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Review

Intellectual Property

Advocate General clarifies ownership of design rights in commissioned works

In Fundación Española para la Innovación de la Artesania v Cul de Sac Espacio Creativo SL (Case C-32/08, 26 March 2009), Advocate General Mengozzi gave his opinion on the request for a preliminary ruling from the Spanish Commercial Court regarding the ownership of unregistered design rights.

Background

Fundación Española para la Innovación de la Artesania (FEIA) produced and marketed a variety of products that were made in traditional workshops and were based on designs and patterns created by industrial design specialists. FEIA commissioned AC&G, SA (AC&G) to select designers and reach an agreement with them in order to create designs and provide technical assistance at the time of manufacture. AC&G entered into a contract with Cul de Sac Espacio Creativo, SL (Cul de Sac), as a result of which the latter produced a series of cuckoo clocks known as the "Santamaria" collection.

In 2006, Cul de Sac and Acierta Product & Position, SA (Acierta) marketed a range of cuckoo clocks under the trade mark "Timeless". FEIA perceived this marketing as a violation of its rights deriving from the "Santamaria" collection. Therefore, it claimed ownership of the rights in the designs in question under European and Spanish legislation. The Spanish Commercial Court referred the following questions to the ECJ for a preliminary ruling:

"Must Article 14(3) of Regulation 6/2002 be interpreted as referring only to Community designs created in the course of an employment relationship whose provisions are such that the designer works under the direction and in the employ of another?

or

Must the terms "employee" and "employer" be interpreted broadly so as to include situations other than employment relationships, such as a relationship where, in accordance with a civil/commercial contract (and therefore one which does not provide

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that an individual habitually works under the direction and in the employ of another), an individual (the designer) undertakes to create a design for someone else for an agreed price, and as a result, is it understood that the design belongs to the person who commissioned it, unless contractually stipulated otherwise?

If the second question were answered in the negative, because the creation of designs within an employment relationship and the production of designs within a non-employment relationship constitute different factual situations,

(a) is it necessary to apply the general rule in Article 14(1) of Regulation 6/2002 and, consequently, must the designs be construed as belonging to the designer, unless the parties stipulate otherwise in the contract?

or

(b) must the Community design court rely on national law governing designs in accordance with Article 88(2)?

In the event that national law is to prevail, is it possible to apply national law where it places on an equal footing (as Spanish law does) designs produced as a result of a commission (the designs belong to the party which commissioned them, in the absence of an agreement to the contrary)?

In the event the answer to the fourth question is in the affirmative, would such a solution (the designs belong to the party who commissioned them, in the absence of an agreement to the contrary) conflict with the negative answer to the second question?"

The Advocate General's opinion

The Advocate General first referred to Article 14(3) of the Regulation, namely to the ownership of design right. For this purpose, he examined whether the right to the Community design that vested in the employer, where a design was developed by an employee in the execution of his duties or following instructions given by his employer, unless otherwise agreed or specified under national law, could also be applied in analogy when an independent individual contracted to supply services created designs under commission.

The Advocate General held that an interpretation of Article 14(3) within the context of the general economy, as propounded by FEIA, would change the meaning of "employer" and would therefore be contrary to the wording of the Regulation. He added that the reference in Article 14(3) to designs created by the employee, following instructions given by his employer, should not be interpreted as an intention on the part of the Community legislator to extend its provisions and include designs made within the context of a contract for the supply of services.

Following this logic, the Advocate General concluded that Article 14(3) related exclusively to designs created in the framework of work under an employment contract and he went on to analyse the purpose of such an arrangement and the travaux préparatoires for the Regulation in order to verify whether such a principle could apply where designs were created as part of a commission. He underlined the all-encompassing of employment relationships that enabled the employer to acquire all economic rights in works created by employees. As a result, such legal reasoning by analogy did not appear in the travaux préparatoires.

Further, since Article 14(3) did not apply to designs created under a contract for the supply of services, the Advocate General considered Article 14(1), which provided that design right vested in the designer or his successor in title, and Article 88(2) which provides for member states to plug legal loopholes in the Regulation with their own national legislation.

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Therefore, he clarified further the meaning of "successor in title". In light of the travaux préparatoires for the Regulation, the notion of successsor in title referred to the assignee of the design rights. Consequently, a successor could be both the employer and the commissioner. On one hand, in terms of the employer the right to the design right arose automatically, whereas for the commissioner the ownership of the design right was defined by the parties in the relevant contract and the applicable law at issue.

Finally, the Advocate General held that the Spanish court should apply the relevant provisions of Spanish law as a result of the contract between AC&G and Cul de Sac in order to determine the ownership of the unregistered design.

In summary, the Advocate General stated that Article 14(3) of the Regulation should be viewed in the light of a subordinate link in the employment relationship and clarified that, in respect of ownership of unregistered design right involving a commissioned party, the legislation of a member state which transferred the owner of the design right with the employer as if there were a subordinate employment relationship was not contrary to the meaning of Article 14(3) of the Regulation.

Comment

It is clear that in employment relationships the ownership of design rights vests in the employer. However, the term "employee" cannot be interpreted broadly and include relationships with a commissioned party. Nor can it be assessed by analogy, where designs were created as part of a commission, that all economic rights vest in the commissioner. Therefore, this opinion seems to confirm that the ownership of design rights which were created within the framework of a contract for the supply of services vests in the designer or his successor in title (employer or commissioner), unless national law provides otherwise, as in Spain.

FURTHER INFORMATION

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