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**PROPOSAL FOR A COUNCIL DECISION APPROVING THE ACCESSION OF THE
COMMUNITY TO THE GENEVA ACT OF THE HAGUE AGREEMENT
CONCERNING THE INTERNATIONAL REGISTRATION OF DESIGNS,
ADOPTED IN GENEVA ON 2 JULY 1999**

**PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC)
NO 6/2002 AND (EC) NO 40/94 TO GIVE EFFECT TO THE ACCESSION OF THE
EUROPEAN COMMUNITY TO THE GENEVA ACT OF THE HAGUE
AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF
INDUSTRIAL DESIGNS**

IMPACT ASSESSMENT

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1. Background

1.1 Registration of designs

A design is the outward appearance of a product or part of it which results from the lines, contours, colour, shape, texture, materials and its ornamentation. The design or shape of a product can be synonymous with the branding and imaging of a company and is an asset with a monetary value. Protection for designs therefore encourages innovation and development of new products and investments in the production process.

Exclusive design rights enable a company to use the design in commerce, to take legal action against infringers and to claim damages. In the EU, designers wishing to exploit their design right have several options in terms of the territorial scope of protection.

First, designers can choose to apply for the registration of a national design, which would give them protection in the territory of the country concerned. However, identical designs may still be protected differently in the Member States, despite the fact that Directive 98/71/EC¹ contributes to remedying this situation by harmonising national design laws.

Second, designers can decide to make use of the system under Council Regulation (EC) No 6/2002² and apply for the registration of a Community design. The Community design provides for the acquisition of protection for designs with unitary effect for the whole territory of the European Community. The Office for the Harmonization in the Internal Market (OHIM) is responsible for administering the registration of Community designs.

A third option would be to lodge an application with the International Bureau of the World Intellectual Property Organization (WIPO) under the Hague System for the International Registration of Industrial Designs. Such application allows the obtaining of design protection in a selected number of countries through a single “international” deposit. Thus, under the Hague arrangement, a single international application filed with the International Bureau replaces a whole series of applications which, otherwise, should have been effected with different national (or regional) Offices.

1.2 The international registration system and its relationship with the Community design system

The present impact assessment covers options related to the establishment of a “link” between the international and the Community registration systems.

The Hague System is based on the Hague Agreement Concerning the International Registration of Industrial Designs. This Agreement is constituted by three different Acts: the London Act of 1934, the Hague Act of 1960 and the Geneva Act of 1999. The three Acts are autonomous and coexist with respect to their substantive provisions. Contracting parties may decide to become party to only one, to two or to all three of the Acts. They automatically

¹ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, OJ L 289, 28.10.1998, p. 28.

² Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.2002, p. 3.

become member of the Hague Union which at present has 42 Contracting States, amongst which 12 EU Member States.³

The system of international registration of designs arose from a need for simplicity and economy. In effect, it enables design owners originating from a Contracting State to obtain protection of their designs with a minimum of formality and expense.

The international applications can be filed in one language (English or French), upon payment of a single set of fees. The applicant has to designate the Contracting States in which protection is sought. An international application is normally sent directly to the International Bureau. Upon receipt, the International Bureau checks that the international application complies with the prescribed formal requirements and then publishes the application – or better, the registration - in the *International Designs Bulletin* (on WIPO's internet website). Following publication, each national Office must identify the international registrations in which they have been designated, in order to proceed with the substantive examination, if any, provided for by its own legislation.

Any substantive aspect of the protection (including in particular the substantive examination carried out by each Office, the assessment of the conditions of protection and the scope of that protection) is thus entirely a matter of the legislation of each designated Contracting Party.

As a result of that examination, the Office may notify to the International Bureau a refusal of protection for its territory. However, an international registration may not be refused on grounds of non-compliance with formal requirements. Such requirements must be considered as already satisfied, following the examination carried out by the International Bureau.

Once the international registration has been accepted, it produces the same effect in each of the countries designated as if the design had been deposited there directly. The international registration is therefore equivalent to a national right in terms of its scope of protection and enforcement. At the same time, the international registration facilitates the maintenance of protection: there is a single deposit to renew and one simple procedure for recording any changes (e.g. in ownership or address).

The adoption of the Geneva Act in 1999 had a twofold objective, namely:

- to make the Hague System more attractive for applicants and to extend the system to new members; to that end, the 1999 Act has introduced a number of features into the Hague system with a view to facilitating the accession to the Hague Union of countries which administer design examination systems (such as USA and Japan);
- to provide for the establishment of a *link* between the international registration system and regional systems by providing that intergovernmental organizations may become a party to the Act.

The second objective opens the door for the accession of the Community to the Hague System. The territory of the EU would then be regarded as a single country for the purposes

³ Belgium, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Luxembourg, Netherlands, Slovenia, Spain. Five Member States – out of 18 countries in total - have become party to the Geneva Act (Estonia, Hungary, Latvia, Slovenia and Spain). Updates will be published on the WIPO website: www.wipo.int.

of the Geneva Act, with the Community design rules as the relevant domestic legislation. The OHIM would become the Office responsible for the substantive examination of international applications in which the Community has been designated.

The European Community already showed its great interest in the Hague System when it decided to take an active part in the international negotiations which led to the Diplomatic Conference held in Geneva in 1999, when the new act was adopted. In this context, it should be noted that, during the seven Committees of experts which took place for the adoption of a new Act of the Hague Agreement, as well as during the Diplomatic Conference having adopted the 1999 Act and during the 2003 process for adoption of the common regulations, organizations representing the potential users of both the Community designs system and the international registration system repeatedly expressed their strong interest in establishing a link between the two systems.

The Community design system and the international registration system as established by the Hague Agreement can be considered as being complementary. The Community design system provides for a complete and unified regional designs registration system which covers the whole territory of the European Union. The Hague Agreement constitutes a treaty centralizing the procedures for obtaining protection of designs in the territory of the designated Contracting Parties.

2. Problem identification

Unlike the Community design system, which does not impose conditions related to the origin of the applicant, the Hague Agreement contains an important restriction based on nationality or residence. The right to file for an international registration is reserved for nationals and residents of a state that is party to the Hague Agreement. Companies can only apply for international registration if they are established in a Contracting State.⁴

The fact that only nationals of contracting states can apply for international registration creates a distortion of competition in the internal market. The nationals, residents and companies of the 12 EU Member States that have become party to the Hague Agreement can apply for a single application and receive protection under the design laws of, potentially, all the other Contracting Parties including the other 11 EU Member States which have adhered to the Hague system. Designers from the 13 EU Member States that have not adhered to the Hague system do not have that option and cannot benefit from the system of international registration.

This distortion would become much less if a “link” between the Community design system and the Hague Agreement was established.

Participation of the Community in the Geneva Act would create the opportunity for all EU citizens and companies to opt for the international system. The differentiation between designers from EU Contracting States and EU non-Contracting States would be eliminated.

⁴ According to Article 3 of the Geneva Act, “any person that is a national of a state that is a Contracting Party or of a State member of an international organization that is a Contracting Party, or that has a domicile, a habitual residence of a real and effective or commercial establishment in the territory of a Contracting Party, shall be entitled to file an international application”.

In addition, it would enable industry in the European Union to obtain through one single international application protection for their designs in the EU under the Community design system and in the territories of Contracting Parties to the 1999 Geneva Act in- and outside the European Union. At present, even design owners from countries that have adhered to the Hague Agreement need to make two applications: one for the international registration and one for the Community design registration. The advantage of the “link” is that designers could apply for international protection of their designs, including protection under the Community design mechanism, through the filing of one international application under the Hague Agreement.

3. Objective of the proposals

The main objective is therefore to promote a harmonious development of economic activities and to eliminate distortions of competition by creating equal opportunities for the designers throughout the EU, providing them all with access to the benefits of the international registration of designs. Essential to achieve the objective is the creation of a “link” between the Community design system and the WIPO system on international registrations of designs. Besides, the link between the Community design system and the Geneva Act would mean that designers in the EU and innovators in other contracting parties may make use of the Geneva Act to obtain Community designs at the same time as obtaining design protection in individual States.

4. Policy options

The first option is that the EC adheres to the Geneva Act. The EC would then also become a member of the Hague Union. Within this option, a further reflection could be made on the timing of the accession: now or in the future.

The second option is not to adhere to the Geneva Act and to continue without a link between the EC system and the Hague arrangement. Applicants from the EU and from other Contracting Parties would not benefit from both the advantages of the international registration and of the uniform protection of the Community Design system in one single application.

A third option is that the EC should encourage or oblige all Member States to become a party to the Hague System. This route would have as an advantage that the national design systems of the Member States become subject to international registrations. While this would to a certain extent contribute to the described objective of creating a level playing field, it would not make optimal use of the EC system. There would still be no link between the (increasingly important) Community design system and the Hague system, which is one of the main aims of the Geneva Act. This option will therefore not be considered further.

An accession of the EC to the Geneva Act would in any case be in line with the principles of subsidiarity and proportionality. In terms of subsidiarity, the objective of the proposed action cannot be efficiently achieved by the Member States by reason of the effect of the link between the Community Design system and the international registration system, which can only be achieved at Community level. In terms of proportionality, the proposals do not go beyond what is necessary to achieve the objectives.

5. Assessment

5.1 The expected benefits of EC accession to the Geneva Act

In January 2004, the European Commission launched a consultation with interested parties on the possible impact on business of the accession of the EC to the Hague system. A questionnaire was prepared focusing on the impact of the introduction of a link between the Community design and the international registration system, the effects in terms of reduction of costs, the incentive to encourage the marketing of EU products in foreign countries, a quantitative estimate of the potential use of the system and any possible concerns as to the fact that foreign countries could use the system to designate the EU.

A total of 53 responses to the questionnaire were received from (16) Member States, business and professional organisations, and private companies. The questionnaire and an exhaustive analysis of the results of the consultation are attached to this document as annexes.

On the basis of the analysis, the principle arguments in favour of the accession can be summarized as follows:

- the international registration of designs would result in simplified registration procedures and IP portfolio management;
- there will be a saving of costs: the applicant does not need to provide translations of the documents nor to keep watch on the different deadlines for renewal of a great number of national applications, which differ from one State to another; he will avoid paying a series of national fees and fees to agents in different countries;⁵
- simplified procedures would facilitate access to protection in third countries, which would encourage EC companies to trade with these countries in the knowledge that their designs are protected;
- the accession of the European Community would offer the same opportunities to all EU citizens irrespective of whether they are nationals of a Member State that is or is not a contracting party to the Hague Agreement;
- all this would have a positive impact on research, development and innovation activities;
- the accession of the European Community would encourage other important commercial partners to adhere, such as USA, Japan, Korea and China.

The establishment of the link between the two systems is therefore bound to contribute to the development of conditions favourable to trade between the European Community and the third countries concerned.

⁵ According to a study carried out for the OHIM in 2002, the complexity of the bureaucratic process of registration in several countries is considered to be the largest barrier to design registration for companies. See “Prospective study about the design registration demand at a European Union level – Executive summary”, May 2002, p. 24 (study available at <http://oami.eu.int/en/design/pdf/3830000.pdf>).

5.2 The potential disadvantages of EC accession to the Geneva Act

It is difficult to conceive that the accession of the EC to the Geneva Act would have serious negative effects on the designers or other stakeholders, whether they are established within or outside the European Union. The great majority of the respondents to the questionnaire prepared by the European Commission is of the opinion that the accession would not have any negative effect. Nonetheless, some respondents observed *potential* disadvantages, even though they appear to be unfounded. Three of these potential disadvantages need further reflection.

First, it was stressed that less competitive companies would suffer from the opportunity that foreign companies will have of designating the EU through the Hague system.

This observation is not convincing. The aim of the accession should be to facilitate access to new markets, increasing the competitiveness of EU companies. Their competitiveness cannot be sacrificed in favour of the protection of non competitive companies. Besides those companies are already exposed to the competition of foreign companies, which can already register Community designs.

A second remark made in the consultation concerns the limited membership to the Geneva Act. It was stated that not many countries have acceded to the Geneva Act.

This may be true at present - even though there are already 18 Contracting Parties. However, the Geneva Act only became operational on 1 April 2004 and several countries are considering or preparing accession. In addition, the accession of the EC is likely to encourage other countries to accede to the system. In any event, the most interesting feature of the Geneva Act is its unlimited scope of membership which will potentially extend worldwide, including the most important trading partners of the EU, such as United States of America, Japan and others.

A third assumed negative impact would be that the fee which third countries companies will have to pay to designate the EC will be very competitive; this may encourage them to massively designate the EC - to the detriment of the position of EC companies.

Such an argument is difficult to understand. The Geneva Act gives the Contracting Parties the possibility to provide that an individual designation fee has to be paid when designating it. The fee must be proportionate to the amount which the Office of that Contracting Party would be entitled to receive from an applicant for a national grant. Therefore, the accession of the EC to the Geneva Act cannot as such harm EC companies as far as the level of fees is concerned. In general, it can be said that the attractiveness of the EC system works both for foreign and EC companies in an identical way.

5.3 The timing of possible EC accession to the Geneva Act

Since the adoption of the Geneva Act, the accession of the European Community has become more and more advantageous.

The system became fully operational on 1 April 2004. On that date, both the Geneva Act and the modernised Common Regulations under the Hague Agreement, which simplify the entire proceedings, came into force.

The system is also becoming more attractive for applicants because an increasing number of countries are preparing accession to the Geneva Act, therefore extending the geographical coverage. Accession of the United States may take place in the second half of 2005. As the United States were not party to any of the previous Acts, their accession to the Geneva Act amounts to a substantial extension of the scope of protection of international registrations. Other important trading partners such as Japan are also considering accession in the future. Accession of the EC in the near future would stimulate them to prepare accession as well.

From the side of the Community design system, the creation of the link is also timely. The OHIM has been receiving applications for registered Community designs since 1 January 2003 with the first date of filing being granted on 1 April 2003. Since then, it has obtained good experience in dealing with the examination of applications and registration of Community designs and the system is perceived to be a success. The OHIM is therefore well prepared for the establishment of a link between the international registration system and the Community system.

The EC accession to the Geneva Act should be considered in the near future. Both the Community design system and the international registration system have shown their value for designers. Postponing the establishment of a link between the Community design and the international registration system would only imply an unnecessary delay in achieving the objective of creating a level playing field and reducing costs for supranational operating designers.

Finally, the recent accession of the European Community to a similar WIPO system in the field of trade marks, the Protocol to the Madrid Agreement for the international registration of trade marks,⁶ constitutes an important precedent that should pave the way to accession to a system that is much simpler than the Protocol.

In short, there are good reasons for the EC to accede to the Geneva Act now. Both the OHIM system at EC level and the Geneva Act system at WIPO level function well; benefits for industry could be achieved earlier; the existing distortions of competition would be eliminated earlier and EC accession would encourage other trading partners to adhere in the short term.

5.4 Financial implications

The financial impact of the EC accession to the Geneva Act can be measured from the point of view of the applicants and in the context of OHIM.

The issue of cost savings for the applicant has already been addressed. There is no need to provide for translations of the documents, renewals can take place through a single deposit; the applicant will avoid paying a series of national fees in different currencies and fees to several agents in different countries.

The applicant will also not be faced with an increase of fees in comparison with fees payable for a Community design. The Geneva Act provides that, for international registrations, this amount may not exceed the amount equivalent to what the office concerned would be entitled

⁶ See Council Regulation (EC) No 422/2004 of 19 February 2004 amending Regulation (EC) No 40/94 on the Community trade mark, OJ L 70, 9.3.2004, p. 1.

to receive from the applicant in the case of an application, or a renewal, requested directly with that Office, that amount being reduced by the savings resulting from the international procedure.

Another principle under the Geneva Act is that the payment of a fee is remitted in full to the Office of the designated Contracting Party concerned. If the Community should decide to replace the prescribed designation fees by individual designation fees (see below), the economic consequences for OHIM are therefore neutral. The Office will, in principle, receive the same amount as the fees under the registration of the Community design, this amount being corrected by the savings as a result of the international procedure.

5.5 Operational choices

The Geneva Act allows for a number of declarations to be made by a Contracting Party wherein the Director General of the International Bureau is notified of certain conditions to be applied to an international registration designating the Contracting Party. In this context, the impact of the most relevant declarations that the European Community could make must be assessed.

First, the Geneva Act enables Contracting Parties to decide whether an application for an international registration may be filed, at the option of the applicant, either directly with the International Bureau or indirectly through OHIM.

The European Community should exclude the filing of an application through the Office in order to avoid confusion by applicants between applications for registering Community designs and applications for international registrations. Furthermore, the Hague System draws most of its advantages from its simplicity. Presently, even from those Contracting Parties who would permit such a procedure, WIPO hardly receives applications filed through national offices as users see no need to add a stage between themselves and the registration. Such a stage only increases the risk of loss of files. Moreover, the clarity of the system would be diluted if filing through OHIM was allowed. Those who wish to file for a registered Community design can do this directly at OHIM or through national offices, whereas if the international route is sought it should begin in Geneva.

Second, the European Community should decide whether in connection with any application for an international registration in which it is designated, and in connection with the renewal of any international registration resulting from such an application, the prescribed designation fees could be replaced by individual designation fees to be transferred to the Office.

In terms of income, the choice between the standard designation fee and the individual designation fee will have budgetary consequences for the Office. The Community should therefore take advantage of this option and determine its own individual designation fees. Such determination will have to be made on the basis of a number of elements. Fees will have to be sufficient to cover the costs incurred by the procedures relating to designs the protection of which is requested in the EU. This means not only the costs relating to examination of such designs in OHIM but also other procedures like invalidities and appeals. To undertake such a cost analysis, the impact of the major conditions of the accession to the Hague Agreement will have to be examined. The Commission also needs to have a better idea as to the possible number of invalidities and appeals international designations could generate and thus the level of work involved for the OHIM.

5.6 The impact of accession to the Geneva Act on the number of design registrations

It is difficult to predict the possible success of the Geneva Act and its linkage to the Community design system. As stated before, both systems have become operational in relatively recent times. The first filings for the registered Community design became possible on 1 April 2003. The Geneva Act came into force on 23 December 2003 and has been operational since 1 April 2004 with still a rather limited number of Contracting Parties.

However, it is fair to expect that an increasing number of applicants will make use of the international registration system.

First, the success of the Community design shows that applicants highly appreciate the possibility of securing protection for a number of countries by a single filing. Statistics show that since 1 April 2003 the OHIM registered and published in total 130.368 designs: 40,622 in 2003, 57,762 in 2004 and 52,709 in 2005 (until 30 September).⁷ These very promising results are much better than predicted. In a study carried out for the OHIM in 2002 it was estimated that applications for a total of between 13,275 and 17,169 Community designs would be deposited in 2003.⁸

Second, as was pointed out by some respondents in the survey organized by the Commission in 2004, the present statistics on the applications for a Community design could be used as a basis for predictions of the number of international registrations. According to the estimates provided by one national federation of industry, international registrations in which the EC would be designated could be 50-60% of present Community design applications for large companies. SME's would count for up to 10% of the present Community design applications. On the basis of 2004 statistics, this calculation would mean that in international registrations large companies would designate the EC for about 25,000 designs and the SME's for up to 4,887 designs. However, it should be noticed that these predictions will depend on the amount of fees that finally will be fixed for international registrations designating the EC.

Third, the statistics published by WIPO on the operation of the Hague Agreement show that, overall, between 1985 and 2001 there has been a steady increase of registered deposits, with a total number of almost 2 million designs contained in the registered deposits in 2004.⁹ The number of designs contained in the registered deposits dropped considerably between 2002 and 2004.¹⁰ A clear reason for this is that EC companies, together with Swiss companies the most important users of the Hague System, designate in particular EU Member States. In recent years, these applicants have switched to the Community design system. The EC accession to the Geneva Act would no doubt increase volumes again since both systems can be applied for in a single international application.

Fourth, the accession to the Geneva Act of important commercial partners such as USA and Japan, together with the simplification of the registration procedure, will undoubtedly also increase the total number of design applications.

⁷ See <http://oami.eu.int/en/office/stats.htm>.

⁸ See study carried out for the OHIM, referred to in footnote 5, p. 33.

⁹ See <http://www.wipo.int/hague/en/stat/>.

¹⁰ From 20,705 designs in 2002 the number decreased to 13,152 designs in 2003 and 8,943 designs in 2004.

5.7 The economic sectors concerned

The top ten classes of goods most designated under the Community design system are furnishing (12,6% of applications), packages and containers for the transport or handling of goods (8,4%), clothing (7,3%), sanitary etc. (6,2%), household goods (5,6%), lighting apparatus (5,4%), recording, communication or information retrieval equipment (5,3%), building units and constructing elements (4,7%), adornment (4,5%) and tools and hardware (4,5%).¹¹

A look at the major user countries shows that for the Community design, the major users are Germany (24,6%), Italy (14,8%), the USA (8,9), the UK (8,3%), France (7,7%), Spain (6,4%), Japan (4,0%), the Netherlands (4%), Denmark (2,6%) and Switzerland (2,5%).¹²

The top 20 users of the Community design system until July 2005 are Colgate-Palmolive (US), Nike (US), Villeroy & Boch (Germany), Arte Espina (Netherlands), DaimlerChrysler (Germany), Sony (Japan), Mattel (US), Rehau (Germany), Schwinn (Germany), Interior's (France), Choo (UK), Nokia (Finland), Mars (US), Westfälische Textil-Gesellschaft (Germany), Eglo Leuchten (Austria), Massive (Belgium), Casio (Japan), Ecco (Denmark), Procter & Gamble (US) and Henkel (Germany).

For the Hague System, in 2004 the ten most designated classes of goods were clocks and watches (22,6%), adornment (12,5%), travel goods etc. (12,1%), means of transport or hoisting (10,6%), clothing (6,1%), recording, communication or information retrieval equipment (5,8%), furnishing (5,2%), tools and hardware (4,8%), lighting apparatus (4,1%) and games etc. (4,0%). The major user countries of the Hague System in the period 2003-2004 are European: Germany, Switzerland, the Benelux countries, Italy and Spain, in that order. The same holds true for the most designated States: in 2004 these were Switzerland, Italy, Germany, France, Benelux and Spain, in that order.

The top twenty users of the Hague System in 2003 were: Swatch (Switzerland), Interior's (France), DaimlerChrysler (Germany), Hermès (France), Unilever (Netherlands), Nokia (Finland), Hans Grohe (Germany), Salomon (France), Volkswagen (Germany), Philips Electronics (Netherlands), Villeroy and Boch (Germany), Rehau (Germany) Henkel (Germany), Stekelenburg (Netherlands), Braun (Germany), Sanford (Germany), Fonkel (Netherlands), Tefal (France), Robert Bosch (Germany) and Siemens (Germany).¹³

The overview demonstrates that an improvement of the system by creating the link between the Community design system and the Hague arrangement would benefit a wide range of industrial sectors. In particular, it can be foreseen that the sectors of textile and furniture, cars, jewellery, sanitary and mobile phones will be amongst the most beneficial sectors of industry. The survey also shows that both large companies and SMEs will benefit from accession, a conclusion that has been confirmed in the consultation carried out by the Commission. Furthermore, the advantages will not only be felt by Community industries but also by industries of third countries.

¹¹ Cumulative statistics until 31 March 2005. The classification of goods takes place on the basis of the Locarno classification system.

¹² Cumulative statistics until 31 March 2005.

¹³ See http://www.wipo.int/edocs/prdocs/en/2004/wipo_pr_2004_376.html.

6. Conclusion

The assessment of the options leads to the conclusion that in order to best achieve the outlined objectives, the EC should adhere to the Geneva Act.

The establishment of a link between the Community design system and the international registration system of the Hague Union would promote a harmonious development of economic activities, will eliminate distortions of competition, will be cost efficient and will increase the level of integration within the internal market. The accession of the EC to the Geneva Act will therefore make the Community design system more attractive. Similar advantages cannot be achieved without accession.

The result of the consultation carried out by the Commission could hardly be more self-evident. An overwhelming majority of the responses, bordering on unanimity, supports the idea that the EC should accede in the near future to the Hague Agreement.

ANNEXES

- 1. Analyses of the results of the Commission's consultation on the impact of the accession of the European Community to the Hague Agreement on International Designs (Summer 2004)**
- 2. Questionnaire on the impact of the accession of the European Community to the Hague Agreement on International Designs (January 2004)**

Annex 1

Analyses of the results of the Commission's consultation on the impact of the accession of the European Community to the Hague Agreement on International Designs (Summer 2004)

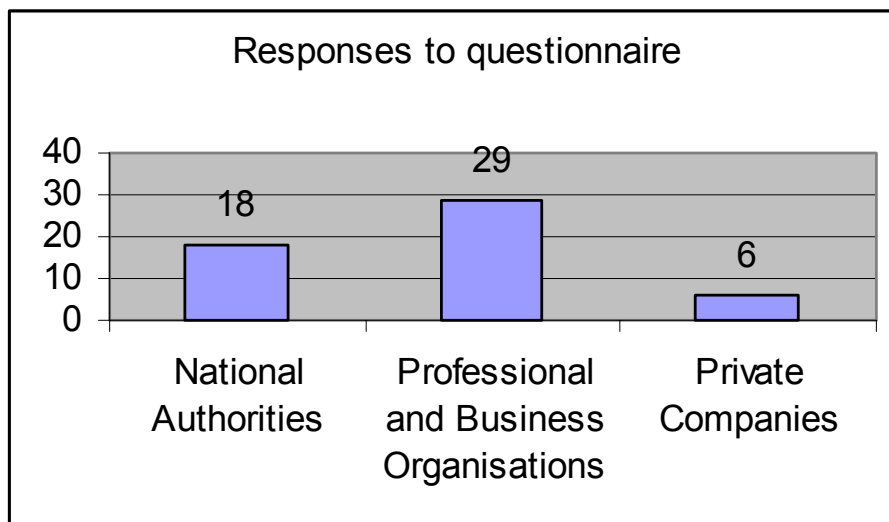
1. Introduction

On 30 January 2004 the European Commission (DG MARKET) launched a consultation, by means of a questionnaire sent to interested parties, on the possible impact on business of the accession of the European Community to the Hague system. The questionnaire focused on the impact of the introduction of a link between the Community design and the international registration system, the effects in terms of reduction of costs, the incentive to foster the marketing of EU products in foreign countries, a quantitative estimate of the potential use of the system and any possible concerns as to the fact that foreign countries could use the system to designate the EU.

All Member States (including the 10 new Member States) as well as some 90 business and professional organisations from Members States, Candidate Countries and two non-EC Countries (USA and Switzerland) were directly invited to submit their comments and opinions by the end of April. At the same time, the questionnaire was put on the Commission's website, inviting all interested parties to submit their views by the same deadline.

2. Response sources

A total of 53 replies to the questionnaire were received. They may be divided into three different groups: responses coming from national official authorities (including the Office for Harmonization in the Internal Market); responses from business and professional organisations; and replies from private companies.



Responses from national official authorities

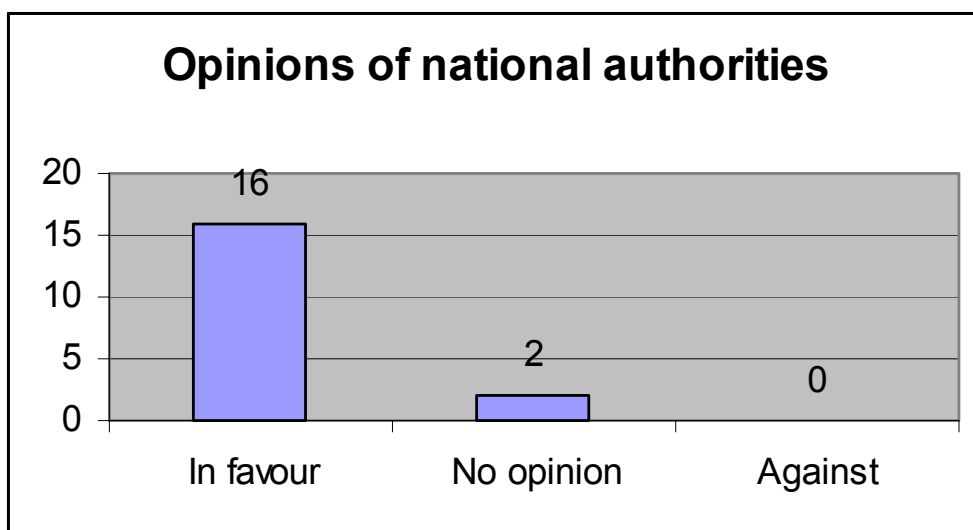
The following 16 Member States submitted their responses to the questionnaire, either *via* their Patent and Trademark Office or *via* their Ministry of Industry: Belgium, Cyprus, Czech Republic, Denmark, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, and Sweden.

Furthermore, responses were received also from the Swiss Intellectual Property Office and from the Office for the Harmonization in the Internal Market.

It is important to point out that, at the moment when the survey was launched, only 10 out of the 25 Member States are contracting parties to the Hague Agreement. Seven out of those adherents sent their responses.

The very fact that 16 Member States answered the questionnaire on a subject in which only a part of them has experience shows a great interest in the accession of the European Community to the Hague Agreement.

Furthermore, 14 Member States support the accession of the EC to the Geneva Act. Two of them (Hungary and Sweden) consider it premature to give an opinion on this, although they stress that any mechanisms that facilitate access to protection in third countries could be seen as positive for EU design creators and rights holders. Also the Swiss Intellectual Property Office and the OHIM are in favour of the accession of the EC. Not a single Member State has shown its opposition to the accession.

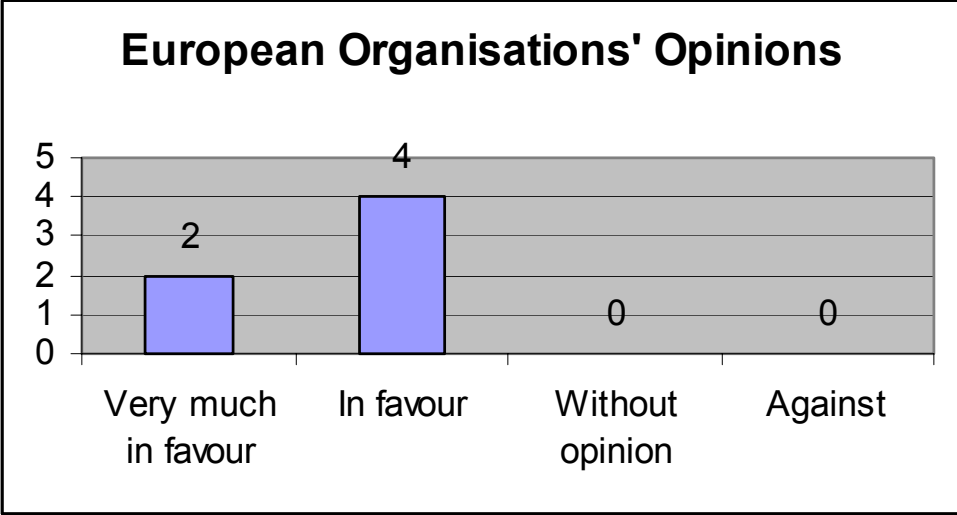


Responses from professional and business organisations

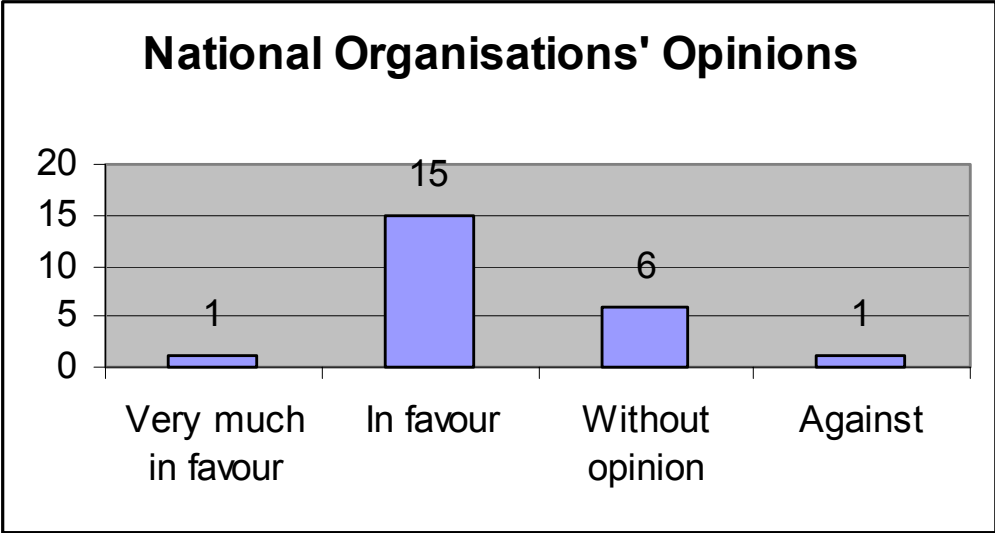
A total of 29 business and professional organisations answered, six of them representing industry and agents at a European-wide level (Association des Industries des Marques - AIM, The Bureau of European Designers Association - BEDA, European Community Trademark Association - ECTA, Fédération Européenne des Mandataires de l'Industrie en propriété Industrielle – FEMIPPI, The Association of European Trade Mark Owners – MARQUES, Union of and Employers' Confederations in Europe – UNICE).

The 23 nationally-based organisations (including the International Association for the Protection of Intellectual Property – AIPPI, the Association des Praticiens du Droit des Marques et des Modèles – APRAM, the Chartered Institute of Patent Agents – CIPA, the

Bundesverband der Deutschen Industrie – BDI, the Licensing Executives Society – LES, the Patentanwaltskammer, the Association of Swedish Patent Attorneys) represent 11 EU Member States (Belgium, Estonia, France, Germany, Greece, Italy, Latvia, Poland, Spain, Sweden and United Kingdom), plus Romania and Switzerland. The totality of the European organisations declared their support for the accession, two of them having also stressed to be very much in favour.



As to the nationally based organisations, 16 of them expressed their support for the accession, while 6 declared not to be able to take a definitive position. One negative answer came from the German Association of the Automotive Industry. However, two of the major German car producers (Daimler Chrysler and Volkswagen) have responded directly to the questionnaire giving their support to the accession.



Finally, only six answers were received from private companies. Such a low score should not be interpreted as a lack of interest by European companies involved in the design business. Instead, it could be explained by the fact that, in general, industries and agents have already expressed their views through the above mentioned business and professional organizations and therefore they have considered it redundant to file separate individual answers to the questionnaire. As a matter of fact, among the six answers received, three come from industries

and three from design agents. As to their geographical distribution, two are German, one is English, one Italian, one Danish and one Czech. All of them endorse the accession.

3 Response contents

The analyses of the answers to the questionnaire has shown that there is basically no difference in the arguments put forward in their responses by national authorities, business and professional organisations, and private companies. This allows to treat them all together, stressing possible differences whenever this appears to be necessary.

3.1. The nationals of which countries would benefit the most?

From a general point of view, it has been stressed that the accession would benefit companies from EU Member States which are currently contracting parties to the Geneva Act of the Hague Agreement as well as companies from Member States which are not contracting parties.

In fact, on the one hand, the EU accession will allow nationals of all Member States, including those that are not contracting parties to the Geneva Act¹⁴, to file an international deposit through the Hague system. On the other hand, the accession would also benefit the nationals of (the few) Members States that are already party to the Geneva Act. In this case, procedures will be simplified as it will be possible to seek the registration of a Community design and of other national designs by means of only one application at WIPO.

3.2. Which type of companies would benefit the most?

It appears from the answers received that both large companies and SMEs would benefit from the accession.

On the one hand, it is obvious that the companies that have the greater interest in the accession are those that operate world-wide and wish to protect their designs not only in the EU or individual EU Member States but also in non member countries.

On the other hand, the accession would entail simplified registration procedures and savings in the administration of design portfolios, which would greatly benefit SMEs with limited resources to handle registration proceedings in a variety of countries.

3.3. What would be the impact on EU design industry?

The stakeholders argue that the accession would have a positive impact on the EU design industry, mainly for the following reasons:

- The registration procedure would be simplified as one single application would be sufficient in order to seek protection in several (potentially unlimited) States, there would be no need to

¹⁴ It should be remembered that an international application can only designate countries which are bound by the same act as the applicant's State of origin. As the major commercial partners/competitors of the EU in the design field, as USA, Japan and Korea, are not likely to adhere to any other act than the Geneva Act, nationals of EU Member States which are not party to the Geneva Act will not be allowed to designate these countries (once they will have acceded), unless the European Community accedes to the Geneva Act.

appoint a representative in each of the designated States, no translation of the application (filed either in French or in English) would be required and only one set of fees would be paid in one currency (Swiss francs);

The above described simplification of the procedure would amount to a saving of costs;

The reduction of costs and simplification of procedure would encourage designers to seek protection outside the EU;

Competitiveness as well as research, development and innovation activities would be boosted as a consequence of a wider protection and of the potential to devote to those activities the money saved thanks to the simplified registration procedures.

However, all interested parties have stressed the fact that the current scope of the Geneva Act is limited to countries which are either EU Members (and can then already be covered filing directly at OHIM an application for a Community registered design) or countries of minor importance for the commercial penetration of EU companies (with the relevant exception of Switzerland).

In particular, the fact that the USA, Japan, China and Korea are not contracting parties to the Geneva Act does sap the majority of the interest in EU accession, which would represent only a limited added value to the current situation. Therefore, the impact on competitiveness would be of a lesser degree, until those countries enter the international registration system.

Nonetheless, it has been unanimously underlined that the accession of the EC would represent a major political step, which would urge also our commercial partners to accede to the Geneva Act. It was stressed that the same happened with respect to the Madrid Protocol for the international registration of trade marks.

Furthermore, the United States have already announced that it has started the internal steps necessary to launch the accession process.

3.4. What would be the main advantages and disadvantages?

Among the main advantages the foremost is the simplicity of the system, which would contribute to make easier to seek protection in third countries.

The great majority of the stakeholders believe that the accession would not have any negative effect on the European designers. Regarding the European Union's competitiveness at world level reference has been made to a statement of the Council of the European Union in the preamble of the Regulation on Community designs: "Enhanced protection for design not only promotes the contribution of individual designers to the sum of Community excellence in the field, but also encourages innovation and development of new products and investment in their production".

Moreover, it has been observed that the accession to the Geneva Act would not give rise to the problems that have characterized the accession to the Madrid Protocol.

More specifically, the problems of the linguistic regime and of the opting back clause that had blocked for many years the negotiations on EU accession to the Madrid Protocol will not exist in the case of the Geneva Act.

As regards the opting back, this problem cannot be raised in the present context for two reasons. Firstly, the Geneva Act, unlike the Madrid Protocol, does not allow subsequent designations. Secondly, in the Community design system, unlike the Community trademark system, no conversion into national designs is possible.

With regard to the language regime, it is important to remember the specific characteristic of the design system that the indication of the products to which the design is intended to be applied as well as the classification of the products do not affect the scope of protection of the design as such. This peculiarity, focusing on the sole reproduction of the design, unlike in the trademark system, removes any interest in the verbal elements of the design application. Furthermore, in the Madrid Protocol framework the linguistic problems stem from the fact that the international applications designating the EC are re-published in the Community trademarks Bulletin, while such a re-publication is not at all necessary in the Hague system, according to which the publication in the WIPO Gazette is a sufficient means of publicity. Contracting parties could re-publish international application if they wished to do so but, in practice, no country does this.

Nonetheless, in a very limited number of responses the possibility of some disadvantages exist has been evoked, namely:

- (a) applicants from countries where a novelty examination is carried out would take greater benefit than EU applicants, unless such countries come into line with the EU system (where there is no novelty assessment at the filing and registration stage);
- (b) less competitive companies will suffer from the possibility that third countries companies will have of designating the EU through the Hague system;
- (c) there is a limited membership to the Geneva Act;
- (d) the fee that third countries companies will have to pay to designate the EC will be so cheap as to encourage them to designate massively the EU;
- (e) the Hague system does not limit the number of views that can be filed for the same design, while the EC system foresees a limit of 7 views;
- (f) the Hague system does not allow assignments to a non-Hague national, limiting the commercial freedom and asset value.

The Commission believes that all these arguments are unfounded.

Sub (a). Companies from countries with a novelty examination system can already apply for the registration of a Community design, without any restriction. The accession to the Geneva Act would therefore not change this situation.

Sub (b). The aim of the accession should be to facilitate the accession to new markets, increasing the competitiveness of the EU companies. Their competitiveness cannot be sacrificed in favour of the protection of non competitive companies. Beside this, as we have explained sub (a), those companies are already exposed to the competition of foreign companies, which can already register Community designs.

Sub (c). As explained in paragraph 3.3, the accession of the EU is likely to urge other countries to accede the system, making it world-wide.

Sub (d). The Geneva Act gives the Contracting Parties the possibility to provide that an individual designation fee has to be paid when designating it. The fee must be proportionate to the amount which the Office of that Contracting Party would be entitled to receive from an applicant for a national grant. Therefore, the accession of the EC to the Geneva Act cannot as such harm EC companies as far as the level of fees is concerned. In general, it can be said that the attractiveness of the EC system works both for foreign and EC companies in an identical way.

Sub (e). This is a non-problem. Firstly, to fully reproduce an object there is no need to use more than seven views. Secondly, the OHIM already deals with applications containing more than seven views and its practice to discard the views exceeding the number of seven has raised no problems.

Sub (f). Finally, this argument is correct but it will lose its importance as fast as the most important commercial partners accede to the Geneva Act. In the meanwhile, it will be up to companies to evaluate their strategy and to check whether this can be an obstacle in using the international registration system.

3.5. How many international applications would be filed per year?

None of the concerned parties has been able to predict any estimate on this point. Nonetheless, it has been underlined that the accession of important commercial partners as USA and Japan, together with the simplification of the registration procedure, will without no doubt increase the total number of design application from EU design companies.

3.6. Would it be better to file applications directly at the WIPO International Bureau or via the OHIM?

The Hague system allows contracting parties to choose whether an international deposit can be filed only directly at WIPO or if an indirect deposit through the Office of origin would be possible.

Since very few applications are delivered personally, the location of the receiving office seems to be of minor importance. Whether an application is to be sent to Alicante or Geneva makes very little difference to the applicant.

Nonetheless, it seems the direct filing at WIPO should be preferred, avoiding useless duplication of work. This is notably true in the case of payment of the basic fee for an international application, which has to be paid in any event directly to the International Bureau and which is payable at the time of filing. Applicants might be misled and erroneously pay the fee to OHIM, the latter having to return the fee to the applicant.

4. Final considerations

The great number of responses sent by both Member States and business and professional organisations attest to the interest that the stakeholders attach to the accession of the European Community to the Hague Agreement. A less impressive number of responses were sent by

private companies active in the interested field, but this can easily be explained taking into consideration that private companies are also represented by the above mentioned business and professional organisations, which did massively participate in the consultation.

An overwhelming majority of the responses received, bordering on unanimity, support the idea that the European Community should accede in the near future to the Hague Agreement. The principle arguments brought in favour of the accession are: the international deposit of designs would result in simplifying registration procedures and portfolio management; the saving of costs would have a positive impact on research, development and innovation activities; simplified procedures would facilitate access to protection in third countries; the accession of the European Community would offer the same opportunities to all EU citizens irrespective of whether they are nationals of a Member State that is or is not a contracting party to the Hague Agreement; and the accession of the European Community would urge other important commercial partners to adhere, such as USA, Japan, Korea and China, making the system really world-wide and attractive.

The minor problems identified by a very limited number of subjects are, in the great majority of the cases, only the consequence of a misunderstanding of the system and cannot constitute valid reasons not to adhere to the Geneva Act.

Finally, the direct deposit at the International Bureau seems to be preferable to the indirect deposit through OHIM.

Annex 2

Questionnaire on the impact of the accession of the European Community to the Hague Agreement on International Designs (January 2004)

1. Introduction

The Hague Agreement Concerning the International Deposit of Designs offers owners of designs a simplified means of applying for protection of a design in several countries by submitting a single international application, replacing a whole series of applications, which, otherwise, would have had to be filed directly with each of the national offices concerned.

The European Community meets the conditions to become party to the Geneva Act (1999) of the Hague Agreement, which entered into force on December 23, 2003.

Whereas the Community design system provides for a complete and unified regional designs registration system which covers the whole territory of the European Union, the 1999 Act constitutes a treaty centralizing, with the International Bureau of WIPO, the procedures for obtaining protection of designs in the territory of the designated Contracting Parties.

On the other hand, any substantive aspect of the protection (including in particular the substantive examination carried out by each Office, the assessment of the conditions of protection and the scope of that protection) is entirely a matter of the legislation of each designated Contracting Party.

Therefore, both systems are complementary. The link between the Community design system and the 1999 Act implies that industry may make use of the Geneva Act to obtain Community designs at the same time as obtaining design protection in third States.

In other words, participation of the European Community in the 1999 Act would make it easier for design owners in the European Union to obtain protection for their designs in the European Union and in the territories of Contracting Parties to the 1999 Act outside the European Union through one single international application lodged at the International Bureau of WIPO.

To evaluate whether the Commission should initiate proposals to allow for accession of the European Community to the Geneva Act, the Commission would like to have the opinions and comments of the interested parties on the following questions:

2. Questionnaire

1. What, in your opinion, would be the impact, in your sector of activity or more generally, of the accession of the European Community to the Geneva Act (1999) of the Hague Agreement Concerning the International Deposit of Designs on:

- research and development activities and innovation in the field of design,*
- the European Union's competitiveness at world level?*

Where necessary, make a distinction according to the size of the company (large companies or SMEs) and the sectors concerned.

2. Which would be, in your opinion, the main advantages of the system as described in point 1 for the European Union companies? Would there be any disadvantages?

3. If the system described in point 1 was set up, how many international applications designating the European Community would you be likely to file per year?

In your opinion, what would be the total amount of international applications designating the European Community, coming either from a Member State or from a Third Country?

4. Would your reply to question 3 be different if the international application can not be filed through the Office for Harmonization of the Internal Market but only directly at the International Bureau?

5. On the basis of your replies to the previous questions, would you be in favour of the accession of the European Community to the Geneva Act as described in point 1?

6. If your reply to the previous question was negative, what changes would you suggest to make the system acceptable to you?

7. Do you have any further comments regarding the accession of the European Community to the Geneva Act?

3. Timetable

This consultative document is being sent to main interested parties. It will also be available on the website of the European Commission's Internal Market DG at the following address: http://europa.eu.int/comm/internal_market/en/intprop/indprop/index.htm and on the site of the Office for Harmonization in the Internal Market at the following address: <http://oami.eu.int/en/default.htm>.

Replies to the questions must be sent to the European Commission's Directorate-General for the Internal Market, either by writing to the following address: **European Commission, DG Internal Market (MARKT/E/2), rue de la Loi, 200 (C100 5/027), B-1049 Bruxelles**, or by e-mail to MARKTE2@cec.eu.int.

All comments must reach the Commission by 18 April at the latest.

For any further information on this consultation, please contact Mr G. Bertoli (tel. +32 (0)2 298 56 40; e-mail giuseppe.bertoli@cec.eu.int)