

COMMISSION OF THE EUROPEAN COMMUNITIES

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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 extend 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.

