



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19.06.1997
SEC(97) 1107 final - COD 464

COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT

pursuant to the second subparagraph of Article 189 b (2) of the EC-Treaty

**Common position adopted by the Council on 17 June 1997 on the proposal for a
European Parliament and Council Directive on the legal protection of designs**

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to the second subparagraph of Article-189 b (2) of the EC-Treaty

**Common position adopted by the Council on 17 June 1997 on the proposal for a
European Parliament and Council Directive on the legal protection of designs**

1. Historical background

- On 3 December 1993, the Commission submitted proposals for a Regulation on the Community design¹ and for a Directive on the legal protection of designs² ("the Directive").
- Parliament decided to discuss the proposal for the Directive first and to adopt a position on the proposal for a Regulation when it conducts the second reading of the proposal for the Directive. Following this decision, Parliament adopted its opinion on the Directive on 12 October 1995³.
- The Economic and Social Committee adopted a first opinion on 6 July 1994⁴ and an additional opinion on 22 February 1995⁵.
- Following to Parliament's opinion the Commission presented an amended proposal for a Directive on 14 March 1996⁶.
- The Council adopted its common position on 17 June 1997.

2. Objective of the Commission proposal

The proposal for a Directive aims to ensure an effective legal protection for designs within the Member States of the Community. It seeks to reduce the legal obstacles to freedom of movement for goods covered by a design right and to establish a system of undistorted competition in the internal market. To this end, it contains a series of

¹ OJ No C 29, 31.01.1994, COM(93) 342 final.

² OJ No C 345, 23.12.1993, p. 14. COM(93) 344 final.

³ OJ No C 287, 30.10.1995, p. 157.

⁴ OJ No C 388, 31.12.1994, p. 9.

⁵ OJ No C 110, 02.05.1995, p. 12.

⁶ OJ No C 142, 14.05.1996, p. 7.

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT

pursuant to the second subparagraph of Article 189b(2) of the EC Treaty

Subject: Common position adopted by the Council on ... June 1997 on the proposal for a European Parliament and Council Directive on the legal protection of designs

1. Historical background

- On 3 December 1993, the Commission submitted proposals for a Regulation on the Community design¹ and for a Directive on the legal protection of designs² ("the Directive").
- Parliament decided to discuss the proposal for the Directive first and to adopt a position on the proposal for a Regulation when it conducts the second reading of the proposal for the Directive. Following this decision, Parliament adopted its opinion on the Directive on 12 October 1995³.
- The Economic and Social Committee adopted a first opinion on 6 July 1994⁴ and an additional opinion on 22 February 1995⁵.
- Following to Parliament's opinion the Commission presented an amended proposal for a Directive on 14 March 1996⁶.
- The Council adopted its common position on ... June 1997.

2. Objective of the Commission proposal

The proposal for a Directive aims to ensure an effective legal protection for designs within the Member States of the Community. It seeks to reduce the legal obstacles to freedom of movement for goods covered by a design right and to establish a system of undistorted competition in the internal market. To this end, it contains a series of

¹ OJ No C 29, 31.01.1994, COM(93) 342 final.

² OJ No C 345, 23.12.1993, p. 14. COM(93) 344 final.

³ OJ No C 287, 30.10.1995, p. 157.

⁴ OJ No C 388, 31.12.1994, p. 9.

⁵ OJ No C 110, 02.05.1995, p. 12.

⁶ OJ No C 142, 14.05.1996, p. 7.

definitions and rules pertaining to the definition of "design", the requirement for obtaining protection including the grounds for exclusion, the requirement's concerning individual character and novelty, the scope and term of protection, the grounds for refusal or invalidity, the definition of rights conferred by the design including their limitations and exhaustion of rights.

3. Comments on the common position

3.1 General remarks

The Council, acting unanimously, has, with one significant exception, confirmed the approach followed in the Commission's amended proposal by incorporating the substance of almost all Parliament's amendments which the Commission accepted on first reading.

Regrettably, the Council was not able to reach agreement on any provision providing for free reproduction of certain component parts of complex products ("spare parts") against a fair and reasonable remuneration to permit the repair of such products so as to restore their original appearance (the "repair clause"; Amendments Nos. 15 and 10 as incorporated in Article 14 of the Commission's amended proposal). Instead, the Council excluded the repair clause in its common position and introduced a provision which allows Member States to maintain in force or introduce any provisions affecting the use of a protected design for repair purposes until such time that amendments to the Directive are adopted following the submittal of an analysis from the Commission of the consequences of the provisions of the Directive for Community industry, for consumers, for competition and for the functioning of the Internal Market (Article 14). According to Article 18, the Commission shall submit such analysis five years after the implementation date of the Directive.

3.2. Response to Parliament's amendments on first reading

The following Amendments, accepted by the Commission and incorporated in its amended proposal, have in substance been included in the common position:

Amendment No	Article of amended Commission proposal	Article of common position
3	3(3)	3(3)
4	6(1)	6(1)
5	5(1)	5(1)
6	5(2)	5(2)
7	7(2)	7(2)
8	9(1)	9(1)
9	9(2)	9(2)
14	14(5)	18

3.3 Amendments introduced during the discussions within the Council

Article 1

The Council considered Amendment No 2, as incorporated in paragraph 1a of the Commission's amended proposal confusing. It preferred to clarify the definition of "design" in Article 1 through the inclusion of a new recital (No 11), indicating that protection applies in particular to those features of a product which are shown visibly in an application for protection. The Council has accepted the Commission's proposal to add the wording "in particular" to clarify that the list of features of appearance is not meant to be exhaustive and to add a dimension of design which was deemed to be lacking in the original proposal, i.e. "texture".

Article 2

The Council followed the substance of the Commission's proposal to insert a new paragraph 2 to clarify that the scope of application of the Directive also covers designs in Member States which do not have a formal registration system, but where protection is granted after a deposit and official publication of the design.

Article 3

The Council has partially met with Parliament's concerns in relation to the use of spare parts (car body parts) for repair purposes. It accepted the substance of Amendment No 3 as incorporated in Article 3(3) of the Commission's amended proposal, excluding from design protection spare parts which can reasonably not be expected to remain visible during normal use of the complex product. This principle, laid down in paragraph 3, is of great importance for independent car body part producers since it implies that the so-called "under the bonnet" parts (such as oil filters, fan belts, other engine parts) are excluded from protection. Moreover, the Council has deleted the reference to the end user in the definition of "normal use" since it considered that limitation to be too restrictive.

Article 4

The Council has followed Amendment No 4 as reproduced in Article 6(1) of the amended Commission proposal. As a consequence, paragraph 2 of the original Commission proposal has been deleted. Article 6 of the common position contains the principle of relative novelty, implying, in accordance with the wishes of Parliament, that the European design industry is protected against claims that a design right is not valid because there was an earlier design in use somewhere in the world where it could not possibly have been aware of it. The principle of relative novelty, as laid down in Article 6(1) of the common position concerns Articles 4 and 5.

Article 5

The Council has accepted Amendment No 5, the substance of which was reproduced by the Commission in its amended proposal. To avoid that too many designs would qualify for protection as a consequence of lowering the threshold for protection (by deleting the adjective “significantly” before “different”), the Council accepted the Commission proposal that, to make the assessment of individual character, the comparison should no longer be made with a restricted number of designs, but with any design disclosed before the date of filing of the “new” design (paragraph 1).

With regard to paragraph 2, the Council has accepted the principle of Amendment No 6 as reproduced by the Commission in its amended proposal (Article 5(2)). It was, however, felt unnecessary to state that when assessing the individual character of a design, common features of the design should be given the same weight as differences, because this is considered to be self-evident.

Article 6

The Council has followed Amendment No 4 as incorporated in paragraph 1 (see also under comments on Article 4, above) of the amended Commission proposal.

The Council has accepted the transfer from the reworded paragraphs 1 and 2 of the Commission’s initial proposal to paragraphs 2 and 3 as suggested in the Commission’s amended proposal.

The Council considered it appropriate to also consider the disclosure of a Community design right or a registered design right in a Member State as result of abusive conduct, a case of non-prejudicial disclosure. Paragraph 3 has been amended accordingly.

Article 7

The Council has accepted the substance of Amendment No 7 as reproduced by the Commission in paragraph 2 of its amended proposal.

Furthermore, the Council accepted the clarification of the wording of paragraph 1, as proposed by the Commission, and simplified the wording of paragraph 3.

Article 8

The Council has accepted the minor modifications to this provision as proposed in the Commission’s amended proposal.

Article 9

In line with its decision on eligibility for protection under Article 5(1), the Council has also accepted the deletion of the adjective “significant” (before “similar”) within the framework of Article 9(1) (scope of protection), in accordance with Amendment No 8. Furthermore, the Council accepted the Commission’s amended proposal to replace “similar” by “not different” to ensure that the criteria to be used for eligibility for design protection and the criteria which apply for infringement of design rights are the same (i.e. respectively “different” (Article 5) and “not different” (Article 9)).

In line with its acceptance of the principle contained in Amendment No 6 as reproduced in Article 5(2) of the Commission's amended proposal, the Council has also accepted the same principle as contained in Amendment No 9 and reproduced in Article 9(2) of the Commission's amended proposal (see comments to Article 5(2), above).

Article 10

The Council has modified the wording of this Article to clarify that Member States may opt for a term of 25 year design protection on the basis of requests for renewals for protection on a five years basis, or on the basis of one or more requests for protection for multiples of five years.

Article 11

The Council decided to include, in paragraph 2, the grounds for invalidity or refusal which the Commission had added in its amended proposal (Article 11(e),(f) and (g)) as optional rather than mandatory grounds.

Furthermore, the Council also rearranged other grounds for invalidity or refusal (paragraphs 1(a) to (d)) and specified, in paragraphs 3 to 6, who may invoke the various grounds in proceedings relating to the invalidity or refusal of registration of a design.

The Council accepted and reproduced the Commission's amended proposal concerning the possibility to register or maintain a design in an amended form (paragraph 2 of its amended proposal) if the identity of the design is retained (paragraph 7).

Finally, the Council accepted the Commission's proposal to integrate Article 16 of its initial proposal into Article 11 (paragraph 9).

Articles 12

The Council has followed the Commission's proposal with some drafting changes.

Article 13

This Article has been accepted by the Council without any changes.

Article 14

Whereas the Commission reproduced the substance of Amendments No 15 and 10 in Article 14 of its amended proposal by proposing the introduction of a remuneration system for the use of spare parts for repair purposes (the "repair clause"), the Council was not able to agree on a satisfactory solution on this issue. Instead, the Council decided to delete the repair clause and to replace it by a so-called "stand-still clause" (Article 14), combined with an obligation for the Commission to propose any changes to the Directive needed to complete the functioning of the internal market in respect of spare parts following a review the effects of the Directive five years after the implementation date of the Directive (Article 18). Furthermore, the Council inserted a new recital (No 19), which explains the reasoning behind the Council's policy on this matter. According to Article 14, Member States may, principle, maintain in force or introduce any provisions affecting the use of a protected design for the purpose of permitting the repair of a complex product so as to restore its original appearance until such time that amendments to the Directive are adopted following the review as specified in Article 18.

Article 15

The Council deleted the reference to the repair clause in relation to exhaustion of rights (as contained in Article 14 of the Commission's amended proposal) in Article 15, since the common position does not contain a repair clause.

Articles 16 and 17

The Council accepted Articles 17 and 18 of the Commission's amended proposal, which have become, respectively, Articles 16 and 17.

Article 18

Article 18 provides that five years after the implementation date of the Directive, the Commission shall submit an analysis of the consequences of the Directive for industry, consumers, competition and the functioning of the internal market and propose, to parliament and the Council any changes to the Directive which it considers necessary. Thus, the Council has, in accordance with Amendment No 14, changed the amended Commission proposal by providing that the review concerns the Directive as a whole and not, as proposed by the Commission, only the sector which is concerned only by the use of a design for repair purposes.

Article 19

Rather than indicating a specific date of implementation of the Directive, the Council considered it appropriate to provide that the Directive must be implemented within three years from the date of publication of the Directive in the Official Journal of the EC.

3.4. Other provisions from the Commission's amended proposal and Amendments from Parliament, which are not included in the common position

The Commission reproduced the substance of Amendment No 11 in Article 16a of its amended proposal in order to provide more means to fight counterfeiting through the creation of an obligation for counterfeiters to provide right-holders with information on their illegal acts. The Council, however, considered that this Directive is not the appropriate instrument to deal with measures to combat counterfeiting.

Amendments No 1 and 14

Parliament had proposed to insert a new Article 18b in the Directive (Amendment No 14), together with a new recital (No 18a), which concerned the idea of a legal assumption of novelty in infringements before national Courts. The Commission did not incorporate these Amendments in its amended proposal, since it considered that a provision concerning national registration procedures and Member States rules on court procedure is not appropriate in the context of this Directive. The Council shared the Commission's thinking on this issue.

Conclusion

The Commission considers that the Council's common position decision marks an important step towards ensuring a high level of protection for industrial designs and models throughout the EU. This protection will stimulate investment in the EU's manufacturing sector, thereby creating jobs and maintaining the Union's global competitiveness.

The Council has confirmed the approach followed by the Commission's amended proposal by incorporating the substance of the large majority of Parliament's amendments which the Commission accepted on first reading with one major and regrettable exception, i.e. the repair clause.

The Commission deeply regrets that the common position does not ensure a single market for spare parts as a consequence the exclusion of the repair clause from the common position. The Commission has expressed its regret in a statement which was entered in the Council minutes. It should be recalled that the Commission has suggested on several occasions, without success, alternatives to Article 14 of its amended proposal, including, for example, various transitional periods for the implementation of a repair clause in the laws of the Member States.

However, there was no sufficient majority in the Council for any of the alternatives suggested. At the Internal Market Council meeting of 27 November 1996, the Commission found that in these circumstances it had no choice other than withholding its agreement to the text of a common position that would on this crucial subject be substantially different from what it had proposed in its amended proposal following the first reading by the Parliament. When subsequently the Council reached a consensus on 13 March 1997, the Commission did not have any means of preventing the common position from being adopted.

It should, however, be noted that the Council has partially met with Parliament's and the Commission's concerns on this specific issue, by excluding, for example, protection for spare parts which are not visible during normal use (e.g. oil filters, fan belts, other engine parts). These parts could thus be freely reproduced by independent car body

part manufacturers as soon as a new car model reaches the market. Moreover, the common position establishes a relatively high threshold for the protection of designs ("novelty" and "individual character") as a consequence of which certain car parts which remain visible during normal use of a car, may not qualify for design protection.

On the "stand still clause" the Commission considers that the clause does not seem to completely and correctly express the Council's objectives, i.e. to ensure that the status quo at the level of the Member States with regard to the protection and use of spare parts (for repair purposes) is maintained. Therefore, this clause should be improved.

The Commission will continue to actively examine, with all the Institutions involved, the possibilities to find a better solution for the problems relating to the protection and use of spare parts within the framework of this Directive.