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**GREEN PAPER
ON
THE LEGAL PROTECTION OF INDUSTRIAL DESIGN**

Working document of the services of the Commission

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INTRODUCTION

In recent years the legal protection of industrial design has become an increasingly important issue. Design products now occupy an important place in the economy. At the national level design protection has existed since the start of industrialization but national legislation in general falls short of the needs of industry in at least two respects. First its legal effect is limited to the territory of a single Member State (except for the Benelux countries which have introduced a regional protection system); secondly, it protects only insufficiently the salient features of contemporary industrial design, which is the enhanced functionality of a product by way of its design. It is often limited to the protection of the ornamentation of a product.

Superior design is an important instrument for European industries in their competition with industries from third countries with lower production costs. It is the design, which in many cases, is decisive for the commercial success of products thus allowing European enterprises, investing heavily in development of designs to prosper.

In the absence of efficient legal protection designs can easily be misappropriated. Reproduction of design products does not, in many cases, presuppose know-how as regards sophisticated manufacturing processes. It is therefore important that appropriate measures are taken to deal with piracy in respect of design products.

Industrial Design plays an important role in innovation and development of products and thereby in development of whole new industries. The contributions of gifted designers in developing products designed especially for handicapped people have been decisive for the success and thereby for their availability at reasonable prices. There is a clear Community interest in supporting, and where possible reinforcing, such development.

However, the protection of industrial design at the national level as regards the conditions for protection, the scope, contents and duration of protection varies considerably from one Member State to another.

A protection system based on registration is in force in 11 Member States. An international registration system of limited application has been provided for through the Hague Agreement (1925) on the International Deposit of Models and Designs. 19 States (7 Community Member States) adhere to the Agreement which does not cover non Community industrialized and semi industrialized countries. (The U.S., Japan, Australia, Canada, South Africa, Sweden, Brazil for example do not adhere to the agreement). As a result of this limited coverage, the procedures and the registration fees the number of international deposits under the Hague Agreement is relatively small: 4 000 a year compared to the former West Germany level of some 15 000.

Design protection has therefore for all practical purposes remained national.

The fragmentation of the Community into different national markets is incompatible with the creation of internal market conditions. A Community protection system with a single registration valid for the whole area of the Community is needed.

The possible introduction of a Community wide design protection is no simple matter. To the contrary, solutions to a number of difficult legal issues must be found before legislation can be adopted. The condition for protection, the scope and contents of the protection foreseen, the co-existence with national protection systems and with other legal instruments such as copyrights are all issues, which must be very carefully considered before finalised legislative proposals are submitted to the Council and the European Parliament. Therefore the Commission has decided to publish a Green Paper as a first step in the legislative procedure.

The purpose of the Green Paper is to allow the widest possible consultation on the salient features of the future Community protection system. It is the intention of the Commission to engage in a dialog with all interested parties and it is the hope of the Commission that a large number of different interest groups will see fit to submit comments on the ideas put forward in the Green Paper.

COMMISSION GREEN PAPER ON INDUSTRIAL DESIGN

EXECUTIVE SUMMARY

The single Community market will become a reality for European design industries only insofar as the territorial effect and limitations of national intellectual property law are set aside and replaced by Community wide legislation.

At the present time European industries wishing to protect their designs against reproduction must file design protection applications in different countries, monitor the different duration of national protection, pay registration and renewal fees at different times and in different currencies and risk not to be able to obtain legal protection in the whole area of the Community because the Community is divided into many different jurisdictions.

Different intellectual property laws act as barriers to the free circulation of goods. In addition such laws can unless set aside by Community legislation and by harmonization of national laws by virtue of Article 36 of the EEC Treaty continue to prevent the free circulation of goods after 1 January 1993. Therefore Community measures to provide for single market conditions for design products are necessary.

The objectives of the Green Paper.

The main purpose of this Green Paper is to serve as a basis for extensive consultation of all interested circles on the future legal protection of industrial designs (models and designs). It seeks to explain the background of the legal issues involved in sufficient detail to permit an assessment of the obstacles which different national laws involve and sets out the merits of the Community solutions envisaged. The paper does not pretend to be a study in comparative law. It sets out in some detail suggestions for solutions to the problems discussed and is accompanied by preliminary drafts of possible legislative proposals. Following this consultation with all interested parties proposals may be submitted by the Commission to the Council and the European Parliament.

Contents of the Green Paper.

The Green Paper consists of four parts. Chapter 1-3 contains a general introduction and sets out the legal background and the specific Community interest in design legislation. It is explained why in the view of the Commission a Community wide design introduced by way of a Regulation is necessary.

Chapter 4 constitutes the second section, in which the main options of a future Community wide design protection system is discussed and in particular whether the system should be based on registration or whether protection should come into existence automatically.

Chapters 5-9 constitute the third section of the Green Paper. It covers the provisions of substantive law, which will govern the Community Design (chapters 5-7) and the registration procedure (chapter 8) and the litigation system (chapter 9). These have been drafted with the corresponding provisions of the Community trade mark as a model and are briefly explained.

The fourth and last section comprises chapters 10 and 11. These consider the relationship between the possible future Community design protection and existing national specific design protection law (chapter 10) and other protection instruments, in particular national copyright law (chapter 11).

The conclusions of the Green Paper.

The Green Paper's main conclusions on which the consultation is based may be summarized as follows :

- (I) A Community wide design protection ("the Community Design") needs to be introduced by way of a Regulation. The purpose is to protect "designs" which are defined as the two-dimensional or three-dimensional features of the appearance of a product, which are capable of being perceived by the human senses. No further aesthetical criteria are applied but the appearance may not be dictated solely by a technical function.
- (II) The Community Design is mainly based on registration. The duration of the protection proposed is five years renewable to a maximum of 25 years.
- (III) The condition for protection is that the design is distinct from designs known to the circles specialised in the sector concerned operating within the Community and by the overall impression it creates in the eyes of the public distinguishes itself from any other design known to such circles. Protection is not based on examination prior to registration as to compliance with this condition. A Community Design shall confer upon its proprietor the exclusive right to prevent any third party not having his consent from making, offering, putting on the market or using a product to which the same design or a substantially similar design is applied.

Some sectors of industry develop with short intervals a large number of designs. Of the designs developed only a few are exploited commercially. Under the present conditions the commercial value of designs cannot as a general rule be tested in the market place before registrations are taken out lest the designs lose their character of being novel. Further, if the

designs are tested before they are protected by registration they are not protected. To remedy this situation a short term unregistered design protection is suggested introduced (the "Unregistered Community Design"). The Commission suggests tentatively that the duration of this protection should be three years from the disclosure of the design. To permit registration after disclosure of the design a period of grace of the duration of twelve months is introduced calculated from the day of disclosure. During this period of grace the fact that the design may be known does not deprive it of its distinctive character, but registration can be applied for during this period. The Unregistered Community Design should confer upon its owner the same rights as the Registered Community Design except that the exclusive right is limited to a protection against copying of the design. Independently developed identical or substantially similar designs are thus not infringing the design right, but protectable in their own right.

The exclusive rights conferred by the Community Design need to be limited in two respects. Interconnections are not protected. Interconnections are defined as those features of the appearance of a product, which must necessarily be reproduced in their exact form and dimensions in order to permit the product to which the design is applied to be assembled or connected with another product. Further, the rights conferred by the Community Design does not extent to acts undertaken privately, for non-commercial purposes; to acts carried out for experimental purposes nor to the reproduction of design for the purpose of teaching design.

Registration should be possible as quickly and cheaply as possible. To minimize the costs for the users of the system it should be possible to protect any number of up to 100 related designs by a single act of registration.

The deferment of publication of registration has also been proposed not only because of the merits of the supplementary protection against reproduction which a secret deposit may in some cases represent but also as a means of cost reduction by - as a temporary measure - dispensing with the production and publication of graphic representations of the design.

National design protection laws cannot from one day to another be superseded by the Community Design. National design protection laws will therefore - for some time - co-exist with the future Community system. The most salient features of national design protection laws need therefore to be harmonized by way of a Directive in accordance with the provisions for a possible future Community Design.

In most Member States protection under specific design protection law can be cumulated with a possible protection under unfair competition law and under copyright law. In one Member State the registration of a design implies that copyright protection is no longer available. Further, in the same Member State the application of copyright protection is dependent upon the design being separable from the product to which it is applied. It is suggested that this limitation be removed and that cumulation with

copyright protection made mandatory under the conditions laid down in the copyright laws of Member States. Within the context of the design initiative no attempt will be made to harmonize the conditions for protection of designs under copyright law.

Follow up to the Green Paper.

This Green Paper will be widely distributed by the Commission. Interested parties are invited to submit comments within six months following its publication. If appropriate, the Directorate General for the Internal Market and Industrial Affairs will organize a hearing for the discussion of key issues directly among the various interest groups in order to arrive at a balanced solution to existing problems. In the light of the comments received and the outcome of a possible hearing the Commission will decide the further course to be taken and submit the appropriate proposals.

Comments on this Green Paper should be addressed to the Director General for the Internal Market and Industrial Affairs, Rond Point Schuman 6, 1040 Brussels. It should be indicated whether the party in question would be interested in participating in a possible hearing.

For further copies of the Green Paper, please apply preferably by letter or telefax, to:

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CHAPTER 1

INTRODUCTION.

1.1. The interest shown by the Community for the issue relating to the legal protection of industrial designs dates back to the origin of the Community itself. In 1959 the Commission, aware of the problems that industrial property rights were likely to provoke in relation to the proper functioning of the Common market, urged the Ministers of the six original Member States responsible for these matters to set up three Working Parties in charge respectively of the Patent, Trade mark and Design sectors. The first two Working Parties, chaired respectively by Dr. Haertel (Germany) and Mr. de Haan (the Netherlands) were able to submit within a short time concrete suggestions for the creation of a Community Patent and a Community Trade mark. The preliminary Draft Conventions they produced constituted the basis for what was to become in future the European Patent Convention of 1973 and the Agreement on Community Patents of 1989 on the one hand, and the proposal for a Regulation of the Council on the Community Trade mark on the other hand.

1.2. The results of the work of the Working Party on Industrial Designs chaired by Sig. Roscioni (Italy), were less encouraging. The report¹ established in 1962 by Sig. Roscioni on behalf of this Working Party noted that the differences existing in the national legislations were so extensive that it would be almost hopeless to undertake a harmonization. The report suggested, however, that there might be room for the creation of an autonomous Community legislation on Industrial Designs, which could coexist with the national legislations.

1.3. For a number of reasons, in particular the priority which in the early years of the Community was given to the Patent and Trade mark questions, the idea of an autonomous Community legislation on Industrial

Designs was not followed up by specific initiatives. From time to time, however, the concerns of the Commission over the problems resulting from differences in legislation in the field of Industrial Design were reiterated and it is obviously only the existence of other priorities which have prevented so far the Commission from taking an initiative on this subject matter.

1.4. The importance of Industrial Designs, which has been growing very significantly in the last decade as an essential element in the marketing of consumer products, and their appropriate legal protection have attracted increasingly the attention of the interested circles in the industrialised countries, and particularly in Europe.

1.5. The aspect which was at the outset in the foreground was the problem stemming from counterfeit products originating in third countries. Successful products manufactured in Europe with a very high level of industrial quality and aesthetic value were systematically copied by companies, mainly situated in third countries where legal protection against infringement of intellectual property rights was difficult to obtain or to enforce, and sold at lower prices. This was possible not only because of purely economic factors, like low man-power costs in the manufacturing countries, but also because the counterfeiters were able to take undue advantage of the intellectual, artistic, economic and commercial investments undertaken by the producer of the original product. Without jurisdiction in countries outside the Community, action at the Community level was restricted to measures aiming at preventing the entry of counterfeit goods into the Community. As a first measure a Council Regulation dealing with trademark counterfeiting was adopted in December 1986².

1.6. The problem relating to counterfeit products is, however, by no means limited to goods manufactured outside the Community. There is of course also a need for protection against copies produced in the same country where the original product is manufactured or in other countries of the EEC. This need for a better legal protection has in the past led to the introduction of new national legislation (Denmark 1970, Benelux 1975), or

to substantial amendments to existing legislation (in particular in the UK in 1968 and 1988 and in Germany in 1988). These new laws or amendments have mostly been preceded by extensive and thorough studies of all aspects of the issue by the authorities of the countries concerned, after consultation with representatives of the interested circles (producers, designers, consumers) and of the academic authorities.

1.7. The question of a Community-wide protection has also been the subject of a number of important international meetings and symposia to which reference will be made in paragraph 1.10.3.

1.8. The Court of Justice of the European Communities has also been called upon, on three different occasions, to decide certain issues of Community law where the protection of industrial design was involved (Keurkoop 1982³, Renault⁴ and Volvo⁵ 1988). In each of these cases the Court had to uphold the existence of national rights which were not harmonised at Community level and the consequences that inevitably flowed from this situation in respect of the free circulation of goods. This case law is also interesting from the point of view application of the Community's competition rules on the exclusive rights resulting from the protection of industrial design.

1.9. The Commission's "Green paper on copyright and the challenge of technology"⁶ and the "White paper on the accomplishment of the internal market"⁷ did not address the issue relating to the legal protection of industrial design and therefore the present Green Paper is intended to examine the issue and make proposals.

1.10. The present "Green paper on industrial design" is intended to fill this lacuna.

1.10.1. Its purpose is to set out the problems which result from the differences in existing legislation in the EEC in relation to the proper functioning of the Common market and to analyse ways and means by which these problems could be solved.

1.10.2. This Green paper, having set out the reasons which justify the concern of the Commission with the impact of the present situation on the proper functioning of the internal market, develops a possible solution. This solution is based on two basic ideas:

- the creation of a unitary Community right, the Community Design, valid throughout the Community and governed by Community law,
- a limited harmonization of the main features of substantive law governing the specific protection of design in Member States.

1.10.3. This solution has been developed in detail and set out in two draft proposals for a Regulation and for a Directive, which are attached as Annexes 1 and 2 to this Green Paper. In its drafting the Commission has been able to benefit from work already undertaken at the international level. In the past few years a number of international symposiums dedicated to the problems relating to design protection have taken place. The Commission was represented at the symposium of June 1988 organized in Grenoble by le Centre Universitaire d'Enseignement et de Recherche en Propriété Industrielle (CUERPI) and l'Association pour le Développement de l'Enseignement et de la Recherche en matière de Propriété Intellectuelle (ADERPI⁸), at the meetings organized in Treviso in October 1988 by Camera di commercio, industria, artigianato ed agricoltura⁹, and at the symposium organized in Amboise in October 1990 by the World Intellectual Property Organization and the French Institut Nationale de la Propriété Industrielle¹⁰. Last but not least, the Max Planck Institute for foreign and international Patent, Copyright, and Competition law has on its own initiative elaborated an almost complete draft regulation for a Community design, which in July 1990 was submitted for discussion to a group of experts from European States. These experts, who included experts from the Commission, concluded that the principles set out in the draft could constitute a basis for future work at the Community level¹¹. The Commission wishes to thank in particular the Max Planck Institute for this valuable preliminary work, which has served as a basis for the work leading to the present Green Paper.

The Commission invites comments on the proposals set out in this Green Paper. It is important, however, to bear in mind the political difficulties which more ambitious solutions, entailing full harmonization of the copyright aspects of the protection of design, would meet if they were to be pursued together with the search for a unitary solution in the field of the specific protection.

The Commission has not taken a final decision on what proposal it will eventually make. Many details of the solution proposed deserve a critical examination in depth to verify their validity and effectiveness. Other solutions are indicated in the appropriate parts of the Green Paper. The aim of the paper is to prompt reactions and suggestions in order to allow the Commission to reach final conclusions on the formal proposals it intends to make to the Council.

1.10.4. The Commission believes that this Green Paper will prompt comments from a wide circle of interests. The Commission will organise a hearing to permit positions to be discussed directly among the various interest groups in order to arrive at a balanced solution to existing problems.

It is hoped that proposals can reach the Council and the European Parliament as soon as possible, with a view to having the legislative texts adopted in connection with the completion of the internal market.

- 1 2143/IV/62 of 17 December 1962.
- 2 Council Regulation (EEC) No. 3842 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods. O.J. No. L 357/1 of 18 December 1986.
- 3 (1982) ECR 2853.
- 4 (1988) ECR 6039.
- 5 (1988) ECR 6211.
- 6 COM (88) 172 final.
- 7 COM (85) 310 final.
- 8 A report of the symposium was published by CUERPI in 1984.
- 9 A report of the symposium was published by the organizer in 1990.
- 10 The report of the Amboise symposium will be published by the World Intellectual Property Organization in 1991.
- 11 The Draft Project was published in the original German language version in GRÜR International, No. 8 1990.

CHAPTER 2

THE LEGAL BACKGROUND.

2.1. The external aspect of a product.

2.1.1. This Green Paper deals with the issue of the legal protection of the external aspect - the appearance - of a product. This notion seems to be the broadest possible one, which can be used without having recourse to legal terms which can - and very often do - differ in their meaning and scope from one legal system to another and from one language to another.

2.1.2. This Green paper is concerned with the economic value which is attached to the appearance of products. The external aspect of a product is of considerable economic importance. As soon as this appearance becomes worth copying, the question arises whether this value should be protected by legal norms and, in the affirmative, to what extent and under which conditions. Each legal system of the twelve EEC Member States has given its own answer to this question. The answer is very complex everywhere, in the sense that the instruments to which a manufacturer may have recourse are manifold and reflect the different economic and commercial interests pursued by each of them. It is not surprising that, under such circumstances, the overall picture differs enormously from one country to another, even though, at a purely national level, the possibility of adding one legal instrument to another in most Member States provides for a sufficiently satisfactory level of protection.

2.1.3. An analysis of the consequences of this situation on the functioning of the internal market, which has to be achieved by 1 January 1993 according to the Single European Act, has been undertaken in Chapter 3 of this Green Paper. A better understanding of the problems requires, however,

that the background, the existing legal protection in the EEC Member States is outlined in some detail.

2.2. The various ways in which the external aspects of a product can be protected.

2.2.1. The general picture emerging from the different national legal systems shows that a number of different aspects are taken into consideration and given weight to a varying extent by legal instruments which are of relevance for design protection.

Some important aspects which should be mentioned are the following:

- a) the wish to promote investment in design development as an element of industrial policy,
- b) the need to protect creativity in respect of industrial design seen as an expression of the designer's creativity,
- c) the need to avoid confusion of consumers as to the origin of products having identical or similar appearance,
- d) design as a meaningful contribution to technical innovation,
- e) the respect of the principle of fairness in trade.

2.2.2. It should be recalled in the first place that there are basically two sets of legal instruments which a producer may invoke for the protection of his design alternatively or cumulatively: the protection resulting from registration of the design under specific design protection law and/or a number of other legal protections instituted to cover a broader range of legal interests, first of all copyright protection, but also the protection resulting from the application of unfair competition rules, protection under a trade mark and protection as a patent or a utility model.

2.2.3. The interplay of the specific protection with these other protection systems leads to a situation which, in most Member States, at the purely national level, does not leave industry, as it is sometimes claimed, entirely exposed to unauthorized reproduction. The proportion of the different ingredients in the recipe for the overall design protection

differs from one country to another, but one could hardly say that there is today a crucial problem for the protection of design at the purely national level. This rather optimistic view may be less justified for some Member States. Spain and Portugal need a very substantial updating of their specific legislation. In Italy many quarters complain about the prohibition of cumulation of specific design protection and copyright protection. Greece has still to introduce legislation for a specific design protection.

2.3. The specific protection of "Industrial design".

2.3.1. Eleven Member States out of the twelve which constitute the EEC have introduced specific protection for industrial designs. Greece is the only country which does not yet have such an instrument, but there seems to be a willingness to introduce it in the near future as a matter of priority within the framework of the Government's policy concerning industrial and intellectual property.

2.3.2. The features of the specific protection available in the eleven countries concerned are far from being harmonised. The only exception is represented by the three Benelux countries, which have adopted a Uniform law on designs and models. This still leaves the Community with nine different sets of rules governing this specific protection.

2.3.3. There is one element which the nine sets of rules have in common: they all provide for a mechanism of registration of the design in a public register. This feature, which is typical for patent law, corresponds to an approach inspired by patent legislation ("patent approach") which has historically prevailed in most of the countries, as a consequence of the manner in which the first specific protection systems were created. The registration mechanism was Napoleon's response to the request for protection by the silk-manufacturers of Lyon against copying of the designs they were applying to their tapestries. Notwithstanding the fact that France in addressing the issue relating to design protection is probably the most copyright oriented country in the world, the abovementioned patent approach has been followed and even strengthened by most European countries. In Portugal it has been applied in such a manner that one could

even speak of a "trade mark approach". The system was conceived at the outset to present the great advantage of giving a high degree of legal certainty to those who make use of it as well as to their competitors, but it has the disadvantage of requiring an often cumbersome procedure of filing the design with a registration authority.

2.3.4. It should be noted that the legal certainty which the system was conceived to achieve is largely illusory. The fact that a design is registered does not give the certainty that the protection is valid. This is often due to the fact that there is no examination in substance prior to registration of whether the requirements for protection are met. However, even where examination takes place, the conditions under which it is carried out imply a degree of certainty as regards the validity which cannot be compared to the certainty of the validity of a patent or a trade mark registration.

2.3.5. Apart from the registration element, it would be difficult to find other features which could be claimed to be common in the nine sets of rules mentioned above. The formal and procedural requirements differ to a large extent:

- multiple deposits are possible under certain legislations, not allowed or very strictly limited under others;
- certain offices carry out a preliminary search and examination of the novelty requirement, sometimes accompanied by an opposition procedure, other offices proceed directly to the registration of the applications leaving the determination of validity to the courts;
- in the systems where an examination is carried out grounds for refusal of registration may be invoked only by the office of its own motion, or only at the initiative of an interested person, or in both instances.

2.3.6. It is, however, even more important to note how much these nine sets of rules diverge on the substantive aspects of law.

2.3.7. For obtaining protection "novelty" is generally required, sometimes alone, sometimes together with "originality". All the nine sets of national rules make the protection of a design subject to the requirement that it be "new". This might seem a second interesting common feature of the legislations. The analysis shows, however, that this is not the case. The overwhelming majority of legislations requires "objective" novelty, but there are a few legislations (France and a certain trend in the Spanish case-law) which are based on a "subjective" approach, making in fact the notion of "novelty" very much similar to that of "originality". The systems of law based on "objective novelty" differ again among themselves as to the qualifications to which this notion is subject. There are limitations in space (a design must be new in the State or States concerned: Ireland, UK, Benelux) or in time (a design is de facto deemed to be new if no identical form has been used - or has been protected - since a certain point in time in the past: Denmark, Portugal). An interesting qualification is moreover provided by the Benelux law and German registration practice: a design is not new if it is known by the national circles specialised in the relevant sector. According to German practice this includes forms which are disclosed abroad, in countries or places (exhibitions and fairs) where one could reasonably expect national experts to pay attention to the novelties put on the market.

2.3.8. As indicated above, a number of legislations require, next to novelty, a further condition: to be protected it is not enough that the design be new, it must also be "original" (UK and Ireland), or have a "physionomie propre" (France) or give the product a "special ornament" (Italy). German law requires "Eigentümlichkeit" which also implies an effort of creativity on the side of the designer. This further requirement appearing under various denominations is the test used by these systems to answer the following question: when does a design which only differs in some details from a prior design cease to be an imitation and become a "new" design? The legal systems which operate exclusively the requirement of novelty are confronted with the same question. The Benelux authorities give an answer by construing the criterion of novelty as containing an element of originality. In Danish registration practice even minor differences from earlier registered designs appear to qualify for registration in

spite of the terms of the law, which require "significant differences". The Spanish and Portuguese legislations try to define the demarcation line by providing that novelty comes into existence only if the differences exceed a certain level, thus introducing the notion of the capacity of distinguishing the two designs in question, to avoid a possible confusion by the public. From what has been set out it can be concluded that each system of law requires that a design, to be protected, should show a "distinctive character" in respect of other known designs. The measure of the distance between an insignificant and a significant change in respect of a prior design is the crux of the question. The tests applied to determine the demarcation line are however not uniform: they are sometimes very strict, sometimes very loose and it is in many cases difficult to identify clear guidelines in the various national case-laws.

2.3.9. The nature of the rights conferred by the registration also differ in the various systems. In the overwhelming majority of countries registered designs give their owner a monopoly right of the patent type which can be enforced against anyone accomplishing without the owner's consent acts in the course of trade relating to products incorporating the design. The knowledge of the existence of the right by the infringer is irrelevant. In some other systems (France and Germany) the design confers exclusive rights against copying and imitation. As a consequence of the influence of the copyright approach on these systems subjective elements are taken into consideration: the infringer must have known that he was infringing a right or at least he must have acted with negligence.

2.3.10. The term of the protection is far from being uniform, even if one has to note a trend towards an extension in recent years. The most frequent maximum term of protection of a registered design within the EEC is 15 years (Benelux, Denmark, Ireland, Italy); Spain has a term of 10 years; Germany has 20 years; UK has up to 25 years; France has 50 years; Portugal provides for the possibility of unlimited renewal of the initial 5-year period.

2.3.11. Many other important features of the national legislations present considerable differences. Reference will be made to them in the following chapters to justify some suggestions advanced by the Commission. In view of their importance one should, however, at this point mention at least the three following areas: the impact of the disclosure of the design by the designer on the "novelty" requirement, the possibility of keeping a deposited design secret and the possibility of "cumulating" the protection given by registration with other types of protection.

2.3.12. It is finally worth while noting that, since 1988, the UK has introduced a new instrument, an unregistered design right, which is available in principle in parallel to the registered design right, and which is also intended to give a specific protection to the three-dimensional form of industrial products on the basis of a copyright-approach, i.e. without imposing any formalities on the owner of the right. This is an extremely interesting evolution, as it is the first time in Europe that a protection of design by a copyright-approach has been introduced outside the application of the general rules of copyright law.

2.4. The protection under copyright.

2.4.1. All Member States are party to the Berne Convention¹ which, however, gives considerable latitude as to the protection of "works of applied art and industrial designs and models". The works mentioned may be protected under copyright law or under specific law or both (Article 2 (7)). The absence of definitions and the overlapping of the notion "works of applied art" with the notion of design give rise to the possibility for the owner of a registered design also to obtain protection by invoking a copyright on the same design. The possibility of "cumulation" is common to ten Member States, even if the conditions or qualifications under which it is applied differ substantially. The situation is different in Greece and Italy.

2.4.2. The fullest application of the "cumulation" principle is to be found in France, where the copyright protection and the specific protection are available to the same extent. As in France, under the theory of the "unity of art", the registered design has mainly a function of evidence concerning the immaterial right arising out of the act of creation of the design, the protection under copyright law is available even if no registration has been taken out or a registered design has been abandoned by its owner. The main role is therefore played by copyright and specific protection has in France only a subsidiary role, but is nevertheless used to a non negligible extent.

2.4.3. The Benelux legislation according to its tenor apparently intended at the outset to be more restrictive as regards "cumulation": only those designs which presented a "markedly artistic character" could qualify for copyright protection. The case-law² developed in the Benelux has however given such a broad interpretation to this requirement that, for all practical purposes, it seems difficult to distinguish the Benelux model from the French one.

2.4.4. A great difference appears in the handling of the "cumulation" principle in Germany, Spain and Portugal. In these countries the benefit of copyright protection is limited to those designs which attain a particularly high artistic merit, much higher than the "originality level" which is normally required under copyright for the protection of "fine arts". The application of this criterion is left to the judge, with the possible assistance of experts. Case-law shows a rather restrictive approach by the courts, so that for practical purposes it is only in exceptional cases that the "cumulation" in reality comes into play.

2.4.5. Somewhat similar to the German, Spanish and Portuguese model is the Danish approach, but the "cumulation" is admitted with greater facility, as the concept of "originality" is understood in a more liberal, however still restricted, manner.

2.4.6. In Ireland copyright protection followed the UK system of the 1956 copyright act. By the copyright Amendment Act of 1987 the application of copyright and thereby cumulation was, however, seriously qualified by the introduction of limitations in the range of works eligible for copyright protection.

2.4.7. The situation is more complex in the UK after the introduction of the new legislation in 1988. The system is the following: "The design" of useful articles in the sense discussed in this Green Paper is not included in the definitions of copyright works in Article 3 and 4 of the 1988 Act. The design document, that is the drawing on the basis of which a three dimensional article has been produced, is subject to copyright, but the copyright in the drawing is not infringed by the reproduction of the three dimensional article produced on the basis of the drawing. Further, if an artistic work (qualifying for copyright protection) for example sculptures or surface decorations has been exploited industrially, which means in more than 50 copies, then copyright expires after 25 years. Instead of copyright protection an unregistered design protection has been introduced for any, including functional designs, but with exceptions as regards "must fit" and "must match".

2.4.8. In Italy "cumulation" is excluded by virtue of legislation. Filing an application for registration of a design entails automatically the loss of the right of invoking copyright. The protection under copyright of designs which have not been registered is subject to the requirement of "scindibilità", i.e. that the work can be "dissociated" from the product to which it is applied³.

2.4.9. In Greece the absence up to now of a specific protection leaves the main task of protection to copyright (and to unfair competition rules).

2.5. The protection as a trademark.

2.5.1. The situation in the Member States is harmonised in this respect. The first directive on the approximation of national trade mark laws of 21 December 1988⁴ has introduced unitary rules concerning the protection of

designs as trade marks. In principle two-dimensional designs and three-dimensional shapes can be protected as trade marks. The shapes excluded from protection are those which result from the nature of the goods or which are necessary to obtain a technical result or which give substantial value to the goods. Identical rules will be valid for the Community trade marks under the Regulation currently examined by the Council.

2.6. The protection under patent law.

2.6.1. A feature common to all national systems is the exclusion from the specific protection of designs which have solely a technical function. These are designs which are entirely commanded by the technical result they are intended to achieve, so that no freedom whatsoever is left to the designer's creativity in their development, as any even minor change of the shape would affect the technical result.

2.6.2. A design which has exclusively a technical function can in principle represent an invention and thus attract patent protection for the invention (and not for the design as such) under the conditions specified in patent law. If these conditions, and in particular the one relating to the inventive step, are met, no "cumulation" is possible. The overriding interest that inventions fall into the public domain at the expiry of the patent protection precludes the grant of other rights extending beyond that limit (e.g. copyright or trade marks); as to the period prior to the expiry of the patent, the strong protection given by the latter makes in general the other forms of protection superfluous.

2.6.3. In many cases however a design having exclusively a technical function cannot be protected under patent law because the inventive step is not sufficiently high. A number of Member States have introduced a specific legal instrument to cater for such "petty inventions": the "utility model". This instrument is available in Germany, Greece, Italy, Spain and Portugal. Also the UK unregistered design is so defined as to cover these kind of designs except principles or methods of construction. In the other Member States there is a lacuna in the protection: in the absence of any utility

model such designs are not protected at all; sometimes, in those countries where the grant of national patents is not subject to a preliminary examination, such "petty inventions" are deposited as patents, but they are not likely to survive a challenge in court concerning their validity.

2.6.4. The biggest problem arises however with those designs where aesthetic and functional aspects are intimately mixed, i.e. the vast majority of industrial designs. Some Member States solve this problem by accepting that the aesthetic features of a design be protected by a registered design and/or copyright and the technical innovation by the "utility model". Normally it is the prevailing feature which commands the type of protection, but it is possible (and in Italy this has been even regulated by legislative measures) to cumulate both protections by obtaining two registrations in respect of the same design. The UK unregistered design protects the two aspects together. The other countries, which do not know a specific legal instrument for "petty inventions", tend to compensate the gap in protection by resorting to the copyright and/or the specific design protection. The interplay of registered design and copyright entails an indirect protection of the innovative elements with the result that the latter are eventually protected for a period going far beyond the term of protection of a patent or utility model.

2.7. The protection under unfair competition rules.

2.7.1. The protection under unfair competition rules can be cumulated in all Member States (except the UK where unfair competition law does not exist) with the other forms of protection. This is natural enough if one thinks of the different nature of these rules, which tend to protect the fairness in the behaviour of the operators in trade and which require, next to objective acts of misbehaviour, the existence of a subjective element of fault or negligence on the side of the offender.

2.7.2. The major difference in the existing legislations, as far as the protection of design is concerned, is, quite apart from the need for a general harmonisation of these rules in the perspective of the internal market, the prohibition existing in certain countries only (Benelux and Italy)

to invoke the unfair competition rules, even in the case of slavish imitation of the product, once the term of protection of the registered design has expired. This prohibition, based on the doctrine that anything which is covered by a monopoly right should be fully available for reproduction once the exclusive right has expired, denies the manufacturer in these countries the possibility of protecting himself on this basis against the unfair misappropriation of his commercial good will attached to a well known and still valuable design which has come to the end of its protection term.

2.8. The International framework.

2.8.1. To complete the picture of the existing situation in the Member States one has to recall the International Instruments which also play a role in this respect: the two general conventions of Paris and Berne, to which all Member States are party, and a specific convention, the Hague Agreement concerning the International Deposit of Industrial Designs.

2.8.2. The Paris convention⁵ lays down in Article 5 quinquies the general principle that "Industrial designs shall be protected in all the countries of the Union". This principle, which is not accompanied by rules concerning the means by which such obligation must be met, is satisfied as soon as one of the various forms of protection set out above has been made available to designs. There is no requirement that a specific protection through registration be available.

The Paris Convention furthermore provides, in Article 5 B that "the protection of industrial designs shall not, under any circumstance, be subject to any forfeiture, either by reason of failure to work or by reason of the importation of articles corresponding to those which are protected." This provision prevents States party to the Paris Convention from introducing any obligation of use of the design which could be sanctioned by revocation.

The Paris Convention makes applicable in the case of industrial designs the two basic principles of national treatment (Article 2) and of the right of priority, which is stipulated to be six months in case of industrial designs (Article 4 c(1)). Also industrial designs benefit from the temporary protection granted to certain items exhibited at international exhibitions (Article 11).

2.8.3. The Berne Convention has already been briefly mentioned in paragraph 2.4.1.. However, another provision of the Berne Convention than those already mentioned deserves a specific mention. Article 2 (7) of the 1967 Stockholm text provides that "works protected in the country of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that country to designs and models; however, if no such special protection is granted in that country, such works shall be protected as artistic works." This provision authorises certain countries to replace the principle of national treatment by the principle of reciprocity. As we shall see in paragraphs 3.3.5. and 11.2.6. et seq. below its effect within the Community is to introduce a real danger of discrimination between undertakings according to the State in which they are established.

2.8.4. A further provision relevant in this context is Article 7 (4) of the 1967 Stockholm text of the Berne Convention which lays down a minimum term of protection of 25 years as from the making of the work for works of applied art insofar as they are protected as artistic works. The possibility to grant shorter terms of protection to such works is thus limited to protection under specific legislation.

2.8.5. The 1925 Hague Agreement concerning the International Deposit of Industrial Designs is a special agreement within the framework of the Paris Convention. It is in force in two different texts, the London text of 1934 and the Hague text of 1960. Of the EEC Member States, Spain is bound by the 1934 London text, Benelux and Italy are bound by the 1960 Hague text and France and Germany are bound by both. The other Member States are not party to this Agreement. The aim of the Agreement is to make it possible to obtain protection in several States through a single international deposit made with WIPO⁶. This Agreement only deals with procedural matters concerning the deposit or the publication of the designs. The legal effect of the international deposit in each State concerned is to put the design in the same position as if it had been deposited directly there. Although it constitutes an excellent tool for international cooperation, this Agreement suffers, within the Community, from the fact that a number

of Member States do not participate in the system and even among those who are party to the Agreement there is no possible linkage between the States who have ratified the Agreement in one text only and those who have ratified it in the other text only (relationship Benelux and Italy - Spain).

As will be set out later, the Commission hopes that it will be possible to link the initiative it intends to take at Community level with an enlargement and a better exploitation of the Hague Agreement by as many Member States as possible. The precedent of the linkage between the Community trade mark and the Madrid Agreement on the International Registration of trade marks should show the way.

2.8.6. Finally it is worth mentioning the Locarno Agreement of 1968 Establishing an International Classification for Industrial Designs which is used by a number of Member States for classification purposes only.

- 1 Berne Convention for the Protection of Literary and Artistic Works.
- 2 See the decision of the Benelux Court of Justice of 22 May 1987 in the case Screenoprints Ltd. v Citroën Nederland B.V..
- 3 See Article 5 of the Royal Decree of 21 July 1940 as amended on 23 May 1977 and 24 June 1979.
- 4 Directive 89/104 EEC OJ No. L 40 of 11 February 1989.
- 5 Paris Convention for the Protection of Industrial Property.
- 6 The World Intellectual Property Organization.

CHAPTER 3

THE COMMUNITY AND THE ISSUE OF THE PROTECTION OF DESIGN.

3.1. The Community and the Issue of the protection of Design.

3.1.1. As it appears from chapter 2, one could hardly find another field of intellectual property legislation where differences are more marked among Member States than in the field of the protection of designs. Partly for historical reasons, partly because of the different approach chosen by legislations as regards this issue, the instruments available for protection of design vary to a very great extent from one country to another.

3.1.2. It is not the Commission's intention that this Green Paper should include a detailed study of comparative law on this subject matter going beyond what has been set out in chapter 2. A number of studies have been carried out in the last few years, which give a sufficiently detailed picture of the situation in the different Member States. A reference to the solutions adopted at national level will be made whenever necessary in the subsequent chapters dealing with specific legal issues and this should be sufficient for the purposes of this paper.

3.1.3. Taking a Community approach, the situation as set out in chapter 2 appears to be quite unsatisfactory. An economic unified area - the internal market - split into a number of territories where substantially different rules would govern design protection could hardly function in a satisfactory manner. This might seem obvious but an analysis of the various aspects under which this issue might affect the internal market will give a better view of the importance of the problem.

3.2. The free movement of goods.

3.2.1. The case law of the Court of Justice on the interpretation of articles 30 to 36 of the EEC Treaty (hereafter referred to as EEC) offers a number of leading cases as to the extent to which intellectual and industrial property rights may be relied upon to prevent goods from being supplied across the Community's internal frontiers. Basically this case law establishes that, once goods have been lawfully (with the right owner's consent) put on the market in a Member State, intellectual or industrial property rights including design rights can no longer be relied upon to restrict the free circulation of goods within the Community.

3.2.2. There are however clear limits to the effects of the doctrine of the so-called "Community exhaustion of rights". There are number of cases where Article 36 EEC will continue to authorize the right holder to restrict the free movement of goods within the Community. This is the case in particular when rights relating to the same subject matter are in different hands in different States (and there is no economic link between the right holders) or when a right exists within a given State but not in other States.

3.2.3. While this situation can be expected to be rather uncommon in fields like patent or trade mark rights, where a unitary instrument (the Community patent or the Community Trade mark) will be at the disposal of the industrial operators and where a substantial harmonisation of national legislations has been carried out either directly (First Council Directive to approximate the laws of the Member States relating to marks ¹) or indirectly (impact on the national legislations of both the European Patent Convention and the Agreement relating to Community Patents), the risk is particularly great that in a situation with so little legal homogeneity as is the case in the field of designs, Article 36 EEC could come into play rather frequently.

3.2.4. An example of this situation is the difference in the protection of designs of spare parts. Whereas under some national legislations industry can in principle seek protection for spare parts by registered design, this is not the case for functional parts in the U.K. following the most recent

legislation introduced there in 1988. This situation will therefore create, if nothing is undertaken to change it, a barrier between the U.K. market and the other markets.

3.2.5. Action by the Community in order to minimise the negative impact of national measures compatible with Article 36 EEC on the internal market in the field of designs seems therefore to be imperative. The instruments capable of achieving this result will be set out later.

3.3. Ensuring that competition in the common market is not distorted.

3.3.1. A second reason for the Community to take an initiative in the field of design is the need to ensure that each undertaking operating within the common market benefits from equal conditions of competition with its competitors (Article 3 (f) EEC).

3.3.2. The differences in the existing legal systems of design protection constitute per se a factor of lack of homogeneity and of distortion of the conditions of competition. The manufacturer of a product incorporating a design who wishes to commercialize it in several Member States has to seek protection under a number of legislations: he will need costly legal advice and a very cumbersome managing of his various registered rights in the various States. The difficulties stemming from different protection systems are reinforced by different rules of enforcement.

3.3.3. This situation may still be manageable for very large industries, which can invest large amounts of money in the promotion and the protection of their designs. It is, however, not the case for small or medium sized industries, which are hardly aware of the existence of these differences in legislation and which could not bear the cost of legal assistance which would be needed. This is a particularly serious observation, if one considers that much innovation has been made possible by industrial designs developed within small and medium sized enterprises, which could be de facto prevented from fully exploiting the possibilities offered by the integrated internal market.

3.3.4. There are however other aspects under which competition would be affected within the common market by the existing differences in design

protection. In countries where design protection legislation offers an insufficient degree of protection products will tend to be copied more readily than in jurisdictions where designs are effectively protected. The copies, which as a rule are produced at a lower cost than the original ones, will be able to undercut the latter in the market place. This will directly affect the proper functioning of the internal market as illegally copied products will tend to occupy in a Member State with weak protection a bigger share of the market than they do elsewhere. Moreover, there is a real risk that such products would find their way in one manner or another on to national markets where there is an efficient protection. Stopping them would need legal action by the owner of the original right, by which time they might have reached innocent economic operators. Moreover, the need to take action against imported goods would tend to perpetuate controls at the internal frontiers, which is contrary to the general policy of the Community under Article 8 A EEC. To obtain a reasonable degree of homogeneity in the conditions of competition among undertakings it is therefore necessary to approximate the rules applicable to industrial designs, so that anyone could have a clear view of the conditions to fulfil in order to get protection in each Member State.

3.3.5. Further, Member States may protect designs of domestic origin and designs originating in another Member State differently. Under Article 2(7) of the Berne Convention Contracting States may deny copyright protection to such designs as do not enjoy copyright protection in their country of origin (except where the country where protection is sought has not introduced specific legislation on designs). By virtue of that provision France would be able, for instance, to deny protection under copyright law to Italian designs, protected in Italy by a deposit. Similarly for designs originating in countries where copyright is applied to designs in a restrictive way a French court would have to ascertain whether or not a specific design enjoyed copyright protection in the country of origin in order to decide whether that design is eligible for protection under French copyright law. This would lead to a difference of treatment between nationals of different Member States, which would run counter to the principle of non-discrimination enshrined in Article 7 EEC.

3.4. Improving the competitiveness of the Community economy.

3.4.1. Quite apart from the overriding concern of completing the internal market, there is a further reason for the Community interest on the subject of design protection. This is the interest to develop policies which will improve the competitiveness of the Community's economy in relation to its external trading partners. For this reason also it is important that European designers and firms can rely on legal protection for their products in order to recoup the investment which design development entails.

3.4.2. In the field of designs European legislations are probably among the most advanced in the world. They are, for example, far more advanced than the outdated US Design Patent approach which the US Congress has for the last 30 years failed to update. The multiplicity and lack of homogeneity of European legislations constitute, however, a major obstacle for European industry in defining commercial strategies which could rely on a unified domestic (European) market. Unifying European legislations would therefore facilitate the efforts of the European industry and the European designers to consolidate and develop the position of European design in the world market.

3.5. The fight against piracy.

3.5.1. Improving the conditions under which the misappropriation of designs can be fought within the Community is also a reason for an initiative of the Community. The fight against piracy can be facilitated by creating a unitary Community-wide legal instrument, by harmonising substantive laws and by promoting the introduction of effective sanctions and remedies in national legislations.

3.5.2. The rights resulting from the creative effort of European designers and the substantial investments from European undertakings in this field should however also be protected against misappropriation by others outside the external frontiers of the Community. This objective can only be pursued by a policy of improvement of the level of protection under intellectual

and industrial property rights at the world-wide level. Unifying the Community legislation in this field would automatically strengthen the negotiating position of the Community in the international framework.

3.6. The legal instruments for a Community initiative.

3.6.1. In approaching the problem of the protection of design the Community is confronted, as usually in the field of industrial or intellectual property, with the "territorial" character of the rights concerned. Rights conferred by registered designs as well as unregistered rights inevitably extend only as far as the territory of the State concerned. A protection covering more than one State can therefore only be obtained by an undertaking by applying the mechanisms established by the Paris Convention or the Berne Convention. This implies the necessity to provide for a number of parallel registrations in different States by registered designs, or to invoke different rights which arose as a consequence of the creation in each of those States where a copyright approach is admitted.

3.6.2. As has been shown above, the consequences of this situation are twofold:

- It is extremely difficult for a firm to assess in advance all the intricacies of the various legal systems and therefore to comply with the necessary legal requirements in order to obtain the appropriate protection everywhere it is needed;
- this situation leads inevitably to an extensive application of the derogation under Article 36 EEC in relation to the free flow of goods and to a very unsatisfactory result concerning the conditions under which an undistorted competition among undertakings can be carried out.

3.6.3. In endeavouring to provide for remedies for this situation, the Community is confronted with two possible approaches, which are not mutually exclusive.

3.6.4. The Community could agree to live with the "national" territoriality principle. In this case it should try to overcome the problems which confront industry by providing a sufficient amount of "harmonization". If the basic approaches of Member States were similar enough to permit

