

Case C-211/24

Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice

Date lodged:

18 March 2024

Referring court:

Fővárosi Törvényszék (Hungary)

Date of the decision to refer:

5 March 2024

Applicant:

LEGO A/S

Defendant:

Pozitív Energiaforrás Kft.

Subject matter of the main proceedings

Action for a declaration as to the infringement of rights in a design and for a determination of the legal consequences to be drawn from that infringement

Subject matter and legal basis of the request

Subject matter: interpretation of Articles 8(3), 10 and 89(1) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs

Legal basis: Article 267 TFEU.

Questions referred for a preliminary ruling

- (1) In a case such as that in the main proceedings, in which the holder relies on a design protected under Article 8(3) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs ('the Regulation') in connection with one or more building blocks from a toy building set made

by the defendant which perform the same assembly function as the blocks in the applicant's design, is it compatible with EU law for the courts, when determining the scope of protection, within the meaning of Article 10 of the Regulation, of the applicant's design,

- to take as their point of reference an informed user who, in respect of the function of the design and that of the product, possesses the technical knowledge to be expected of a sectoral expert,
 - to consider an informed user to be one who compares the applicant's design and the defendant's product by carrying out a thorough, technical and methodical examination, and
 - to assume that the informed user's overall impression of the design and of the product is formed primarily of a technical opinion?
- (2) In the event that, in a case as described above, it is to be concluded that the protection conferred by the applicant's design extends to one or a small number of pieces of the defendant's toy building sets, the number of which is nonetheless small in relation to the total number of building blocks, is it compatible with EU law for a court to have discretion to dismiss the claim for a prohibition on the continued importation of the toy building set into the country, after taking into consideration the partial nature of the infringement, the limited severity and extent of the infringement in relation to the product as a whole, and the interests associated with the unrestricted trade in a toy building set which is for the most part uncontested, those being classified as 'sound reasons' for the purposes of Article 89(1) of the Regulation?

Provisions of European Union law relied on

Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, in particular Articles 8, 10 and 89 thereof

Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights, in particular Article 3 thereof

Succinct presentation of the facts and procedure in the main proceedings

- 1 The applicant is the holder of the following two designs.
- 2 Forming the subject of design registration number 001950981-0001 is a coupling component of a toy building set consisting of a cylinder with studs and two cross-section axles, perpendicular to each other and to the cylinder, which are connected to the cylinder by means of a cylindrical base (the applicant's product is based on the following design: 'Technic, Axle and pin connector hub with 2 perpendicular axles').

- 3 Forming the subject of design registration number 002137190-0002 is a coupling component of a toy building set which is a modified variant of the well-known Lego 2x1 studded brick, which has 2x1 studs on one of its sides (the applicant's product is based on the following design: 'Brick, modified 1 x 2 with studs on 1 side').
- 4 The defendant sought to import into Hungary, under the trade mark 'Qman', toy building sets consisting of prefabricated plastic elements containing, among other components, one or more of the building blocks shown in the following illustration: *



- 5 The Nemzeti Adó- és Vámhivatal (National Tax and Customs Administration, Hungary) ordered that the defendant's product be placed under customs supervision and instituted against the defendant administrative penalty proceedings on the ground of its suspicion that there had been an infringement of industrial property rights. On the basis of the applicant's aforementioned designs and in response to the applicant's request of 22 June 2022, the Kúria (Supreme Court, Hungary) ordered at last instance that the defendant's products be detained. The applicant then brought against the defendant the present action for infringement, by which it asks the referring court to declare that the rights in the two designs have been infringed and to determine the other legal consequences to be drawn from that infringement.

* [Translator's Note: The cell at the bottom of the column in the illustration that contains images and registration numbers reads: 'Registered representation of the applicant's designs'. The cell at the bottom of the column in the illustration that contains images without registration numbers reads: 'Photographs of the defendant's product taken in the course of the judicial examination'.]

Succinct presentation of the reasoning in the request for a preliminary ruling***The need to refer questions for a preliminary ruling***

- 6 The applicant's designs are 'building blocks from a toy building set' in Class 21.01 of the Locarno Agreement Establishing an International Classification for Industrial Designs of 8 October 1968. Protection for its Community designs was conferred by way of the so-called 'modular exception' under Article 8(3) of the Regulation.
- 7 The national court notes that the applicant has in the past exploited patents which have now expired and which conferred technical protection on modular toy building sets the components of which also include the applicant's designs now under examination. One such patent was the building block system protected by Godtfred Kirk Christiansen's priority patent of 28 July 1958, registered under number US3005282. It is striking that the purpose of the invention forming the subject of that patent – namely, 'to provide improved coupling means for clamping such building bricks together in any desired relative position thus providing for a vast variety of combinations of the bricks for making toy structures of many different kinds and shapes' – and the purpose of the designs favoured by Article 8(3) of the Regulation – namely, to allow 'the multiple assembly or connection of mutually interchangeable products within a modular system' – are, in essence, identical. That technical objective is achieved through the appropriate (functional) design of the external appearance (shape) of the product.
- 8 On the basis of the concept of design as defined in the judgment in *DOCERAM* (C-395/16) (paragraph 24), appearance is a decisive factor for a design (paragraph 25). By contrast, in accordance with Article 8(3) of the Regulation, the holder of protection does not need to show that the design serves any aesthetic purpose, it being sufficient, therefore, for the holder simply to show that a design in conformity with Articles 5 and 6 of the Regulation serves the purpose referred to in Article 8(3) of the Regulation. According to the referring court, the foregoing appears to support the inference that, in the light of its consequences, the design protection permitted by Article 8(3) of the Regulation is more akin, in reality, to the protection of technical characteristics afforded by a patent, as had previously been assumed to be the case in paragraph 30 of the judgment in *DOCERAM*. Consequently, the creation of such designs is no more than a routine engineering and design activity which can at most serve to extend with ever more additional alternative elements the toy building set system which is now in the public domain following the expiry of the patent. However, that can indeed lead to a situation where, by relying on the protection of new designs that has been obtained following the expiry of the patent previously protecting the toy building set, the holder can prevent competitors from offering a product having certain functional characteristics or limits the possible technical solutions.
- 9 The referring court considers that the present case is a clear example thereof.

- 10 The referring court notes that, while there is no doubt that the legislature laid down a clear rule in Article 8(3) of the Regulation, or that designs may be protected under that provision, it is uncertain as to what legal or political objective the legislature was pursuing. It asks whether the legislature sought to confer on the holder of a design protected under Article 8(3) of the Regulation a right such as that which can normally be guaranteed by patent protection (but without the need for the holder to meet the requirements on which the acquisition of such protection is contingent), thus enabling the holder to prevent competitors from offering a product having certain functional characteristics or to limit the possible technical solutions.
- 11 The referring court considers it important to clarify that point because, as the body responsible for applying the law, it has an obligation under Article 3(2) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights to ensure in the present proceedings that the requirement that the application of those rules does not create barriers to legitimate trade is also fulfilled in the case of an action based on the contested designs. In the context of actions for infringement in that field, the issues and concerns mentioned are never reflected at the level of protectability, in the form of political or legal grounds for excluding protection (see in that regard the findings in paragraph 79 of the judgment of 18 June 2002, *Philips*, C-299/99), but at the level of the application of the legislation.

The first question referred for a preliminary ruling

- 12 The legislature did not lay down exceptional rules for the application of the exceptional protection provided for in Article 8(3) of the Regulation, which is to say that protection under that provision extends to any designs which do not produce on the informed user a different overall impression (Article 10(1) of the Regulation) and that, in assessing the scope of protection, the degree of freedom of the designer in developing his design must be taken into consideration (Article 10(2) of the Regulation).
- 13 As regards the latter point, the referring court considers that the degree of creative freedom must be examined not – as the applicant argued in the main proceedings – from the point of view that alternative shapes for the modular system can continue to be created *ad infinitum*, but from the point of view of what other alternative shapes specifically make it possible to attain the assembly objective that is pursued by the applicant’s design in that system (the capacity of the basic Lego 2x1 studded brick to be extended upwards and sideways by means of a removable attachment). In that context, the creative margin will necessarily be limited.
- 14 The first sub-question of the first question referred for a preliminary ruling seeks to determine who is the ‘informed user’ whose overall impression of the applicant’s design must be compared with that created on him by the defendant’s product. The referring court asks whether it is possible to apply to designs

enjoying protection under Article 8(3) of the Regulation the definition of that concept given in the judgment of 20 October 2011, *PepsiCo v Grupo Promer Mon Graphic* (C-281/10 P), according to which the concept of the ‘informed user’ lies somewhere between that of the average consumer and the sectoral expert with detailed technical expertise who is familiar with the various designs in existence in the sector concerned, who has some knowledge of the elements normally contained in those designs and who, because of his interest in the products in question, pays a relatively high degree of attention when using them.

- 15 Given that what constitutes the essence of a design enjoying protection under Article 8(3) of the Regulation is not the overall impression created by the shape of the product, but the technical objective which that design is intended to achieve, namely, functionality, it may seem justifiable that the informed user’s knowledge should ideally be supplemented by technical and engineering knowledge elevating him to the status of sectoral expert and making him comparable to a subject expert in possession of an analytical and methodical eye and technical knowledge.
- 16 The second sub-question concerns the user’s level of attention. In that regard, if the interpretation adopted by the Court of Justice in the judgment in *PepsiCo* (C-281/10 P), cited above, to the effect that the informed user is not capable of observing in detail the minimal differences that may exist between the designs and products in conflict, could also hold good in the case of designs enjoying protection under Article 8(3) of the Regulation, then, since the differences between designs enjoying protection under Article 8(3) of the Regulation and products that come into conflict with that protection are generally minimal, that might support the inference that designs having characteristics such as those of the applicant’s designs could not, in essence, evade that protection.
- 17 That may justify the need for the comparison between the design enjoying protection under Article 8(3) of the Regulation and the contested product to be carried out in judicial proceedings too on the basis of specialist design or technical knowledge and by means of an analytical and detailed procedure, rather than solely on the basis of the rough overall impression of a user who is informed on the subject but does not possess such knowledge.
- 18 The third sub-question concerns the interpretation of the concept of overall impression, which, on the basis of material drawn from the case-law of the Court of Justice of the European Union, the referring court describes as an informed user’s conscious experience of the product as based on the visual perception of its external appearance. That was the approach taken by the higher courts that heard the proceedings for interim measures.
- 19 However, the visual impression created by a design registered on the basis of Article 8(3) of the Regulation is of entirely secondary importance to the functional characteristics of that design, which is to say that the similarities and differences between such designs are capable of being revealed not on a visual basis or by methods that describe a visual impression, but by means of technical analysis and

argument. That approach, which is contrary to the interpretation adopted by the Court of Justice, was taken by the court of first instance that heard the proceedings for interim measures and the referring court also inclines to the view that it is probably not entirely irrelevant to extend the concept of ‘overall impression’ so as to include not only the visual perception of the design’s external appearance but also the technical opinion of a sectoral expert on the functional characteristics of the design.

The second question referred for a preliminary ruling

- 20 If the first question is answered in the affirmative, the referring court, by its second question, asks about the scope of its discretion to uphold the claims pursued by the holder in relation to the infringement, that is to say, in particular, whether it may refrain from ordering measures penalising the infringement for ‘special reasons’. The expression ‘special reasons for not doing so’, which is contained in Article 89(1) of the Regulation, must be interpreted restrictively, in the light of the judgment in *Nokia* (C-316/05).
- 21 As regards the substance of the aforementioned discretion, justice and the principle of proportionality dictate that, when upholding claims arising from the infringement of a right which have been brought by the holder of that right, the court must proceed with particular care, since the legal consequences drawn must be consistent with the extent of the infringement.
- 22 Similarly, if the claim by the holder of the right that all of the products should be detained could be upheld simply on the ground that one element or a small number of elements of the toy building set – of which there are nonetheless few in relation to the total number of pieces – adversely affects rights in one or more Community designs, the holder of such rights would in essence have the same right as he was able exercise decades ago by invoking the now-expired patent protecting the technical dimension of the toy building sets. However, since the essence of the right in the design claimed specifically lies in the functionality of that design, the holder of the right must also take into consideration even at the stage of applying for registration that a third party may have an interest in the use of that functionality.
- 23 Given that protecting designs in such a way as may constitute a barrier to trade is expressly permitted by Article 8(3) of the Regulation, the interests opposed to such protection may be assessed only in infringement proceedings, the framework for which is established in Article 3(1) and (2) of Directive 2004/48.
- 24 Thus, in the event that the referring court considers it plausible in the dispute in the main proceedings that the defendant is infringing rights in Community designs, the question arises as to whether, given the special circumstances of the case, it is appropriate, on the basis of the criteria set out in Article 3(1) and (2) of Directive 2004/48 and in the interests of, inter alia, not creating unnecessary

barriers to legitimate trade, to uphold in part the claims pursued by the holder of the design or even to dismiss them in their entirety.

- 25 At the same time, there is no doubt that that discretion is counterbalanced by the referring court's duty to assist the holder of the design in asserting his intellectual property rights and to ensure that judicial practice does not have the effect, in essence, of divesting of their substance the exclusive rights derived from the protection from which the design benefits.
- 26 In the light of the foregoing considerations, the question arises as to whether, under EU law, judicial discretion may extend so far as to permit the court of the Member State to dismiss in its entirety the claim for a prohibition on the continued importation of the toy building set into the country.