argument that I set them out the Annex hereto rather than break up this judgment with chunks of text.
6. Green Lane says that the extent of its rights under its CRDs are defined by Art. 10 – any article, whatever its intended purpose, will infringe unless it does not produce on the informed user a different overall impression. The only reason why continued sales by PMS of balls for massage purposes do not infringe is that such sales are protected by Art. 22. Even then such sales are protected only to the extent provided by that Article.
7. PMS says the design registrations are not "new" within the meaning of Art.5 or do not have "individual character" within the meaning of Art.6. They say this is so because of their own prior sales in the EU of what, for all practical purposes is the very design complained of. In short they say the design is old.
8. Now absent Art. 7 one would say that PMS are right: that a design cannot be "new" or have "individual character" if it is the same or practically the same as an article previously used in trade. But, say Green Lane, a design may be new or have individual character even if it is fact old: Art. 7 says that a prior design is not taken to be made available to the public, even if it in reality was, where "these events [i.e. prior use in trade] could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating in the Community".

9. And, says Green Lane, the "sector concerned" means the sector for which the design was registered, not the sector of the alleged prior art.
10. Lewison J rejected that submission. He ruled that:

1. "The sector concerned" within the meaning of Article 7 of the Regulation is the sector that consists of or includes the sector of the alleged prior art.

2. "The circles specialised in the sector concerned, operating within the Community" within the meaning of Article 7 of the Regulation are capable of consisting of all individuals who conduct trade in relation to products in the sector concerned, including those who design, make, advertise, market, distribute and sell such products in the course of trade in the Community."

11. I would uphold that ruling. Moreover, notwithstanding the elaboration of the argument, I think Lewison J was clearly right: the position is *acte clair* and there is no need for a reference. I turn to explain why.

#### *The Applicable Principles of Construction*

12. One starts with the actual language to be construed. But that is only a starting point. It was of course common ground that the language should be read in the context of the Regulation as whole. Moreover it should be read with the objectives and purposes of the Regulation in mind, particularly the recitals, and it is legitimate in so doing to consider the *travaux préparatoires*. Mr Vaughan did not dispute and could not dispute that one would eschew a construction which led to unreasonable results or absurdities provided those results or absurdities are realistic rather than remote or fanciful.

#### *The Language of Art. 7 itself*

13. I start first simply with the language of the first sentence of Art 7 itself:

For the purpose of applying Articles 5 and 6, a design shall be deemed to have been made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before ....., except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community.

As Ward LJ observed during the course of oral argument, if that is read alone, the only "circles" which could be referred to are those of the prior art – those in which the design has been "exhibited, used in trade or otherwise disclosed." One looks to see, therefore, whether the context or the purpose or the *travaux* indicate any other meaning. I think they most certainly do not – that they are all confirmatory of the meaning when the sentence is read on its own.

#### *The Context of the Language*

14. To put the language properly into its context one needs first to consider the basic architecture of the Regulation. So I go to that first, omitting later parts which are not relevant for present purposes. The Regulation is divided into "Titles" which themselves are aids to construction.
15. Title I identifies the two types of "Community design" for which protection is to be given, an "unregistered Community design" right ("UDR") and a "registered Community design" ("RCD").
16. Title II is headed "The Law Relating to Designs." It is divided into 5 Sections entitled:
  - 1 "Requirements for Protection" (Arts. 3 to 9);
  - 2 "Scope and Term of Protection" (Arts. 10-13);

- 3 "Right to the Community Design" (Arts 14-18);
  - 4 "Effects of the Community Design" (Arts. 19-23); and
  - 5 "Invalidity" (Arts 24- 26).
17. Title III (Arts 27 -34) has a single heading "Community Designs As Objects of Property."
  18. Title IV is "Application for a Registered Community Design". Section 1 of this is "Filing of Applications and the Conditions which Govern Them" (Arts. 35-40). It is not necessary to go any further into Title IV or any of the remainder of the Regulation.
  19. Turning now to the requirements for protection, the basic rule, is that a design must be "new" and have "individual character" (Art. 4.1). Art. 5 elaborates on what is meant by "new" and Art. 6 on what is meant by "individual character". In both cases the test involves consideration of an earlier design, that is a design which "has been made available to the public."
  20. This is a clear incorporation of a key concept and well-known language of patent law defining the prior art which may be used to attack validity of a patent. An invention is "new" if it is not part of the "state of the art". The "state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way before [the relevant date]" (see Art.54 of the European Patent Convention). I shall use the expression conventionally used for this test: "absolute novelty."
  21. From time to time people have wondered whether the absolute novelty test in patent law is not a little harsh – it covers for instance a fanciful example I made up some time ago – a disclosure in a document written in Sanskrit and misplaced in the children's section of Alice Springs public library is one which is "made available to the public."
  22. As a matter of history of UK patent law the problem was the subject of debate until it was settled so far as actual disclosure to an individual was concerned late in the nineteenth century by *Humpherson v Syer* (1887) 4 RPC 407. Even that was not enough finally to settle the matter as concerned disclosure in a prior document was concerned though from then the assumption was that absolute novelty was the rule. That was challenged in *Bristol-Myer's Appn.* [1969] RPC 146 which provided a clear decision that it was enough to invalidate a patent if before the relevant date one person had a novelty destroying disclosure and was free to use it. The argument that the question of whether a document was made available to the public was one of fact and degree was decisively rejected. I think that was a good thing: it provided a bright-line workable rule which has served the test of time. Expensive investigation of not only whether a piece of prior art was known but how well-known it was is obviated. The small price of the occasional harsh decision is well worth it for the sake of a cohesive and predictable system.
  23. This clear rule, which so far as I am aware, is virtually standard for patent systems throughout the world, not only for identifying prior art available to attack novelty but also that for basing an obviousness attack. The only exception of which I know is the fairly recent, idiosyncratic, rule in Australia that a piece of prior art cannot be cited for the purpose of an obviousness attack unless it is "information that the skilled person ... could, before the priority date of the relevant claim, be reasonably expected to have ascertained, understood, regarded as relevant ..." (Patents Act 1990 as amended, s.7(3)).
  24. Both sides accept that "made available to the public" in the conventional patent law sense is also the basic rule for identifying prior art which may be considered for the purpose of attacking the validity of designs. The question is what is the meaning of the exception?
  25. Before moving on it should be noted that the same rule and the same exception applies both to UDRs and CDRs. And of course that the same design can be the subject of both kinds of right is an important part of the architecture.
  26. I go back to the architecture. The next thing to consider is the basic scope of protection. This is provided by

Art 10(1): "any design which does not produce on the informed user a different overall impression." The acts prevented (broadly commercial use) are set out in Art. 19(1). In the case of CDRs the right is a true monopoly, but in the case of UDRs the right is limited to cases of copying.

27. It is particularly important to realise that the scope of protection covers any use of the design for article, whatever its intended purpose. The scope provision, unlike for instance the previous law of the UK (s.7 of the Registered Designs Act 1949) does not limit infringement to "articles for which the design is registered" or anything like that. So if you register a design for a car you can stop use of the design for a brooch or a cake or a toy, or if you register a textile design you can stop its use on wallpaper, a shirt or a plate.
28. Having provided in effect that any commercial use will infringe, the Regulation goes on to provide exceptions. The Art.20 exceptions are in part taken from similar exceptions to patent infringement set out in the (unimplemented) Community Patent Convention of 1975. Art 21 provides for exhaustion of rights, corresponding to Art 7 of the Trade Marks Directive 89/104 and Art 28 of the Community Patent Convention. Art. 22 provides for a right of prior use.
29. UDRs are short-term. They last for three years "as from the date on which the design was first made available to the public in the Community" (Art.11). Note that the same expression "made available to the public" is used as in the test for identifying the prior art. The term of CDRs is much longer, a maximum of 25 years.
30. The point of the short-term protection for UDRs is two-fold. The first is explicitly referred to in recital (16) – for products having a short market life there is no need to register. The second is as a result of Art. 7(2). This provides a "grace" period of 12 months. It works this way. If the designer markets his design and within a year thereafter applies to register it, his earlier disclosure of the design does not count as prior art. This has the benefit that he can see how his design is initially received by the market – if well he can go on to register it, if not he need not bother.
31. The next part of the architecture is the conditions for invalidity. Art 25 sets out the possible grounds of invalidity and says these are the only such grounds. There is a slightly puzzling provision about maintaining a registration which has been declared invalid on certain grounds in an amended form.
32. The last part of the architecture which it is necessary to consider is some of Title IV Application for a Registered Community Design. Art 36 sets out what the application "shall contain". Besides what are clearly important but clearly only administrative matters such as requirements for an application, identification of the applicant and a representation of the design, Art 36(2) says:

2. The application shall further contain an indication of the products in which the design is intended to be incorporated or to which it is intended to be applied.

A lot of the argument revolves around this provision.

33. Art 36 also specifies some optional matters to be included in the application. These include:
  - (d) the classification of the products in which the design is intended to be incorporated or to which it is intended to be applied according to class;
34. It is necessary to explain what is meant by "classification .. according to class." There is an international agreement called the "Locarno Agreement Establishing an International Classification for Industrial Designs", originally signed in 1968. The idea is to have a single internationally agreed classification for industrial designs by classes, subclasses, a detailed list of goods in which designs are incorporated and an indication of the classes and subclasses into which they fall. There is a similar, older, system for Trade Marks (the Nice Agreement). Art 2(1) of Locarno says this:

Subject to the requirements prescribed by this Agreement, the international classification shall be solely of an administrative character. Nevertheless, each country may attribute to it the legal scope which it considers appropriate. In particular, the international classification

shall not bind the countries of the Special Union as regards the nature and scope of the protection afforded to the design in those countries.

35. Art 36 contains further administrative matters (about fees and so on) and concludes with the following:

6. The information contained in the elements mentioned in paragraph 2 and in paragraph 3(a) and (d) shall not affect the scope of protection of the design as such.

*The Recital (7) Argument*

36. I can now turn to the detailed arguments. The first argument run heavily in the skeleton argument but lightly if at all at the oral hearing was based on Recital (7). The argument was that the purpose of the Regulation was to give "enhanced protection." "Enhanced protection" meant something like "as wide as possible" and so in any case of doubt one should lean in favour of protection. Such an argument was run in *Procter & Gamble v Reckitt Benckiser* [2007] EWCA Civ 936 and rejected at [54]

[Counsel for the owner of the registered design] submitted that [Recital (7)] showed an intention that the scope of protection should be wide. He gets that from the word "enhanced". But I do not read it as referring to the scope of protection at all. It comes after a series of recitals about the patchwork nature of national design protection rules, the problems for free movement that creates and the need for an EU wide system and before a recital about the need for a more accessible design-protection system. It is saying no more than that design protection is desirable for the reasons given. In fact if design protection is too wide, even for a strikingly innovative design, you are likely to discourage innovation and investment. Different designs will be caught or under the threat of being caught. Merely drawing inspiration from prior designs will become dangerous.

37. I would merely add two things. First is that nothing in the *travaux préparatoires* supports the argument that protection should be as wide as possible. The second is that Mr Vaughan, rightly in my view, did not base his suggestion for a reference to the ECJ on recital (7) – he did not suggest this recital caused any doubt.

*The Recital (14) Argument*

38. So I turn to his main argument. It is that Recital (14) compels one to the conclusion that the circles of the Art. 7 exception must be those for which the design was registered, or, in the case of a UDR, the circles into which the holder of the right sold his product.

39. Now recital (14) clearly has difficulties. I referred to them in *Procter & Gamble*:

[17] The recital is actually framed around the requirement for registrability – whether the design has "individual character" – rather than the test for infringement. Curiously the reference to the "existing design corpus, taking into consideration the nature of the product to which the design is applied" is not expressly carried over into the text of any of the actual Articles of the Regulation. But self-evidently it is relevant to their interpretation. What it tells us is that for the purposes of registrability the notional informed user is to be taken as aware of other similar designs which form part of the "design corpus". Further, the "overall impression" to the "informed user" is also a key ingredient of the infringement test. So for that test too the notional informed user must be taken to be aware of the "existing design corpus."

And:

[21] ... The right conferred applies to any sort of product even though the registration contains an indication of the type of article for which it is intended, see Art. 36(2). Where the alleged infringement is a quite different sort of product from that indicated as being the intended type, there may be problems about identifying the attributes of the informed user – is he a user of the kind of article such as the alleged infringement or a user of the kind of intended article? Or both? But none of that applies here.

40. What Mr Vaughan submits is that the "individual character" test of Art. 6 is to be performed by the "informed user." Recital (14) requires this notional person to consider "the existing design corpus", "the nature of the product to which the design is applied", "the industrial sector to which it belongs." All these things, he submits, only make sense if the sector concerned is that for which the design is registered. As Miss Lawrence (for Green Lane) put it in her supplementary note: "the informed user cannot be expected to be informed across a whole myriad of different sectors."
41. I accept that there are real difficulties about recital (14). But I think Mr Hacon is right and clearly so, in submitting that they do not arise so far as Art. 7 is concerned. The exception simply rules out certain prior art from being considered at all, either for the purposes of novelty (in relation to which the informed user plays no part) or for the purposes of "individual character." Whatever the informed user should be considering and whatever his notional attributes is not material to the inquiry as to what prior art is to be excluded. The informed user only comes in once the prior art to be considered is identified.
42. I think this is confirmed by a series of considerations all going one way:
- i) Art 36 (the administrative provisions) both on its own and when considered in relation to the grounds of invalidity.
  - ii) The *travaux préparatoires* in relation to Art. 7.
  - iii) The otherwise irrational results, results which are not obscure or unrealistic.

*The travaux préparatoires generally*

43. Since in relation to all three points I shall be referring to the *travaux* it is convenient at this point to relate the general history leading up to the Regulation. I am afraid that I am repeatedly reminded of what Bismarck said: "To retain respect for sausages and laws, one must not watch them in the making."
44. The broad history is this:

1991	Publication of a report by the Max Planck Institute called "Towards a European Design Law". It followed a conference the previous year at Schloss Ringberg.
1991	European Commission "Green Paper on the Legal Protection of Industrial Design," June 1991 (111/F/5131/91). This was avowedly a consultation document only, with no hard and fast proposals.
1993	Commission published first formal draft proposals for both a Regulation and a Directive aimed at Member States requiring substantial harmonisation of national design laws (COM (93) 342 final-COD 463 and COM (93) 344 final COD 464). This was of course after the consultation.
1994	Opinion of the Economic and Social Committee of the EU (C388/9) of 31.12.94.
1995	Additional Opinion of the ESC (CES 187/95 F/PM/ym), 22.2. 1995.
1995	European Parliament Report on the proposal for a Directive (it had been decided to leave the Regulation until later) (A4-0227/95).
1996	Amended Commission Proposal for a Directive (COM (96) 66 final COD 464) 21,02 1996 also published as OJ C142/7 but without the explanatory commentary on 14.5.1996.
1996	Council Revised Draft Directive 17.6.1997 EC 28/97
1996	European Parliament Decision on the draft Directive 10.11.1997 OJ C339
1998	Design Directive 98/71/EC 13.10. 1998



1999	Amended Commission Proposal for a Regulation 21.6.1999 (COM (1999) 310 final).
2001	Council amended proposal 7400/01 of 18.4.2001 [There were some amendments proposed at other times, but none are suggested relevant here]
2001	Regulation 6/2002 adopted, 12.12.2001.

45. The parties have trawled their way through this lot to see what may help. And there is some material, but nothing which in the end displaces the conclusion I reach based on the Regulation itself. Some of it provides inferential support and in one respect is strongly confirmatory of Mr Hacon's position.

*The travaux for Art. 36(2)*

46. I start with Art 36(2). This provision is, as was accepted, crucial for Green Lane's argument. An applicant has to indicate the products upon which he intends to apply his design. It is this indication which, it is submitted, tells you, or enables you to work out, what the "sector concerned" is. If there was no such indication the argument could not get off the ground – you simply would not be able to tell what the design is registered for – the designs in issue are of that sort. Even where you think you could work out what is it for, you could be wrong: suppose it looks a bit like a chair but the applicant intended it to be a toy or a brooch or a statue.
47. But I do not think Art. 36(2) is intended to affect legal rights at all, whether by way of the definition of scope of protection, or validity, which in a real sense is also part of scope of protection or otherwise. It comes in a title which has nothing to do with existence or extent of rights – "Application for Registered Community Designs". It comes under a section whose heading is likewise nothing to do with either of these matters – "Filing of applications and the conditions which govern them." Its own heading has nothing to do with them either – "Conditions with which applications must comply". All the other matters in Art 36 are obviously administrative, so it is stretching the imagination to think that Art. 36(2) is intended to have an affect on substantive rights.
48. Next there is no sanction for a mistaken or misstated Art. 36(2) declaration. An applicant can say what he likes about what he intends to apply his design to, but whether he gets it wrong, even deliberately wrong, does not in the end matter. There is no ground of revocation available if he does (see Art. 25 "only in the following cases"). If rights or their validity depended on the declaration, one would surely expect a sanction for a misstated declaration. Besides a designer may in some cases have a particular kind of article in mind only later to realise that he can exploit his design for other kinds of article.
49. Now it is true that the Art 36(2) statement is compulsory, but this should be seen in the context that there is also an optional Locarno class declaration (Art. 36(3)(d)). The scheme is that the applicant should identify the product and may also say what class it is in. If he chooses not to do the latter, then the Office can do the job for him. That is the way I understand the scheme to work. The only purpose behind all of this is so that the classification system can be used for searching purposes. Everyone has an interest in the classification system working: people need to know whether registrations are valid or not and for that purpose it is helpful to be able to search in a structured system – hence the use of the classification system.
50. Art. 36(6) confirms this. It says that both the compulsory and voluntary information "shall not affect the scope of protection of the design as such." I think it wholly unrealistic to read this as limited to "scope" without including "validity". An invalid registration has no scope.
51. In this connection Mr Vaughan showed us the OHIM Board of Appeal decision in *Casio's Appn*. Case R 1421/2006-3 [2007] ECDR 13. Casio had applied to register their design for "Cash Register and Point of Sale Data Processing Equipment". Unilaterally and without consulting Casio, the Office widened the specification to "Cash Registers; Date Processing Equipment.". It was held the Office should not have done this. Casio were worried that somehow the specification might affect validity. The Board thought there might be something in this. It said:

[20] But the indication of a product to which the design is intended to be applied may produce, in the Board's opinion, other consequences. For example, as regards the rights conferred by the Community Design: according to Art.19 of the CDR the exclusive right to use the design covers in particular the sale, manufacture, etc., of products "in which the design is incorporated". A broader or narrower formulation of the product might therefore have implications as regards the extent of exclusive rights.

[21] The applicant mentions other implications as regards the determination of prior art, the identification of the "informed user" (Art.6(1) of the CDR), etc. The Board is unable to rule these out.

[22] The Board is therefore unable to rule out that the indication of the product may produce legal consequences and the applicant's concerns in this respect are justified.

52. With respect I am quite unable to agree. I simply do not see how the Board could have thought that "a broader or narrower formulation ... might therefore have implications as regards the extent of exclusive rights." Art 36(6) says quite the opposite. As regards validity, it is true that the Board thought the specification might have implications as regards the determination of the prior art. But in the absence of any reasons, one is simply unable to know why. I do not regard this decision as disturbing my conclusion (based on much more detailed arguments by both sides than were presented to the Board).
53. The real point of the case is that the Office must accept the applicant's statement at least if it is clear (with room for discussion first). If that is done, then the product can be put in the correct Locarno classification. As the Board said of Casio's wording:

[27] That wording indicates clearly the nature of the products and enables them to be classified in separate classes of the Locarno classification.

For the reasons I have explained it is in the applicant's interest that his product is properly classified.

54. Nor does the argument fit with the fact that the rule must be the same for UDRs. Necessarily these do not have a statement about intended use. The designer just puts his product on the market. Miss Lawrence says you work out what the sector is from that. But a man who puts a thing on the market will be happy to sell his product for any purpose. And he may, depending on the adaptability of the design, sell it for a variety of purposes. Why should he, having sold his article on the market for one purpose, find other possible uses foreclosed by some later UDR of someone else? Or suppose a man puts his article on the market for a particular use, and, within the grace period applies for a CDR specifying a different purpose? Is there to be different prior art for the two cases? The answer can rationally only be no.
55. More confirmation that Art. 36(2) is purely administrative comes from the fact that the Regulation must clearly be read in conjunction with the Directive. The idea is that you can get the same rights, governed by the same rules as to validity Community wide as you can get nation-wide via a national registration. The Directive came first. It contains no Art. 36 – indeed no applications provisions at all. It was left to Member States to decide whether the applicant should or should not specify the proposed use of his design. Doubtless many, if not all, Member States used the Locarno Convention and may have required the applicant to specify the nature of his intended use or at least the Class of this intended use. But the fact that there was no obligation in Directive for this is a major pointer to the conclusion that any such statement could not affect validity in any way.
56. The *travaux* by implication support my conclusion about Art. 36. The original Max Planck draft proposal (Art 39 entitled "Conditions with which applications must comply") did not contain any compulsory indication of intended purpose and merely said that the applicant could optionally indicate the classes of goods to which the design was to be registered. The associated Max Planck commentary said that the option was to "ease the work of the Office as regards administration and documentation." Miss Lawrence submitted that this was about work being done by the applicant rather than the Office. I am not convinced of this, but it does not matter – the point is the indication was not suggested to be for anything but administrative purposes.
57. There was a forerunner of Art 36(2) saying "The classification of a design does not affect the scope of

protection granted by the Community design." At that time, and always thereafter, no link was ever suggested with the proposals concerning what prior art could be used to attack validity of a registration. Thus the Green Paper said that the class of products "would only serve for classification purposes (p.3§8.6.6). This was at a time when the proposal was that:

A design, to obtain protection, should not already be known to the specialists operating within the Community in the sector of marketable goods to which the design is intended to be applied" (§5.5.5.1)

At that early stage no real thought had been given to how this proposal about prior art would or could work – there simply was no proposal about how the "goods to which the design is intended to be applied" could be ascertained.

58. Following the consultation, the First Proposal simply opted for absolute novelty (see more below). Meanwhile the draft provided optionally for both an indication of class and an indication of the products to which the design was intended to be incorporated or applied. The two provisions about prior art and classification/goods were quite unrelated.
59. At the same time the first formal proposal for the Directive was issued. There was nothing about any requirement for national laws to say anything about what should be on the application form – nothing even optional about specifying the intended goods or class. And as I have said nothing like this ever emerged in the ultimate Directive.
60. When the Commission came back to consider the Regulation in 1999 the draft proposal (Art 39, the predecessor of the ultimate Art. 36) proposed that the applicant should have to specify both class and intended product. There was no discussion or suggestion that this requirement related to validity or what was to be taken as prior art. The proposed sanction for failure to provide the information is important here. There was no loss of priority if it was supplied late. If that information was intended to affect what prior art could be cited against the design one would have expected a more serious sanction. There was a sanction (loss of priority) for failure supply more serious information such as a representation of the design.
61. And having proposed that the provision of the information should be compulsory, if it was really of significance to validity, one would have expected that to be reflected in the grounds of invalidity – but on the contrary the proposed grounds of invalidity were both set out as closed and made no reference to a failure to provide accurate information – as in the Art 24 of the ultimate Regulation
62. It is also of some significance that the draft re-introduced (as Art 36(7)) an explicit provision corresponding to what became Art. 36(6). It had gone earlier (when the proposal was only for voluntary supply of information). Coming back in, and for both the indication of class and goods, shows the Commission regarding the information as purely administrative. Otherwise there would have been a differentiation between the information about the specific proposed use and the more general Class information.
63. In short nothing in the *travaux* ever links or suggests there is a link, between what can be cited as prior art and any requirement, voluntary or compulsory, to specify a class or the intended purpose of the design.

*The Travaux for Art. 7*

64. Originally it was Green Lane which suggested that the *travaux* for Art. 7 supported its case. It pointed to the early Green Paper and the passage I have quoted at [57] above. But much water passed under the bridge thereafter and one cannot say that the final document was intended to implement that idea. Far from it.
65. Firstly, following consultation, the first proposal actually dropped the idea said by Green Lane to be the intention. Absolute novelty was chosen. The explanatory memorandum said this:

Novelty is to be assessed at the world-wide level. If it has been registered or otherwise has been made available to the public anywhere in the world, it is not new.

66. It is a fair inference that that is what the users wanted. So far as one can see there was never any further wide consultation which changed that general view. How then did the exception to absolute novelty come about? The *travaux* are clear about this. It came about by reason of a specific piece of lobbying by the textile industry. It was a concern about counterfeiting and nothing to do with an intention that prior art, obscure in the field of intended use, should be discounted.

67. The Economic and Social Committee Opinion of 1994 said this when considering the novelty provision:

3.1.2 This provision, as worded, would be difficult to apply in many fields, and particularly in the textiles industry. Sellers of counterfeit products often obtain false certification stating that the disputed design had already been created in a third country.

3.1.3 In these circumstances, the aim should be dissemination to interested parties within the European Community before the date of reference.

3.1.4 In the light of the above considerations, Article 5(2) might be worded as follows:

'A design shall be deemed to have been made available to the public if it has been published following registration, exhibited, used in trade or otherwise disclosed, unless this could not reasonably be known to specialist circles in the sector in question operating within the Community before the date of reference..

68. This is clearly the forerunner of the exception in Art. 7. The ESC's suggestion was taken up, extended also to the individual character test and became the law. It is worthwhile quoting the Commission's explanation for the proposed exception contained in its 1966 Amended Proposal:

The Article [6] has furthermore been amended in accordance with the wishes of the European Parliament and the Economic and Social Committee through the introduction of what is commonly known as the "safeguard clause". Its aim is to protect the design industry from claims that a design right is not valid because there was an earlier design in use somewhere in the world where the European industry could not possibly have been aware of it. The intention of this provision is to avoid the situation where design rights can be invalidated by infringers claiming that antecedents can be found in remote places or museums.

69. As Mr Hacon observes for the exception to work as intended, the sector concerned had to be that of the cited prior art. His example demonstrates this:

If the CRD was in respect of a design for, say, teapots and the alleged prior art was for Columbian textiles, it would be the textiles circles in Europe who would be in a position to know whether the 'certification' was genuine. *Ex hypothesi* the teapot circles would never know.

70. Moreover the exception was clearly conceived as narrow – it was aimed at obscure prior art only: it meant that forging this would not help an infringer.

71. Although there were further *travaux* before the ultimate Regulation, there was no significant relevant further change.

72. The only other thing to note is that at no time did anyone ever suggest there was any link between what became Recital 14 and this proposal. Yet if the Recital and this provision were linked as Mr Vaughan submits, there surely would have been. The same goes for the *travaux* leading to Art. 22. It cannot seriously be argued that because Art 22 provides a limited defence of prior use, it follows that the Art. 7 exception is wide.

73. One final important matter is what the British Patent Office said the exception meant when it went out to consultation about implementation of the Directive 12<sup>th</sup> February 2001:

It is believed that the "sector concerned" in any particular case means the one relevant to the individual disclosure which is being considered as possible prior art, rather than necessarily the sector where the applicant for registration operates. Since the vast majority of disclosures will be known to their own sectors, this is expected to exclude very few designs from the prior art.

This is dead against Mr Vaughan's submission.

74. Accordingly I conclude that the *travaux* for Art. 7 do provide a "bull's-eye" in favour of Mr Hacon. I am here applying what Lord Steyn said in *Effort Shipping. v Linden Management* [1998] AC 605 at 623E-F:

"I would be quite prepared, in an appropriate case involving truly feasible alternative interpretations of a convention, to allow the evidence contained in the *travaux préparatoires* to be determinative of the question of construction. But that is only possible where the court is satisfied that the *travaux préparatoires* clearly and indisputably point to a definite legal intention: see *Fothergill v Monarch Airlines Ltd.*, per Lord Wilberforce, at p.278c. Only a bull's-eye counts. Nothing less will do."

*The absurd consequence if Green Lane were right*

75. Finally I turn to the absurd consequences if Mr Vaughan were right. The Judge identified some of these and I can do no better than borrow his description with gratitude:

[22] There are a number of potential consequences of Green Lane's interpretation which suggest that it is wrong. First, consider the form of the application. Suppose a designer produces a design of a product which can be used for a multitude of purposes or products, each of which is in a different product class. Call the classes A, B, C and D; and assume that circles specialised in one class do not know about designs in the other classes. The design is both old and well-known in circles specialising in class D. If Dr Lawrence is right, then the registration will be invalid if the applicant for registration specifies all four classes (or class D alone); but it will be valid if he only specifies class A. Yet once registered, the registration gives him a monopoly extending across all four classes. So the canny applicant will specify the products to which the design is intended to be applied in the narrowest possible way, so as to avoid exposing his design to prior art, confident in the expectation that once the design has been registered he will obtain the wide protection given to him by the registration.

[23] Second, consider the consequences of registration. The use of the design in class D is old and well-known. But upon registration of a design specifying class A as the intended class of products, it becomes unlawful to use the design for products in class D without the consent of the holder of the registered design. It is common ground that the grant of intellectual property rights ought not to have the effect of making unlawful that which had previously been lawful. Dr Lawrence seeks to meet this by invoking Article 22. But Article 22 is very narrow. It protects a person who has himself begun use of a design before the filing date of the CRD or made serious and determined preparations to do so. So consider a person who operates within the field of Class D. He is well aware of the old design, but has not used or prepared to use it yet, although all his competitors have. Article 22 would not allow him to use it. But why should he not use an old and well-known design within his own field of operation?

[24] Take another example. A manufacturer of products within class D sells them through a distributor. Dr Lawrence would accept that the manufacturer can go on manufacturing and the distributor can go on distributing. But what if the manufacturer wants to change his distributor after the relevant date? The new distributor has not previously sold products to that design. Since the sale of products to the registered design is itself an infringement under Article 19 the new distributor cannot sell. He cannot bring himself within Article 22 because he has no prior use; and the manufacturer (who is probably within Article 22) is prohibited by Article 22.3 from granting the new distributor a licence to exploit the design. So if Dr Lawrence is right, the pre-existing business arrangements are frozen.

[25] Third, consider the situation as the period of protection is coming to an end. The original registration specified class A as the class of products to which the design was intended to be applied. It is in fact capable of being applied to classes B, C and D as well (although it has not yet been applied to class C products). As the period of protection comes towards its end, the proprietor of the registered design applies to register it specifying class C as the class of products to which it is intended to be applied. Prior art within class A, on Dr Lawrence's interpretation, does not count (assuming that the circles specialising in the respective classes do not know about each other's designs); so the registration is successful. The proprietor of the registered design thus extends his protection within class A by registering his design for class C. Yet this is contrary to Article 12 which limits the "total term" of a registered design to twenty five years.

76. There are other examples one can think of too. For instance those mentioned in [54] above.
77. These examples are realistic. Mr Vaughan did not really contend otherwise. And he could not find any fault with them. His answer was to suggest that the alternative construction also produced absurd results. First it would involve difficult questions of searching and second that the right holder might find his registration lost by reason of prior art which he could not reasonably learn about because the validity of a design could be challenged on the basis of any prior art in any field unless it was obscure in its own field.
78. I do not accept either point as absurd. As to the practicalities of searching, it has always been the case that design searches are not easy – most prior designs are not registered and so not readily searchable as, for instance, patent literature is. Yet the system has worked well for a long time with absolute novelty in many countries, for instance under the prior UK system.
79. But of even more fundamental significance is this: the right gives a monopoly over any kind of goods according to the design. It makes complete sense that the prior art available for attacking novelty should also extend to all kinds of goods, subject only to the limited exception of prior art obscure even in the sector from which it comes.

*Two minor points*

80. Finally I turn to a couple of minor points. First it was suggested we would get assistance from a decision of the Bundesgerichtshof of 18<sup>th</sup> October 2002 in case I ZR 100/95. The case was under the prior German law and for that reason alone is no relevance to the construction of the Regulation. The design was for shapes of roof tiles. The shapes were old but not for roof tiles. It was held the registrations were valid. Mr Vaughan was unable to help us on whether, under the old German law the rights extended to all kinds of product – we did not have the text of the law shown to us at all. Obviously if the right was limited to roof tiles it is tenable that novelty destroying prior art should be in that field. If the right extended over all fields then that position would be untenable. For both these reasons the case is no help at all.
81. Also there was some suggestion, but no detailed argument, that somehow Art. 25(6) could be relevant. This is about maintaining a registration in an amended form following a finding of invalidity. I do not see how it can have any relevance here. It is a provision also found in the Directive (which as I have observed has nothing equivalent to Art. 36(2)). So it cannot be about amendment of an Art. 36(2) declaration. Also I think the Judge was right when he said:

[31] ....The registration may be accompanied by a "partial disclaimer" by the holder of the CRD. But what this contemplates, in my judgment, is not that the whole design can be registered with a disclaimer of its application to certain product classes. Rather it contemplates that part of the design itself may be disclaimed. Any other reading would be inconsistent with Article 10 which does not allow for differentiation between different classes of product.

*Postscript*

82. I would only add that after completion of the argument the parties informed us that they had settled their differences. They recognised that the case involved an important question of law of general importance

and that we had a discretion as to whether we should deliver judgment. They asked us, nonetheless, to refrain from do so. The commercial reasons for this were explained in a further letter. I have considered these, but nonetheless I consider that it is in the public interest that this judgment should be delivered and accordingly do so.

*Conclusion*

83. Accordingly I would have dismissed this appeal and refused a reference. But in view of the parties' agreement it is unnecessary to draw up an order to that effect.

**Lord Justice Rimer:**

84. I agree with Jacob LJ's judgment. As to whether, in the circumstances he mentions in his postscript, we should deliver judgment, I was not convinced that we should. My view was, however, a minority one.

**Lord Justice Ward:**

85. I also agree with Jacob LJ's judgment. Whilst I am strongly in favour of the encouraging compromise and simply endorsing any settlement of claims between litigating parties where only their private or commercial interests are involved, this case gives rise to points of law of general importance which have an impact on those not directly engaged in this particular dispute. Where our judgment may clarify that which has been moot and the result is of wider public interest, I take the view that we should make our conclusions known and so I have been in favour in this case of handing down this judgment.

**ANNEX**  
**Relevant provisions of Regulation 6/2002**  
**on Community designs**

(7) Enhanced protection for industrial design not only promotes the contribution of individual designers to the sum of Community excellence in the field, but also encourages innovation and development of new products and investment in their production.

(14) The assessment as to whether a design has individual character should be based on whether the overall impression produced on an informed user viewing the design clearly differs from that produced on him by the existing design corpus, taking into consideration the nature of the product to which the design is applied or in which it is incorporated, and in particular the industrial sector to which it belongs and the degree of freedom of the designer in developing the design.

(16) Some of those sectors produce large numbers of designs for products frequently having a short market life where protection without the burden of registration formalities is an advantage and the duration of protection is of lesser significance. On the other hand, there are sectors of industry which value the advantages of registration for the greater legal certainty it provides and which require the possibility of a longer term of protection corresponding to the foreseeable market life of their products.

*Article 5*

**Novelty**

1. A design shall be considered to be new if no identical design has been made available to the public:

(a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public;

(b) in the case of a registered Community design, before the date of filing of the application for registration of the design for which protection is claimed, or, if priority is claimed, the date of priority.

*Article 6*

**Individual character**

1. A design shall be 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:

(a) in the case of an unregistered Community design, before the date on which the design for which protection is claimed has first been made available to the public;

(b) in the case of a registered Community design, before the date of filing the application for registration or, if a priority is claimed, the date of priority.

2. In assessing individual character, the degree of freedom of the designer in developing the design shall be taken into consideration.

*Article 7*

**Disclosure**

1. For the purpose of applying Articles 5 and 6, a design shall be deemed to have been

made available to the public if it has been published following registration or otherwise, or exhibited, used in trade or otherwise disclosed, before the date referred to in Articles 5(1)(a) and 6(1)(a) or in Articles 5(1)(b) and 6(1)(b), as the case may be, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, 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.

2. A disclosure shall not be taken into consideration for the purpose of applying Articles 5 and 6 and if a design for which protection is claimed under a registered Community design has been made available to the public:

(a) by the designer, his successor in title, or a third person as a result of information provided or action taken by the designer or his successor in title; and

(b) during the 12-month period preceding the date of filing of the application or, if a priority is claimed, the date of priority.

***Scope and term of protection***

*Article 10*

**Scope of protection**

1. The scope of the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression.

2. In assessing the scope of protection, the degree of freedom of the designer in developing his design shall be taken into consideration.

*Article 11*



### **Commencement and term of protection of the unregistered Community design**

1. A design which meets the requirements under Section 1 shall be protected by 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.
2. For the purpose of paragraph 1, a design shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, 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.

#### *Article 19*

### **Rights conferred by the Community design**

1. A registered Community 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.

#### *Article 22*

### **Rights of prior use in respect of a registered Community design**

1. A right of prior use shall exist for any third person who can establish that before the date of filing of the application, or, if a priority is claimed, before the date of priority, he has in good faith commenced use within the Community, or has made serious and effective preparations to that end, of a design included within the scope of protection of a registered Community design, which has not been copied from the latter.
2. The right of prior use shall entitle the third person to exploit the design for the purposes for which its use had been effected, or for which serious and effective preparations had been made, before the filing or priority date of the registered Community design.
3. The right of prior use shall not extend to granting a licence to another person to exploit the design.
4. The right of prior use cannot be transferred except, where the third person is a business, along with that part of the business in the course of which the act was done or the preparations were made.

#### *Article 25*

### **Grounds for invalidity**

1. A Community design may be declared invalid only in the following cases:
  - (a) if the design does not correspond to the definition under Article 3(a);
  - (b) if it does not fulfil the requirements of Articles 4 to 9.
  - (c) .....
6. A registered Community design which has been declared invalid pursuant to paragraph (1)(b), (e), (f) or (g) may be maintained in an amended form, if in that form it complies with the requirements for protection and the identity of the design is retained. 'Maintenance' in an amended form may include registration accompanied by a partial disclaimer by the holder of the registered Community design or entry in the

register of a court decision or a decision by the Office declaring the partial invalidity of the registered Community design.

#### TITLE IV

### **APPLICATION FOR A REGISTERED COMMUNITY DESIGN**

#### Section 1

#### ***Filing of applications and the conditions which govern them***

#### *Article 36*

#### **Conditions with which applications must comply**

1. An application for a registered Community design shall contain:

- (a) a request for registration;
- (b) information identifying the applicant;
- (c) a representation of the design suitable for reproduction.

However, if the object of the application is a two-dimensional design and the application contains a request for deferment of publication in accordance with Article 50, the representation of the design may be replaced by a specimen.

2. The application shall further contain an indication of the products in which the design is intended to be incorporated or to which it is intended to be applied.

3. In addition, the application may contain:

- (a) a description explaining the representation or the specimen;
- (b) a request for deferment of publication of the registration in accordance with Article 50;
- (c) information identifying the representative if the applicant has appointed one;
- (d) the classification of the products in which the design is intended to be incorporated or to which it is intended to be applied according to class;
- (e) the citation of the designer or of the team of designers or a statement under the applicant's responsibility that the designer or the team of designers has waived the right to be cited.

4. The application shall be subject to the payment of the registration fee and the publication fee. Where a request for deferment under paragraph 3(b) is filed, the publication fee shall be replaced by the fee for deferment of publication.

5. The application shall comply with the conditions laid down in the implementing regulation.

6. The information contained in the elements mentioned in paragraph 2 and in paragraph 3(a) and (d) shall not affect the scope of protection of the design as such.