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K&L Gates' **Simon Casinader** and **Olivia Coburn** address a recent design infringement case.

ARE YOU EXPORTING or trading in the global market? A recent design infringement case in the European Union could have implications for you.

A decision of the Court of Milan, Italy has demonstrated the benefits of holding and enforcing design rights in the European Union (EU) and why fashion houses should consider design rights more generally. The Court awarded an injunction against Zara's parent company Inditex Group (Zara) after finding that it infringed a design for "Skinzee-sp" jeans owned by Diesel's parent company OTB Group. The Court also found that Zara infringed a design for "Fussbett" sandals held by Marni, another subsidiary of OTB Group.

OTB Group relied on the two different types of design protection available in the EU: a registered community design (RCD) for the Skinzee-sp jeans and an unregistered community design (UCD) for the Fussbett sandals.

What are RCDs and UCDs?

Both RCDs and UCDs protect 2D and 3D aspects of a design, however there are differences in acquiring and enforcing each right.

An RCD must be registered with the EU Intellectual Property Office (EUIPO). A designer can apply for an RCD 12 months after first disclosing the design. Disclosure means the design must have become known in the normal course of business in the relevant industry. In the fashion industry, disclosure would occur when the design is shown on the runway, on social media or in-store. A UCD comes into existence automatically (not on registration) when a design is first disclosed within the EU.

While an RCD can last up to 25 years, a UCD will expire three years from the date of first disclosure. A UCD is nevertheless a significant right in the fashion industry as three years of protection without registration provides valuable temporary protection from copying.

To enforce a UCD, the holder needs to prove that a third party intentionally copied the UCD and had knowledge of the design. Therefore, it's easier to enforce an RCD as the holder does not need to prove that the infringing design was intentionally copied.

Both RCDs and UCDs must be novel – they must be different from prior designs available to the public at the time of release. They must also have individual character ie produce a different overall impression from prior designs.

Design rights in Australia?

Australia does not have an unregistered design right, the equivalent of the UCD. To achieve design protection in Australia, the designer must register their design with IP Australia prior to disclosing the

design (an equivalent of the UCD). There is no grace period the designer can rely on. The best way to protect your designs in Australia is to apply for design registration as soon as you can and before you publicly disclose the product which is going to be the subject of the design application.

Zara: design infringement

In our case example, OTB Group sought injunctive relief and damages against Zara for design infringement and argued that the relief awarded should apply to Zara's conduct across the EU and not just in Italy where the proceedings were heard. Zara argued that the Court lacked jurisdiction over it as a Spanish company.

The Court found that Zara had copied both designs. It dismissed Zara's arguments on jurisdiction and held that a court in one EU country can issue an order which covers the conduct of the defendant in another EU country.

The Court awarded an injunction against Zara preventing it from producing, marketing or selling the infringing jeans within the entire EU. As the UCD for the Fussbett sandals had expired, the Court could not make a similar order for the infringing sandals. The Court also made orders for further proceedings to determine damages.

This decision stands as precedent for designers to bring an action for design infringement that occurs within the EU but outside the national jurisdiction of the court in which they commence proceedings. It means designers won't have to initiate proceedings in multiple jurisdictions within the EU to stop infringements occurring. This decision shows that, even in a world of fast fashion, rapid production cycles and ease in which copyists can access original designs across national borders, rights holders can efficiently enforce and protect their design rights. ■

For more information about issues relating to designs protection and enforcement in Australia or overseas, please contact Simon Casinader (Senior Associate) at simon.casinader@klgates.com. This article is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer.

