



Applying the brakes – High Court rules on spare parts defence

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Bayerische Motoren Werke Aktiengesellschaft v Round and Metal Ltd¹

The High Court has held that manufacturers and distributors of replica spare parts will only be able to rely on the “spare parts” defence applicable to community registered designs where the parts are necessary to restore a product to its original appearance. It is not possible to rely on the defence where the parts in dispute are used to upgrade cosmetically the product or where the appearance of the spare parts is not dictated by the appearance of the product.

Background

This case hinged on two provisions of European legislation. Firstly, Article 110(1) of the Community Designs Regulation (CDR) provides that protection for a Community Registered Design will not extend to spare parts. Under the legislation, a spare part is defined as a component part of a more complex product used for the purposes of restoring the more complex product to its original appearance. Recital 13 of the CDR appears to contain an additional requirement, which suggests that the spare parts defence extends only to spare parts, the appearance of which is dictated by the appearance of the more complex product.

Secondly, Article 9(1)(a) of the Community Trade Marks Regulation (CTMR) states that a community trade mark owner can prevent unlicensed third parties from using, in the

course of trade, an identical sign in relation to identical goods (to those for which the trade mark is registered). Further, Article 9(1)(b) allows a rights holder to prevent unlicensed third parties from using a similar sign on similar goods, where there exists a likelihood of confusion in the relevant public between the third party’s sign and that of the rights holder.

Facts

Round and Metal Ltd (R&M) imported and distributed replica alloy wheels for BMW and MINI cars. R&M also supplied BMW stickers with its wheels, although these were not attached to the wheels when sold. BMW brought proceedings for design infringement and trade mark infringement against R&M for both the sale of the replica wheels and the supply of BMW stickers.

Any comments or queries

Clive Thorne Partner

clive.thorne@rpc.co.uk
D +44 (0)20 3060 6420

Chris Sanderson Associate

chris.sanderson@rpc.co.uk
D +44 (0)20 3060 6540

¹ [2012] EWHC 2099 (Pat)
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It was accepted that, if Art. 110(1) CDR did not apply, then R&M would be liable, because the replica wheels were almost identical to BMW's designs and were prima facie infringing articles.

It was also not in dispute that R&M's wheels were "identical" goods for the purposes of Art. 9(1)(a) of the CTMR. However, R&M argued that it was not liable because the use of the trade mark in relation to the relevant products was by the customer and not by R&M.

In relation to Art. 9(1)(b) CTMR, R&M argued that there was no likelihood of confusion. Firstly, the garages buying the wheels would not be confused as to their origin. Secondly, the end users would believe that the stickers related to the origin of the cars as opposed to the origin of the wheels.

Decision

Community Design Right infringement

Arnold J first considered whether the wording of Art. 110(1) CDR was intended to prevent spare parts attracting registered design right protection altogether or simply provide a defence to alleged infringers. If the registrations for spare parts were invalid, then it was for BMW to establish that the alloy wheels were not spare parts. However, if Art. 110(1) was intended as a defence, then the burden would shift to R&M to establish that the alloy wheels fell within that defence. On balance, Arnold J decided that, as Art. 110 did not explicitly prevent the registration of a spare part, the burden of proof was with the alleged infringer to establish its defence.

On all of the substantive liability points, Arnold J found in favour of BMW. There were two main reasons for that finding.

Firstly, Arnold J considered the additional wording in Recital 13 of the CDR. He decided that the "dependency" requirement in Recital 13 should be read into Article 110(1). Using that "purposive approach", Arnold J decided the spare parts defence only applied when the appearance of the spare part was dictated by the appearance of the more complex product. Arnold J's view was that the appearance of the BMW had little bearing on the appearance of the wheels.

Secondly, Arnold J considered whether the purpose of the R&M alloy wheels was to restore a BMW to its original appearance. He considered that the purpose of the R&M alloy wheels was to upgrade the car and not merely to restore it to its original appearance. On this point, Arnold J highlighted several material differences between BMW's design and R&M's "upgrades".

Trade mark infringement

Arnold J also found R&M liable for trade mark infringement. In relation to Art. 9(1)(a) CTMR, R&M argued that the BMW stickers were not used in relation to wheels by R&M, but by the end user (at the point that the stickers were affixed to the car). That argument was dismissed by Arnold J who felt that it was sufficient that R&M supplied the stickers together with the wheels.

When considering the likelihood of confusion under Art. 9(1)(b) CTMR, R&M argued that the "relevant public" was not the end user, but the garages to which R&M sold the wheels. Therefore, the Court only had to look at whether the garages would be likely to be confused as to the origin of the alloy wheels. Arnold J disagreed. He said that the relevant public were also the end users and that they would be confused as to the origin of

the wheels. That was unless R&M took specific steps to ensure that garages dispelled that confusion (of which there was no evidence). Further, he could not accept that end users would take the stickers to denote the origin of the cars and not the origin of the wheels, especially as it was clear that the stickers were intended for the wheels and not the car.

Comment

This judgment contains interesting commentary on the purposive interpretation of EU legislation and is a reminder to practitioners to consider recitals and operative provisions carefully as well as the main articles.

Crucially, the case provides a definitive interpretation of the spare parts defence. Arnold J said that the purpose of the spare part defence was to ensure that the original manufacturer cannot “monopolise the

aftermarket” leaving a car owner with no “realistic alternative” for a replacement product, other than the original design. In light of this decision, the spare parts defence will only apply to component parts where there are “no realistic alternatives” to the standard design – such as body panels, bumpers and windows. Replica car wheels will not fall within that category.

This case could have significant ramifications for the motor industry that for many years has been at the forefront of arguments about spare parts protection (see *British Leyland Motor Corp v Armstrong Patents Co Ltd*²). Those dealing in replica wheels (protected by a CDR) will now require a licence from the relevant rights holder or else risk being sued for infringement.

² [1986] AC 577