



DECISION
of the Third Board of Appeal
of 27 October 2006

In Case R 1002/2005-3

PEPSICO, INC.

700 Anderson Hill Road
Purchase, New York 10577
United States of America

Appellant

represented by ELZABURU, Miguel Angel, 21, E-28010 Madrid, Spain

v

GRUPO PROMER MON-GRAPHIC, S.A.

Calle Industria, 23 bis
E-08302 Sabadell
Spain

Respondent

represented by Ruth Almaraz Palmero, Avenida de Aguilera, 19-1° B,
E-03007 Alicante, Spain

APPEAL relating to Invalidity Proceedings No ICD 198 (Registered Community Design
No 74463-0002)

THE THIRD BOARD OF APPEAL

composed of Th. Margellos (Chairperson), D.T. Keeling (Rapporteur) and
I. Mayer (Member)

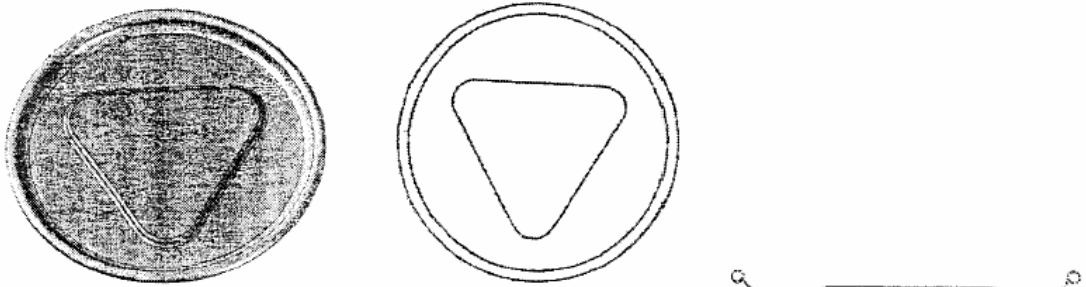
Registrar: E. Gastinel

gives the following

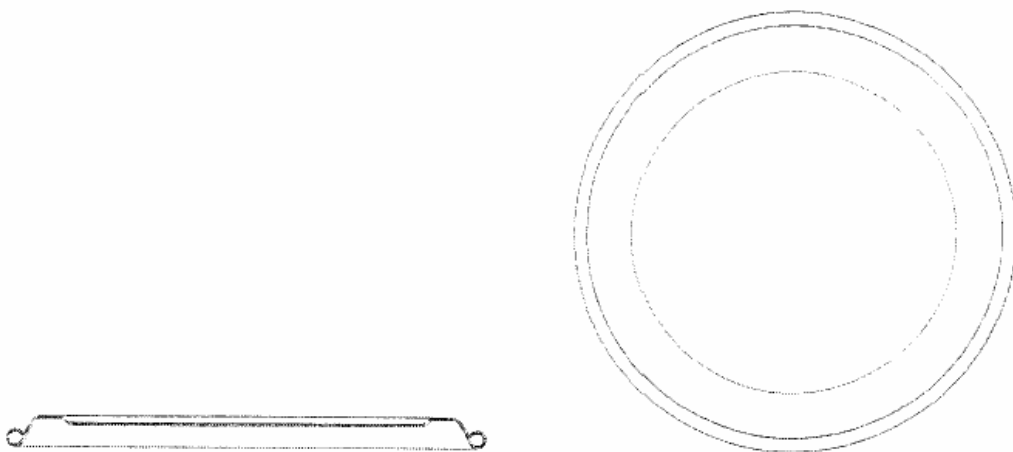
Decision

Summary of the facts

- 1 The appellant is the proprietor of Registered Community Design No 74463-0002 ('the contested RCD'), which has a filing date of 9 September 2003 and claims the priority of a Spanish design filed on 23 July 2003. The contested RCD is registered for 'promotional item[s] for games'. It is represented as follows:



- 2 On 4 February 2004 the respondent filed an application for a declaration of invalidity against the contested RCD. The application was based on lack of novelty and individual character and on the existence of a prior right within the meaning of Article 25(1)(d) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs ('CDR') (OJ 2002 No L 3, p.1). The prior right invoked by the respondent is Registered Community Design No 53186-0001 ('the respondent's RCD'). This has a filing date of 17 July 2003 and claims the priority of a Spanish design filed on 8 July 2003. It is registered for 'metal plate[s] for games' and is represented as follows:



- 3 On 1 July 2005 an Invalidity Division of the Office issued a decision ('the contested decision') declaring the contested RCD invalid and ordering the appellant to bear the costs. The Invalidity Division reasoned as follows:
 - The contested RCD cannot be invalidated for lack of novelty or individual character since the earlier design invoked by the respondent was not made available to the public before the priority date of the contested RCD.

- The ground for invalidity laid down in Article 25(1)(d) CDR applies where the RCD is ‘in conflict’ with a prior design. A conflict arises where the RCD produces on the informed user the same overall impression as the prior design. The degree of freedom of the designer has to be taken into consideration.
 - The informed user is familiar with promotional items for games. In particular, he is aware that they are marketed with their surfaces covered by graphical elements, as is the case for the samples which were submitted by the respondent. The informed user is aware that the targeted consumers will pay more attention to these graphical elements than to small variations in the basic shapes of the items.
 - The degree of freedom of a designer for promotional items is limited only in so far as these items are to be inexpensive, children-safe and fit to be added to the promoted products.
 - Where the design of such a promotional item comes close to a prior design despite the large degree of freedom of the designer, the overall impression created by the two opposing designs is considered the same where the two designs share the same basic features.
 - In the present case, the two opposing designs have all the basic features in common, i.e. both items are round in shape with an outer edge surrounding a central area. They differ only by minor deviations in the profile of the central area giving rise to small variations in the surface patterns. In particular it is evident from the profile presented in the third view of the contested RCD that the triangular pattern stamped in the centre is very shallow in comparison to the outer edge and therefore does not modify the overall impression of an essentially flat central area surrounded by an outer edge. The two designs produce the same overall impression on the informed user. Therefore, the RCD is in conflict with the prior design.
- 4 On 18 August 2005 the appellant filed a notice of appeal against the contested decision. The appellant submitted a statement of grounds on 3 October 2005.
- 5 The respondent submitted a response on 5 December 2005.
- 6 The appellant submitted a reply on 13 February 2006. The respondent submitted a rejoinder on 12 April 2006.
- 7 On 20 June 2006 the appellant filed further written observations. By letter of 9 August 2006 the Board informed the appellant that its further observations would not be taken into account. The appellant subsequently complained that this infringed its right to be heard.

Submissions and arguments of the parties

- 8 The appellant requests the Board to annul the contested decision and order the respondent to bear the costs. Its arguments may be summarized as follows:
- The Invalidity Division should have based its decision solely on the comparison between the contested RCD and the respondent's RCD. Instead it took into account the samples submitted by the respondent. That is clear from the emphasis that the contested decision places on the graphical elements that normally cover the surfaces of promotional items of the type in question.
 - The Invalidity Division erred by stating that the degree of freedom enjoyed by the designer when developing a design for promotional items is subject only to the limitations that it must be inexpensive, safe for children, and fit to be added to the promoted product. The designer's degree of freedom is also limited inasmuch as the flat circular shape is the one most frequently employed in objects of this type. Also the rounded edge is imposed for safety reasons. Thus the fact that both designs have a flat circular shape and rounded peripheral edges is of relatively low importance in evaluating the overall impression created by them. The informed user will tend to focus attention on other elements, rather than on features that are common to all such products.
 - The respondent's claim that its 'metal rapper' is an 'original promotional article for games' is surprising. The appellant has been marketing its *tazos* for over 10 years. When the contested decision states that the informed user is familiar with promotional items for games, it is referring to all the articles of this type that have been on the market for many years; the marketplace is not familiar solely with the two Community designs involved in these proceedings.
 - The documents and materials annexed to the appellant's reply show that the appellant has been marketing *tazos* since 1995. Copies of newspaper articles annexed to the reply on the subject of *tazomanía* show that *tazos* or rappers consisting of small round discs were extremely popular in Spain as long ago as June 1995.
 - It is not true that the designs differ only in minor deviations in the profile of the central area giving rise to small variations in the surface patterns. The informed user will rarely view these articles in profile. He will look at the two faces, so the features located on those faces will determine the overall appearance.
 - In the contested RCD there is an equilateral triangle with rounded vertices stamped on the upper surface of the disk. The contested RCD lacks the flat intermediate, substantially raised plain that characterizes the respondent's RCD.
 - The contested RCD claims the priority of a Spanish design application. The Spanish design was registered after an opposition filed by the respondent. In that opposition the respondent relied on the design from which the respondent's RCD claims priority. The respondent's appeal against the decision to register the design is still pending.

- The position taken by the Invalidity Division in the contested decision contrasts with the position taken in other cases, notably Case ICD 354 decided on 29 July 2005. In that case a round biscuit was found to have individual character and novelty. It produced a different overall impression compared with an earlier round biscuit because the surface decoration was not the same. The round shape was simple and commonplace, so the informed consumer's attention would be drawn to the detailed features of the surface decoration. The same approach should have been taken in the present case.
- 9 The respondent requests the Board to dismiss the appeal and order the appellant to bear the costs. Its arguments may be summarised as follows:
- The respondent's RCD was disclosed to the appellant in February 2003, i.e. before the priority date of the contested RCD. Thus the appellant was able to copy the respondent's design.
 - It is true that informed users are familiar with 'promotional items for games'. In fact, they will only be familiar with a product called 'metal rappers' by the respondent or 'metal *tazos*' by the appellant. Any other items of this type that now appear on the market are either copies of the original metal rappers produced by the respondent or copies of the copies made by the appellant.
 - The appellant has marketed the product through the Matutano and Frito Lay companies, while the respondent has licensed the product to Panrico and marketed it with Bollycao products and through retail services provided by Magic Box. Thus it is not a permanent, classical mass-consumption product such as biscuits but an original promotional article marketed only recently by the parties to these proceedings.
 - It is not true that the Invalidity Division only compared the samples supplied by the respondent. The Office took into account the figures as applied for and registered by the parties. The samples were not in any case challenged by the appellant.
 - The appellant is attempting to confuse the Office. It has deliberately included slight differences in its registered design by adding more lines and contours. However, the actual products that it markets are so similar to the respondent's RCD that nobody can distinguish them. That explains why the appellant is so keen to restrict the comparison to the designs as registered and published and to leave out of consideration the samples that have been marketed. This is a curious attitude since an applicant for design protection would normally intend to market a product corresponding to the design that is registered, not a different product.
 - As regards the degree of freedom of the designer, the product merely needs to be safe for children and suitable for adding to the promoted products. It is inaccurate to claim that the flat circular shape is the typical shape; in fact, the respondent's design is a highly original creation, no such product having existed before. The success of the product is due to the loud sound that it makes; without the metal surface it would not make so much sound.

- The respondent has provided samples of products distributed by its licensees and by the appellant to prove the above points.
- The profile views of the contested RCD have been inverted so as to give a different impression.
- The designs produce the same overall impression. The products marketed by the two parties also give the same overall impression. The public will assume that the products emanate from the same source. This amounts to unfair competition on the part of the appellant.
- When the two designs are reproduced on paper in two dimensions and they are seen from the top, they can be represented in a way that differs greatly from the reality of the three-dimensional product. The three-dimensional structure of the designs is the same. They have all the basic features in common. Both items are round in shape with an outer edge surrounding the central area. The added central area in the contested RCD can be clearly appreciated when the design is viewed on paper; however, it can hardly be seen against the light when observing one of the appellant's *tazos* in front of a window.
- The designs need to be viewed from the side. The view from the top creates a false impression. The central triangle in the contested RCD represents a change of inclination. Often the change of inclination will be very slight and barely perceptible in reality. Thus the graphical representation of the contested RCD shows differences, in relation to the respondent's RCD, that barely exist when the actual products are produced in three dimensions.
- The appellant is acting in bad faith. This is proved by the letter of 21 February 2003 (annexed to the application for a declaration of invalidity) which the respondent sent to Frito Lay (a subsidiary of the appellant) offering to supply metal *tazos* and warning the recipient that the products were protected by intellectual property rights. As a result of that offer, the appellant was able to see the respondent's design and copy it, making only insignificant changes.
- Decisions of national authorities are not binding on the Office. The decision of the Spanish Patent and Trade Mark Office has been appealed. The respondent is challenging the validity of the Spanish design application on which the appellant's priority claim was based. It is evident that the examiners at the Spanish Office have not looked at the samples of products actually made by the parties and have only compared graphical representations of the two designs in issue.

Reasons

- 10 The appeal complies with Articles 55 to 57 CDR and Article 34(1)(c) and (2) of Commission Regulation (EC) No 2245/2002 of 21 October 2002 implementing Council Regulation (EC) No 6/2002 on Community designs ('CDIR')(OJ EC No L 341, p. 28). It is therefore admissible.

The appellant's request to submit additional observations

- 11 It is first necessary to deal with the appellant's complaint about the Board's refusal to admit the further written observations filed by the appellant on 20 June 2006 (see paragraph 7 above). There has been a full written procedure before the Invalidity Division and before the Board of Appeal. In total each party has submitted four sets of written observations. The arguments have been set out fully by both parties. The issues of fact and of law are clear. The Board is now in a position to take a decision. The Board can see no point in extending the duration of the proceedings by admitting further observations from one of the parties. If of course the rejoinder submitted by the respondent on 12 April 2006 contained new arguments or evidence and the Board took the view that the new matter was likely to affect its decision, then it goes without saying that the appellant would be invited to comment. That is not however the case.

The validity of the contested RCD

- 12 The Invalidity Division declared the contested RCD invalid on the ground that it conflicted with a prior design, as provided in Article 25(1)(d) CDR. The prior design in question was the respondent's RCD.
- 13 Article 25(1)(d) CDR provides:

'1. A Community design may be declared invalid only in the following cases:

...

- (d) if the Community design is in conflict with a prior design which has been made available to the public after the date of filing of the application or, if a priority is claimed, the date of priority of the Community design, and which is protected from a date prior to the said date by a registered Community design or an application for such a design, or by a registered design right of a Member State, or by an application for such a right;

...'

- 14 The term 'in conflict with' in Article 25(1)(d) is not defined in the legislation. The Invalidity Division took the view that a conflict arises when the two designs produce the same overall impression on the informed user. In other words a conflict exists when the earlier design would, if it had been made available to the public before the filing date (or priority date) of the later design, have deprived the later design of individual character within the meaning of Article 6 CDR. That interpretation has been accepted by both the parties and is clearly correct. It may in addition be noted that a conflict would also exist, for the purposes of Article 25(1)(d), if the two designs were identical within the meaning of Article 5 CDR.
- 15 Thus the basic issue that the Board has to resolve is whether the contested RCD and the respondent's RCD produce the same overall impression on the informed user. In

answering that question the Board must take into account the degree of freedom of the designer in developing the contested RCD (Article 6(2) CDR).

- 16 The informed user of the products in question could be a number of different persons. It could be a child in the approximate age range of 5 to 10 years, since the products are promotional items intended for young children. Alternatively the informed user could be a marketing manager in a company that makes biscuits or potato snacks, since these are the typical products which are promoted by giving away small flat disks known in Spanish as *tazos* and in English as ‘rappers’ or ‘pogs’.
- 17 It makes little difference which of these categories of person is treated as the informed user. The point is that both will be familiar with the phenomenon of rappers. The appellant proved by means of documents annexed to its reply that it has been marketing its *tazos* since 1995 and that Spanish newspapers were talking about *tazomanía* as early as 1998.
- 18 Both the parties have submitted examples of rappers and there has been much debate about the relevance of such examples. Obviously the Board must base its decision on a comparison of the contested RCD and the respondent’s RCD. The designs as registered are the starting point, not the products actually marketed. None the less the examples of products actually marketed and the products talked about in the press are relevant inasmuch as they condition the overall impression that the registered designs will have on the informed user. All the rappers or *tazos* that have been discussed in this case have a number of features in common. They consist of small flat or slightly curved disks which may be made of plastic or of metal. The actual products used in commerce all seem to bear coloured images of a type that will appeal to young children, although the registered designs owned by the parties are devoid of any such embellishment.
- 19 In determining whether two designs produce the same overall impression on the informed user it is obviously necessary to disregard elements that are totally banal and common to all examples of the type of product in issue. Two designs for cars do not produce the same overall impression simply because they have four wheels, headlamps, red lights at the back, a windscreen and side and rear windows and so forth. The informed user will automatically discard such features when appraising the overall impression caused by two designs and will concentrate on features that are arbitrary or different from the norm.
- 20 At this point something needs to be said about the degree of freedom of the designer in developing the design. The contested decision ruled that the degree of freedom of a designer of promotional items is limited only in so far as these items must be inexpensive, safe for children and fit to be added to the promoted products. That might be correct if the discussion were extended to all types of promotional item, However, this case is about a particular type of promotional item, namely *tazos* or rappers. The contested RCD and the respondent’s RCD belong indisputably to that category. The issue then is what degree of freedom the designer enjoys if his brief is to design a promotional item in the nature of a rapper. Obviously if the matter is approached in that light the designer’s freedom is severely constricted. The paradigm for this type of product is a small flat or nearly flat disk on which

coloured images can be printed. Often the disk will be curved toward the centre, so that a noise will be made if a child's finger presses the centre of the disk. A rapper that does not possess these characteristics is unlikely to be accepted in the marketplace. A designer working within these constraints has little freedom. It follows that even relatively small differences suffice to create a different overall impression.

- 21 Having clarified the above points, the Board is in a position to compare the contested RCD and the respondent's RCD with a view to deciding whether they produce the same overall impression on the informed user, bearing in mind the limited freedom of the designer in developing the design.
- 22 Both the designs consist of small disks that are almost flat. The respondent's disk, when seen from above, has two concentric circles, one very close to the edge and the other approximately one third of the way from the edge to the centre. If the design is viewed in profile it appears that the concentric circle situated close to the edge is intended to convey the idea that the disk curls over all the way round the edge. The other concentric circle is intended to convey the idea that the central area of the disk is raised slightly. The raised part is flat and extends over at least two-thirds of the surface area of the disk.
- 23 The contested RCD also has a concentric circle close to the edge, indicating that the disk curls over all the way round the edge. In addition it has a fairly large triangle in the centre of the disk. This triangular area is slightly raised. The sides of the triangle slope down towards the flat surrounding area. The angles are not pointed, but rounded.
- 24 The difference in the contours of the raised triangular area in the centre of the appellant's disk, as compared with the raised circle in the centre of the respondent's disk, can hardly be dismissed as insignificant. It changes the appearance of the disks in a manner that will not go unnoticed by an observant user. Given the limited freedom of the designer in developing the design, that difference in the profile of the two designs is sufficient to mean that they produce a different overall impression on the informed user.
- 25 The respondent's argument that the appellant is acting in bad faith and copied a design shown to it previously by the respondent is not relevant. The question is not whether one design has been copied from the other, but whether they produce the same overall impression.
- 26 It follows from the above that the contested RCD is not in conflict with the prior right owned by the respondent. The contested decision must therefore be annulled and the application for a declaration of invalidity dismissed.

Costs

- 27 Since the appeal has been successful, the respondent must be ordered to bear the fees and costs incurred by the appellant, in accordance with Article 70(1) CDR.

Order

On those grounds,

THE BOARD

hereby:

- 1. Annuls the contested decision;**
- 2. Dismisses the application for a declaration that RCD No 74463-0002 is invalid;**
- 3. Orders the respondent to bear the fees and costs incurred by the appellant.**

Th. Margellos

D.T. Keeling

I. Mayer

Registrar:

E. Gastinel