Reports of Cases

JUDGMENT OF THE GENERAL COURT (Seventh Chamber)

26 April 2023*

(Community design – Invalidity proceedings – Registered Community design representing apparatus for grilling – Disclosure of the earlier design – Article 7(2) of Regulation (EC) No 6/2002)

In Case T-757/21,

Activa – Grillküche GmbH, established in Selb (Germany), represented by F. Stangl and M. Würth, lawyers,

applicant,

v

European Union Intellectual Property Office (EUIPO), represented by G. Sakalaitė-Orlovskienė and J. Ivanauskas, acting as Agents,

defendant,

the other party to the proceedings before the Board of Appeal of EUIPO, intervener before the General Court, being

Targa GmbH, established in Soest (Germany), represented by M.-H. Hoffmann, lawyer,

THE GENERAL COURT (Seventh Chamber),

composed of K. Kowalik-Bańczyk, President, G. Hesse (Rapporteur) and I. Dimitrakopoulos, Judges,

Registrar: A. Juhász-Tóth, Administrator,

having regard to the written part of the procedure,

further to the hearing on 23 November 2022,

gives the following

* Language of the case: English.

Judgment [1]

1 By its action under Article 263 TFEU, the applicant, Activa – Grillküche GmbH, seeks the annulment of the decision of the Third Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 4 October 2021 (Case R 1651/2020-3) ('the contested decision').

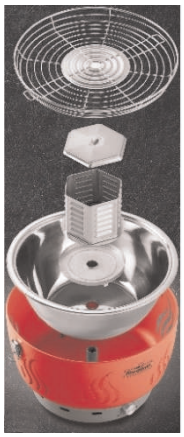
Background to the dispute

2 On 5 April 2016, the intervener, Targa GmbH, filed an application for registration of a Community design with EUIPO, pursuant to Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (OJ 2002 L 3, p. 1).

3 The contested design was registered by EUIPO under the number 3056449-0001 in respect of 'Grilling apparatus' in Class 07.02 of the Locarno Agreement Establishing an International Classification for Industrial Designs of 8 October 1968, as amended. It is represented in the following three views:



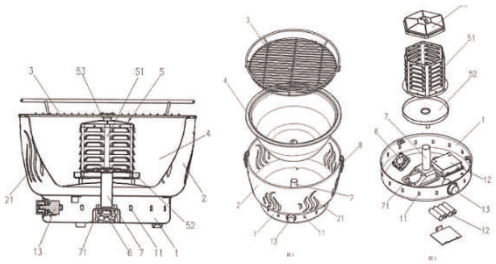




[1] Only the paragraphs of the present judgment which the Court considers it appropriate to publish are reproduced here.

4 On 14 November 2018, the applicant filed an application for a declaration of invalidity of the contested design, submitting that that design lacked novelty and individual character within the meaning of Articles 5 and 6 of Regulation No 6/2002.

5 In support of its arguments, the applicant relied on three earlier designs, including the Chinese utility model registered as CN 204 410 600 ('the Chinese utility model'), which had been published in China on 24 June 2015 by Guangzhou Hungkay and is represented in, inter alia, the following views:



6 After its publication, the Chinese utility model was the subject of two transfer agreements (taken together, 'the transfer agreements'). By a first agreement concluded on 26 November 2016, Guangzhou Hungkay transferred to the intervener all the intellectual property rights regarding the Chinese utility model with regard to the territory of the European Union, including the United Kingdom, as from 7 October 2014. By a second agreement concluded on 28 November 2016, A, the initial designer of the Chinese utility model and an employee of Guangzhou Hungkay, transferred to the latter all the intellectual property rights relating to that Chinese utility model, also as from 7 October 2014.

7 By decision of 12 June 2020, the Invalidity Division rejected the application for a declaration of invalidity and ordered the applicant to pay the costs.

8 On 4 August 2020, the applicant filed a notice of appeal against the Invalidity Division's decision.

9 By the contested decision, the Third Board of Appeal of EUIPO dismissed the appeal and ordered the applicant to pay the costs.

Forms of order sought

10 The applicant claims that the Court should:

– annul the contested decision;

– declare the contested design invalid;

– order EUIPO and the intervener to pay the costs.

11 EUIPO and the intervener contend that the Court should:

– dismiss the action;

– order the applicant to pay the costs.

Law

...

The first plea, alleging infringement of Article 7(2) of Regulation No 6/2002

13 The applicant contends that the Board of Appeal infringed Article 7(2) of Regulation No 6/2002 by basing its decision on the grace period although the Chinese utility model relied on in support of the application for a declaration of invalidity was transferred to the intervener only after the application for registration of the contested design had been filed. It submits, in essence, that the status of successor in title within the meaning of that article can be assessed only on the basis of the factual situation which existed as at that filing date. In its view, agreements after that date, whether backdated or not, cannot confer the status of successor in title or remedy the lack of that status at the time of filing. The applicant adds that the question of novelty and individual character must be assessed objectively.

14 EUIPO and the intervener dispute the applicant's arguments.

15 According to Article 5(1)(b) of Regulation No 6/2002, a registered Community design is to be considered to be new if no identical design has been made available to the public before the date of filing of the application for registration of the design for which protection is claimed.

16 Article 7(1) of Regulation No 6/2002 provides that, for the purpose of applying, inter alia, Article 5(1)(b) of that regulation, a design is to 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 of filing of the application for registration of the design for which protection is claimed, 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 European Union. The design is not, however, to 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.

17 According to Article 7(2) of Regulation No 6/2002, a disclosure is not to be taken into consideration for the purpose of applying Article 5 of that regulation if a design for which protection is claimed under a registered Community 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 as a result of information provided or action taken by the designer or his or her successor in title.

18 According to the case-law, for Article 7(2) of Regulation No 6/2002 to be applicable in the context of invalidity proceedings, the owner of the design that is the subject of the application for a declaration of invalidity must establish that it is either the designer of the design upon which that application is based or the successor in title to that designer (judgments of 14 June 2011, *Sphere Time* v *OHIM – Punch (Watch attached to a lanyard)*, T-68/10, EU:T:2011:269, paragraph 26, and of 18 November 2015, *Liu* v *OHIM – DSN Marketing (Case for a portable computer)*, T-813/14, not published, EU:T:2015:868, paragraph 23).

19 In the present case, the Board of Appeal found that the publication of the Chinese utility model in China on 24 June 2015 constituted disclosure. It also found that that disclosure was attributable to the designer's successor in title and that it had occurred within the grace period of 12 months

prior to the filing date of the contested design, which ran from 5 April 2015 to 4 April 2016. It concluded that the exception provided for by Article 7(2) of Regulation No 6/2002 was applicable in the present case.

20 In that regard, so far as concerns the relevant facts in the present case, it must be pointed out, first of all, that it is clear from the evidence submitted by the intervener that A, an employee of Guangzhou Hungkay, is the designer of the Chinese utility model and that he transferred his intellectual property rights in that utility model to his employer, Guangzhou Hungkay, in an agreement which was concluded on 28 November 2016 with effect as from 7 October 2014, as is apparent from his statements. Guangzhou Hungkay's property rights in the Chinese utility model are confirmed by Chinese patent law, according to which an invention-creation that is accomplished in the course of the performance of the duties of an employee or by using the material and technical conditions of an employer is deemed to be an employment invention-creation for which the employer has the right to apply for a patent.

21 Next, it must be stated that, on 24 June 2015, Guangzhou Hungkay, as the designer or, at the very least, the designer's successor in title, made the Chinese utility model available to the public by means of publication following the registration of that utility model in China. The parties acknowledge that the disclosed Chinese utility model is identical to the contested design.

22 Lastly, it must be pointed out that, in an agreement concluded on 26 November 2016, Guangzhou Hungkay transferred to the intervener some of the intellectual property rights in the grill design corresponding to the Chinese utility model. According to that agreement, 'all rights regarding the Design for the territory of [the] European [Union,] including [the United Kingdom,] have been transferred from [Guangzhou] Hungkay to [the intervener] on October 07, 2014' and '[the intervener] is … permitted to exercise and enforce all rights stipulated in … this contract against any third party … violating any intellectual property rights to the … design'.

23 As regards the question of whether the exception laid down in Article 7(2) of Regulation No 6/2002 applies in the present case, first, it must be stated that the transfer agreements are governed by the applicable national law and that the applicant does not in detail dispute either their validity or their enforceability against third parties under that national law.

24 Secondly, it is necessary to bear in mind, on the one hand, the role of the principle of contractual freedom in EU law and, on the other hand, the objectives of Regulation No 6/2002.

25 In that regard, it is apparent from the case-law that the right of parties to conclude contracts transferring property rights is based on the principle of contractual freedom and cannot, therefore, be limited in the absence of EU rules imposing specific restrictions in that regard. It follows that, provided that a contractual clause making such a transfer is not contrary to the objective pursued by the applicable EU rules and does not involve any risk of fraud, such a clause cannot be regarded as unlawful (see, to that effect and by analogy, judgment of 5 October 1999, *Spain* v *Commission*, C-240/97, EU:C:1999:479, paragraphs 99 and 100).

26 In the present case, in the first place, as regards the content of the applicable EU rules, no provision in those rules, and in particular in Regulation No 6/2002, prohibits contracts which are signed after the date of filing of an application for registration of a design and which retroactively transfer intellectual property rights regarding an earlier design governed by national law from being taken into account in the context of an application for a declaration of invalidity.

27 In the second place, as regards the objective of the applicable EU rules, Article 7(2) of Regulation No 6/2002 must be interpreted in the light of recital 20 of that regulation, which states that it is necessary to allow the designer or his or her successor in title to test the products embodying the design in the marketplace before deciding whether the protection resulting from a registered Community design is desirable.

28 It follows that the objective of the exception provided for in Article 7 of Regulation No 6/2002 is to offer a creator or his or her successor in title the opportunity to market a design, for a period of 12 months, before having to proceed with the formalities of filing. Accordingly, during that period, the creator or his or her successor in title can ascertain that the design concerned is a commercial success before incurring the costs relating to registration, without fear that the disclosure that takes place at that time may be successfully raised during any invalidity proceedings brought after the possible registration of the design concerned (judgments of 14 June 2011, *Watch attached to a lanyard*, T-68/10, EU:T:2011:269, paragraphs 24 and 25, and of 18 November 2015, *Case for a portable computer*, T-813/14, not published, EU:T:2015:868, paragraphs 21 and 22). Consequently, the aim of the exception provided for in Article 7(2) of Regulation No 6/2002 is to protect the interests of the designer and his or her successor in title.

29 In the present case, the taking into account of the transfer agreements, one of which was concluded between A and Guangzhou Hungkay and the other of which was concluded between Guangzhou Hungkay and the intervener, is specifically intended to protect the interests of the designer and his successive successors in title.

30 In the third place, as regards the risk of fraud, it must be pointed out, first, that the intervener has plausibly explained, and it has not been disputed by the applicant before the Court, that it already had a business relationship with Guangzhou Hungkay before the date of filing of the contested design, as can be deduced from paragraph 33 of the contested decision. They were already business partners, as Guangzhou Hungkay was the intervener's supplier, and correspondence between them regarding the design of that grill had existed since 2014. Secondly, the transfer agreements in respect of the Chinese utility model were concluded in November 2016, that is to say, two years before the application for a declaration of invalidity of the contested design was filed on 14 November 2018.

31 In those circumstances, in the light of that business relationship, the chronology of the relevant facts and all the other objective circumstances of the particular case, there is no indication of fraud or of collusive conduct in the transfer of the property rights by means of the transfer agreements.

32 It follows that EU law did not, in the present case, preclude the parties from giving retroactive effect to their agreements.

33 Consequently, it must be held, as the Board of Appeal found, that, since Guangzhou Hungkay disclosed the Chinese utility model by publishing it in China on 24 June 2015 and the intervener, acting as successor in title to Guangzhou Hungkay, filed an application for registration of an identical design as a Community design on 5 April 2016, that is to say, less than twelve months later, the exception provided for in Article 7(2) of Regulation No 6/2002 was applicable in the present case.

34 That finding cannot be called into question by the applicant's argument that agreements after the filing date, whether backdated or not, cannot confer the status of successor in title or remedy the lack of status at the time of filing. In particular, the applicant submits that, if a design holder can remedy the lack of novelty and individual character under Articles 5 and 6 of Regulation No 6/2002 by acquiring and transferring earlier designs after his or her application has been filed and thus circumvent the application of those articles, that would have the consequence that, in any invalidity proceedings, he or she could circumvent the invalidity of his or her design due to lack of novelty and individual character by subsequently turning to the owner of the earlier design in order to have that design transferred to him or her. Lastly, the applicant takes the view, in essence, that the assessment of novelty and individual character would not be an objective examination of the facts, but would be arbitrarily left in the hands of the holders of the earlier right and applicants for invalid designs.

35 It must be pointed out, as observed by the Board of Appeal, that the fact that the transfer agreements were signed after the filing date of the contested design is, in itself, irrelevant since, first, it is clear from the content of those agreements that the transfer of the rights was already effective as from 7 October 2014 and, secondly, no risk of fraud or of circumvention of the objective of Article 7(2) of Regulation No 6/2002 has been established in the present case (see paragraph 31 above).

36 Furthermore, as was stated by EUIPO in its reply, there is nothing in Article 7(2) of Regulation No 6/2002 which prohibits a registered design that is subject to the 'grace period' from being acquired and that exception from being benefited from.

37 The Board of Appeal was therefore right, in paragraph 34 of the contested decision, in applying Article 7(2) of Regulation No 6/2002 and in finding that the disclosure of the Chinese utility model CN 204 410 600 did not preclude the contested design from being new and having individual character.

38 Consequently, the first plea must be rejected.

...

On those grounds,

THE GENERAL COURT (Seventh Chamber)

hereby:

1. Dismisses the action;

2. Orders Activa – Grillküche GmbH to pay the costs.

Kowalik-Bańczyk Hesse Dimitrakopoulos

Delivered in open court in Luxembourg on 26 April 2023.

[Signatures]