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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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ON
THE LEGAL PROTECTION OF INDUSTRIAL DESIGN**

<u>TABLE OF CONTENTS</u>	(p)
INTRODUCTION	2
EXECUTIVE SUMMARY	4
<u>CHAPTER 1</u> : General Introduction.	8
<u>CHAPTER 2</u> : The legal background.	14
<u>CHAPTER 3</u> : The Community and the issue of the protection of design.	29
<u>CHAPTER 4</u> : What kind of design protection does industry need?	42
<u>CHAPTER 5</u> : The Community Design and the conditions for its protection.	54
<u>CHAPTER 6</u> : The substantive law governing Community Designs.	79
<u>CHAPTER 7</u> : The entitlement to the Community Design.	95
<u>CHAPTER 8</u> : Registration procedure.	105
<u>CHAPTER 9</u> : The litigation system.	119
<u>CHAPTER 10</u> : Community Designs and existing national designs.	131
<u>CHAPTER 11</u> : Community Design and other legal instruments of protection.	141

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 conclusion on the formal proposals it intends to make to the Council.

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

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

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

CHAPTER 2

THE LEGAL BACKGROUND.

2.1. The external aspect of a product.

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

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

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

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

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

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

Some important aspects which should be mentioned are the following:

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

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

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

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

2.3. The specific protection of "Industrial design".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4. The protection under copyright.

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

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

2.4.3. The Benelux legislation according to its tenor apparently intended at the outset to be more restrictive as regards "cumulation": only those designs which presented a "markedly artistic character" could qualify for copyright protection. The case-law ² developed in the Benelux has however given such a broad interpretation to this requirement that, for all practical purposes, it seems difficult to distinguish the Benelux model from the French one.

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

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

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

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

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

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

2.5. The protection as a trademark.

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

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

2.6. The protection under patent law.

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

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

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

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

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

2.7. The protection under unfair competition rules.

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

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

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

2.8. The international framework.

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 3

THE COMMUNITY AND THE ISSUE OF THE PROTECTION OF DESIGN.

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

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

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

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

3.2. The free movement of goods.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.4. Improving the competitiveness of the Community economy.

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

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

3.5. The fight against piracy.

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

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

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

3.6. The legal instruments for a Community initiative.

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

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

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

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

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

Industry to work easily on a multinational basis, an important target would already be achieved. This is the approach the Community adopted for the protection of topographies of semiconductor products or for the legal protection of computer programs. It is also basically the approach followed in the trade mark field by the first approximation directive, even if in this field the Community initiative is supplemented by the proposal for the Community trade mark.

3.6.5. A second possibility for the Community would be to abandon the "national" territoriality principle and to replace it by a "Community" territoriality principle. This is the approach followed for the Community patent and the Community trade mark. In both these cases the right arises through registration. There is however no compulsory link between such a characteristic and the Community-wide nature of the right: one could perfectly well imagine an unregistered right which extends to the whole of the Community and is regulated exclusively by Community legislation.

3.6.6. As indicated before, these two approaches do not exclude each other. One could imagine a system whereby a Community-wide right would coexist with nationally limited rights, the choice being left to the applicant for the right. This is the solution advocated by the Community in the trade mark field. It also corresponds to the European and Community Patent system, where inventors may choose between purely national patents, European Patents and a Community Patent.

3.6.7. The legal instruments which could be used by the Community to tackle the problems of the legal protection of design are therefore basically two: the harmonisation of national legislations by directives or the creation by way of regulation of an autonomous Community legislation coexisting with the national legislations.

3.7. Exclusion of an International convention.

3.7.1. At the present stage of development of the Community and in view of the close link between the problem of legal protection of design with the

completion of the Internal Market, the possible establishment of an International Convention among the Member States should be dismissed for a number of reasons which need not be repeated here in detail.

3.7.2. It should be sufficient to recall that the only sound reason for choosing the instrument of an international convention would be the possibility of including the EFTA countries in the negotiations from a very early stage. It is true that there might be a real interest for the Community in creating the possibility for the EFTA countries to participate in whatever system is going to be adopted, as they are close and important commercial partners. This need will however be accommodated by the current negotiations on the "European Economic Area" between the Community and EFTA. The procedural mechanisms which will be adopted as a consequence of these negotiations will no doubt be applicable to the present initiative, so that this very specific point can be taken care of without resorting to an international convention.

3.8. A Community Directive.

3.8.1. The approximation of national legislations could be achieved by a directive based on Article 100 A EEC. It could hardly be doubted that the differences between the national legislations and their impact on the functioning of the internal market are so great that Community intervention would be justified. As to the doubts which in the past have been expressed concerning the jurisdiction of the Community to legislate on matters which fall under Article 36 EEC, they have been swept away not only by a number of very convincing legal arguments based on the Court's case law, but also by a number of precedents, where the Council has legislated in this field (Directive on the legal protection of the topographies of semiconductor products², First Directive to approximate the laws of Member States relating to trade marks³), whilst a number of other proposals for directives are currently being examined by the Council.

3.8.2. Even if there are no doubts concerning the legal possibility of using a directive for this purpose, one has to consider seriously a number of questions which would inevitably arise. First of all, without preempting

the analysis which will follow in the next chapters, there are three major legal areas where an approximation of legislations could at first sight appear to be useful: The specific legislation of registered designs, a number of aspects of general copyright law and some aspects of unfair competition legislation, particularly those provisions concerning slavish imitation. The degree of difficulty in endeavouring to harmonize each of these three areas varies greatly.

3.8.3. At a first sight a harmonization of the specific legislation on registered designs appears to be feasible. Such legislation exists in 11 Member States and Greece is probably going to adopt a similar legislation in a foreseeable future. The frequency with which industry has resort to the protection given by these specific national systems varies a great deal, as it is linked to the extent to which other forms of protection are available or more easily enforceable. Notwithstanding this it remains the main form of protection, the one which has been conceived specifically for the purpose of protection of industrial designs. However, the difficulties of achieving uniformity by way of harmonization in this area should not be underestimated.

3.8.4. The difficulties in harmonizing the relevant aspects of copyright law would be greater. The positions of Member States on this point differ from on one extreme an all-embracing protection under the "unity of art" theory (France) to on the other extreme, a protection dependent on compliance with very strict requirements, like the "scindibilità" of the artistic work from the product to which it is applied (Italy) or the existence of a particularly high artistic merit (Germany, Spain and Portugal). In 1962 Professor Roscioni⁴, in his report on this question, which was limited at that time to the situation in the six original Member States of the Community, already stressed the enormous difficulty of bringing together such diverse views, and the doubling of the number of the Community Member States can only have increased rather than diminished this difficulty. Before embarking upon such a hazardous task one should therefore consider very carefully whether the possible results would justify the effort.

3.8.5. As to the unfair competition aspect, the difficulty would mainly stem from the fact that it would hardly be considered appropriate to approximate a "slice" of legislation, concerning its application to design, whereas it would be probably worthwhile for the Community to consider at the appropriate time an initiative aiming at a more general harmonisation of the legislations in this field.

3.8.6. There is a second aspect which has to be considered in relation to a directive. The harmonization could only achieve the result that territorially limited rights would be governed by similar rules, thus helping industry in seeking a protection in the various Member States. The territoriality principle would however entail the result that the provision of Article 36 EEC would remain applicable. Any time two identical or substantially similar designs are protected in two different States and they belong to different owners (with no economic links between them), each of them will be able to enforce his rights in the State where he is protected and thus prevent the entry of the other person's goods.

3.8.7. In summary, it could be maintained that the recourse to a harmonisation directive under Article 100 A EEC is legally possible. The adoption of such a directive would improve the situation considerably, but would not overcome the "national" territoriality principle and would therefore continue to oblige industry to seek a number of national protections, with possible repercussions on the free movement of goods under the rule of Article 36 EEC. It may be worth-while, however, to take an initiative as far as the specific legislations on registered designs are concerned. On the other hand it would be very difficult, even under the rule of the qualified majority, to find common solutions in the foreseeable future for approximating copyright legislation relating to the conditions under which a design can be protected as a work of applied art and consequently on a common rule on the "cumulation" of protection under a registered design and the general copyright law. Harmonization of unfair competition rules could also better be dealt with separately under a general approach in relation to the needs of the functioning of the internal market, and not specifically for the case of design.

3.9. A Community Regulation.

3.9.1. An alternative solution would be the creation of an autonomous Community legislation, which would institute a unitary protection valid in the 12 Member States. It is the approach followed so far for the Community patent (by Convention) and for the Community trade mark (by Regulation).

3.9.2. This solution would present the great advantage that it could be developed with greater freedom than any change to be introduced in existing legislation. One could hope that Member States would look for the most appropriate and advanced solutions when starting from scratch.

3.9.3. It would also give industry an instrument fully adapted to the needs of the internal market. As the protection would extend simultaneously and uniformly to the 12 Member States, it would offer a tool corresponding to the scale of the future integrated market and it would at the same time counter the risk of Article 36 EEC being invoked to stop the free flow of the products protected throughout this market.

3.9.4. The solution under discussion could be achieved in two forms: the Regulation could set up a "Registered Community Design", managed by a "Community Design Office", or it could create an "Unregistered Community Design" which would be protected without registration formalities. The choice between the two approaches, or possibly the introduction of both, would be a matter of policy, but it seems clear that the Community would have jurisdiction for acting in this field in view of the lacunae any approximation of legislation would in any event leave in the establishment and smooth functioning of the internal market.

3.9.5. It would seem premature at this stage to examine in detail whether an initiative of the nature described should be based on Article 235 EEC as was the case for the proposal for a Regulation on the Community trade mark, or on Article 100 A EEC.

3.10. Relationship of a Community-wide design with other forms of protection.

3.10.1. The solution of a Community design would immediately raise the question of its relationship to the existing national systems of protection. This is a complicated issue, but of paramount importance to industry, as it would be unthinkable that the new Community-wide protection could supersede, from one day to the other, all other forms of existing national protections. Two chapters of this Green Paper are devoted to an analysis of this question, both under the legal aspect of the preservation of acquired rights and the policy aspect of a future coexistence of the national forms of protection with the Community design.

3.10.2. Without prejudging the results of this analysis, it should be emphasised at this stage that the complexity of the problems raised by the issue of legal protection of design makes a progressive and inventive approach in the forthcoming Community action highly desirable. The creation of a Community design right will probably have an impact on design activities which can hardly be foreseen today. This will therefore, in all likelihood, require, also in the future, a dynamic legislative activity by the Community, to remove or smooth out unwanted effects and to proceed towards a more intimately unified system of protection.

3.11. Establishing a balance between the rights of the design owner and the interests of third parties and of public at large.

The creation of a Community design raises another policy question to which the Commission intends to give careful consideration. The grant of exclusive rights to design owners must be carefully weighed against other considerations in order to avoid unduly restrictive effects on legitimate competition. This problem particularly arises with functional designs in which case a technological innovation is very often involved. It is important that due regard be paid to the interests of third parties and of the public at large in defining the rules which should govern exclusive rights under a Community solution.

¹ Directive 89/104 EEC of 21. December 1988,
OJ No. L 40 of 11 February 1989.

² Directive 87/54 EEC of 16. December 1986,
OJ No. L 24 of 27 January 1987.

³ Loc. cit.

⁴ Loc. cit.

CHAPTER 4

WHAT KIND OF DESIGN PROTECTION DOES INDUSTRY NEED?

4.1. The wishes and expectations of Industry.

4.1.1. Though no formal consultation of Industry or other interested circles has taken place or was intended before the publication of this Green Paper, some Industries have already informally indicated in writing or orally in discussions with the services of the Commission their wishes or expectations as regards the protection of industrial designs. Such comments have been very helpful as they enable the Commission to identify and understand the difficulties which confront specific Industries when applying existing protection systems to their designs.

4.1.2. However, it emerges clearly from comments received that the wishes and expectations of Industries cannot be centered around a common denominator. Elements, which by one Industry are considered as highly desirable, are by other Industries considered less desirable or even counterproductive.

4.1.3. Though it goes without saying that the Community cannot embark on legislation which is specifically directed to one or other sector of Industry, it is possible to examine whether it would not be feasible to remove such negative aspects of existing protection systems which have proven counterproductive to strike a reasonable balance between the various interest groups: designers, industry, consumers. In this way a compromise solution satisfying the most pressing needs of a majority of Industries may be within reach.

4.2. The "Ideal" protection.

4.2.1. The ideal protection is by many industries seen as copyright protection or a protection akin to copyright. The advantages seen by industry in the application of copyright to industrial designs are obvious.

4.2.2 Copyright is long lasting and offers automatic protection from the moment of creation of the work or its fixation without any formalities whatsoever, that is without registration and payment of registration and renewal fees. At the international level a highly satisfactory framework for recognition of rights exists in many countries and regions due to the general adherence by industrialized and semi-industrialized countries to the Berne Convention or the Universal Copyright Convention.

There is therefore in the eyes of some industries no reason why the appropriate legal regime should not be copyright pure and simple.

4.2.3. However, the reasons why many legislations as set out in chapter 2 do not apply copyright law in a sweeping way to provide for the protection of industrial designs are, it appears, quite valid.

The interests of those who create designs must in many cases be balanced against the interests of other stakeholders, which often include also competing designers and producers within the same sector of industry, and society as a whole. For traditional literary and artistic works the long lasting protection of every artistic expression has not caused problems. Copyright does not grant a genuine monopoly, only protection against unauthorized reproduction. This protection has in no way hindered the creation of new works. An average 600.000 new literary titles are published every year at the worldwide level and the allegation that one of these works constitutes a reproduction of a previous work is extremely rare. Since the protection is limited to the expression of the idea of the author and not extended to the idea itself there are no limits to the freedom of imagination of the author and consequently also no reason why society in order to promote the creation of new works needs to seriously limit the length of protection or the scope of protection of previously created works or to make protection dependent on the work in question possessing certain minimum qualities.

4.2.4. The application of the same legal regime to products having a practical function is, however, not in all cases self evident. The freedom of the designer may, if the product is to perform the function for which it has been conceived, be more limited than the freedom of an author of fiction. There may well be a limit to the number of ways in which a specific product can be designed if the constraints dictated by its intended function are to be respected. If and when this is the case a long lasting protection and the general exclusion by copyright law of reproduction of even small parts of a work may imply the creation of de facto monopolies in the market. For this reason a number of legislations have limited the use of copyright law for the protection of industrial designs. The justification for this approach cannot in all cases be denied, but equally appears not to be self evident for all industrial designs. The more artistic a design the more artificial the denial of copyright protection appears to be and the more functional a specific design is the more artificial the application of copyright to protect a specific design appears to be.

4.2.5. Member States of the Community have found solutions to these problems in accordance with their individual legal traditions. In one jurisdiction copyright may be applied sweepingly to protect industrial designs (France), in other jurisdictions the application of copyright is limited (Denmark) or is even extremely limited (Germany). None of these approaches can be said to be "right" or "wrong".

4.2.6. With the exception of the UK and Ireland, those Member States where copyright is not applied in a sweeping way to protect industrial designs arrive at the result desired by applying the originality requirement of copyright law in a way which is different from the way copyright is applied for the protection of artistic and literary works. The result of this approach is that industrial designs ("works of applied art") in certain jurisdictions must pass a higher work level test ("originality") than traditional literary and artistic works. This result is by many industries seen as unreasonable and unnecessary and they express the wish that the protection of industrial design should be provided for under the umbrella of copyright law. This result is according to this school of

thought to be achieved by means of a harmonization of the originality requirement at its lowest level. What is worthwhile copying is worthwhile protecting, it is claimed.

4.2.7. It appears to be extremely difficult to comply with the wishes expressed by some Industries as regards a general, generous application in all Member States of copyright law as the instrument for the protection of industrial designs. Not only would the harmonization of the originality criterion prove to be an extremely difficult task, because the different application of the criterion is based on different legal and not least cultural traditions, but the Commission also has reservations as regards the ultimate justification for the protection of sometimes fairly banal products by copyright. It is in the eyes of the Commission preferable at the present stage of development of Community law first to examine whether some of the legitimate concerns of industry as regards formalities, costs and other factors could not be met in a different way.

4.3. Grievances as regards the protection of industrial designs by way of registration.

4.3.1. Comments made by industry as regards the protection of industrial designs by way of registration seem to indicate that not all sectors of industry are opposed to a registration procedure as such, but only to some specific features of registration as practiced in some Member States.

4.3.2. Most criticized is probably the way in which the novelty requirement is applied and in particular the fact that disclosure of the design by designer prior to registration may in most Member States deprive the design of its novelty character.

4.3.3. In France, however, commercialisation of a product to which a design is applied prior to registration does not have the effect of destroying the novelty of the design. French industries are reported to be of the opinion that this is an appropriate solution. They underline, however, that given the existence of exactly opposite rules in other Member States, it constitutes a trap, into which French enterprises often fall. Relying upon

the contents of the French legislation they put their design products on the market in France, with the effect that they will be deprived of the possibility to register the design in other Member States due to lack of novelty.

4.3.4. The effect that prior use of a design may deprive it of its novel character has serious implications for those industries which in fairly short intervals develop a great number of designs, out of which only a few become a commercial success and for that reason need protection against reproduction. Under the current legal situation in most Member States, manufacturers are prevented from testing their products in the market before undertaking the expenditure of registration. For certain industries developing a high number of designs, such as textiles, fashion, shoes etc. these costs can be considerable in particular in jurisdictions where "multiple deposits" are unknown¹.

4.3.5. This criticism of existing registration systems appears to be justified. The purpose of requiring that a design, to be protected, must be novel is to make sure that designs, which are known or even widespread within a given industry, are not appropriated by a single manufacturer. Further, the requirement prevents proprietors of designs in respect of which the protection period has expired or is close to expiry from filing a new application for registration and by this way obtaining a prolongation of their exclusive right. There appears, however, to be no valid reasons for denying manufacturers of design products the possibility of testing the commercial value of their products in the market place before making a decision on which designs to protect by way of registration and which designs to give up. A grace period of some length appears indeed to be called for.

4.3.6. There are probably no objective criteria for the exact fixation of the length of the grace period. It is suggested that a period of 12 months may suffice for most industries to put them in a position to determine which designs to protect on the basis of demand for the product. A legal provision to that effect could be drafted as in Article 5 of annex 1. This issue is discussed further in paragraph 6.2.3. and 6.2.4. below.

4.3.7. The use of a design before registration implies, however, the risk that the design is misappropriated by a competitor before registration. The competitor could possibly file a claim for registration before the rightful owner, with the effect that the necessary invalidation of the registration becomes both cumbersome and often expensive. Against this risk there appears to be only one effective remedy, automatic protection as from the first commercial use or publication of the design. In particular textile industries have strongly pointed out the necessity of the introduction of a certain automatic protection, at least for a limited period of time.

4.3.8. In the U.K. an unregistered design protection has been introduced by the 1988 Copyright, Designs and Patents Act². In the other jurisdictions a genuine automatic protection is unknown, apart from the application of copyright. It needs to be discussed whether the introduction of a period of automatic protection is compatible with the legitimate interests of all parties concerned and whether the claim by some industries for such a protection is justified.

4.3.9. The purpose of registration is to create legal certainty as to which designs are protected and which are not. The introduction of an unregistered design protection - even if severely limited in time - is bound to reduce the legal certainty described. Competitors may arrive at identical or substantial similar designs by independent design activities and may in good faith exploit or prepare the commercial exploitation of such designs. Consequently the scope and content of such a possible right would need to be set out with due regard to this fact. However, as long as copyright protection or protection by way of unfair competition law is applied by Member States to designs this uncertainty will already exist in so far as creators choose to rely upon such protection and not register. Further, the risk of arriving at identical designs in the course of independent activities appears to be rather slight. The fact that unregistered design protection has been accepted in a highly industrialized country like the UK speaks in favour of the assumption that the risks inherent in such a solution should not be overestimated. As regards the justification for such a claim by industry, the Commission is of the opinion that an automatic protection limited in time could constitute an

Important aid for industries having to invest heavily in design activities. These industries are often in a difficult competitive situation compared to industries which arrive at their designs by way of copying. The Commission therefore suggests, that the introduction of an automatic protection for a limited period - for example three years from commercialisation - could constitute a useful instrument in strengthening the competitive position of European industries and that no compelling reasons prevent the Community from adopting a carefully weighted solution. Protection beyond the three years suggested, would be dependent on registration within the fixed grace period. A legal provision to that effect could be drafted as Article 9 in Annex 1. The length of protection and the nature of the unregistered design right will be further discussed in paragraph 4.3.16 et seq. and in chapter 6 below.

4.3.10. Closely related to the issue of novelty is whether the fulfilment of this condition for protection should be established by an examination procedure prior to the grant of protection or whether an examination can be dispensed with.

None of the registration authorities of Member States are in a position to establish or endeavour to establish whether a design filed for registration under national law is "new" in the sense of never seen before in the entire world. Various qualifications of the notion of novelty have been introduced and very often the examination - if any - is restricted to designs previously registered within the same jurisdiction within a given span of years. The fact that a design has been accepted for registration does not imply, however, that its novel character cannot be challenged by third parties. "Not novel" may in infringement cases brought before the courts by the owner of the registered design be a defence by the alleged infringer or third parties may during the duration of the design right challenge the validity of the registration either before the registration authority or before the courts as the case may be.

4.3.11. Industries appear to be in favour of a protection system, which is not based on examination as to substance prior to registration. Registration should follow immediately upon filing of the application for registration to shorten the administrative procedures to the extent

possible and to keep costs down. If an applicant takes out a registration for a design which is not new it is at his own risk. This position by industry is a logical consequence of its preference for a protection system which is not based on any formalities whatsoever.

4.3.12. The Commission agrees that formalities - and costs - should be kept to a minimum. For this reason the Commission services have examined whether the novelty criterion could be replaced by the criterion of originality in the sense of "produced by the designer himself and not copied". While theoretically possible, the choice of this option would necessarily have an impact on the contents of protection in the sense that protection also as regards the Registered Community Design could no longer be granted as a monopoly, but only against unauthorized reproduction. The question whether this would be in the interest of industry will be discussed at the appropriate place in this Green Paper.

4.3.13. It is therefore submitted that the criterion for protection should be one which, on the one hand contains elements to the effect of demanding a certain degree of novelty, and on the other hand be such that no examination as to compliance with the condition in substance is necessary. For this reason the Commission suggests the condition that the design has a distinctive character. This notion is discussed and explained in chapter 5. For the purpose of this chapter it suffices to say that registration of a Community Design will not be based on examination as to substance.

4.3.14. The costs of registration must be kept at a low level. This is a request often heard voiced by industry, in particular by small and medium sized enterprises, and the Commission fully shares this concern. Without going into detail on this question in this chapter of the Green Paper, it should be emphasized that in order to be a success, the new Community protection system must be made financially attractive to use in the eyes of industries.

4.3.15. A further point of criticism against existing national design protection systems voiced by some industries is the absence in some Member States of provisions permitting the simultaneous registration of multiple, interrelated designs by one act of registration only. For example a

manufacturer of ties needs to be able to protect all the colour variations of a specific design by one act of registration only, instead of filing an application for each different tie. The Commission is of the opinion that no convincing argument can be advanced against such a solution except the wish to increase the income of the registration authority stemming from registration fees. The need of industry to keep its unproductive costs as low as possible seems to be an overriding consideration in this respect.

4.3.16. Finally, the limited term of protection under registered design protection laws as compared to the very generous term of protection under copyright law is one of the strongest arguments voiced by industry in favour of copyright protection and against registered design protection. However, that registered design protection is too short is only partly true. According to the French law of 1909 the registered design protection can upon renewal last for 50 years. In Portugal there is no limitation in time whatsoever. In other Member States the term of protection varies between 10 years (Spain) and 25 years (UK)³, Germany has twenty years, the Benelux countries, Denmark, Ireland and Italy have 15 years.

4.3.17. The need as regards the term of protection varies from one industrial sector to another and may within one and the same industry be different from one design to another. Many designs are by nature shortlived. Designs applied to textiles and fashion goods have an extremely short economic lifespan, which industry endeavours to make increasingly shorter by the rapid introduction of new designs making those of the previous season look outdated. The designs of other industries may last longer. It is often not demand by consumers which decides the length of the period in which a specific design can be found on the market, but the commercial policy of the individual producer.

Whereas US automobile producers saw their interest in putting new models on the market every year, at least some European car manufacturers - for example Citroen - keep designs virtually unchanged for a great number of years. Some designs become classic and may be "evergreens", for example the famous Cartier design of ladies' watches with Roman figures. The design

of the basic element in Lego's toys, has remained unaltered for 40 years. These facts lead industry to claim protection in principle for the time a design is used for the marketing of the product to which it is applied.

4.3.18. The fairly limited duration of design protection in a number of countries is clearly a consequence of the forementioned "patent approach" to design protection. For inventions the needs of society at large make it necessary that the monopoly granted through the patent ceases to exist at the time when the inventor is presumed to have recouped his investment. At that time the invention falls into the public domain. It is not only economic considerations which dictate this consequence. Also the need of society to be able to freely use the invention and further develop the invention makes an early end to the monopoly a necessity. In this way technological progress is furthered. These considerations cannot be given the same weight as regards a design right, which protects the appearance only of a product, not its technical function. As it is the case for literary and artistic works a protection for the life of the creator plus - at least - 50 years would in theory be a defensible solution for those designs which are purely aesthetic. There is, however, a certain overlap between appearance and function. The more functional a design is the more justified the patent approach appears to be. A compromise solution taking into consideration the various contrary interests is clearly called for. The exact length of the period of protection will be discussed at the appropriate place in this Green Paper. At this stage it needs only to be concluded that a duration of protection which can satisfy the legitimate requirements of industry does not necessarily presuppose the application of copyright as the primary instrument for the protection of industrial designs, but that a satisfactory solution as regards term of protection also can be found within the framework of registered design protection.

4.3.19. It is thus submitted, that the appropriate legal vehicle for the future protection of industrial designs at the Community level could be a Community Registered Design protection system and that such a system could meet the wishes and expectations of most industries. Such a system can - probably - not stand alone, but should be accompanied by a partial

harmonization of existing national design protection laws, and supplemented by the application of national copyright laws, where appropriate. But there appears to be no need to abandon registration. Protection based on registration should, however, finally be supplemented with an unregistered design protection, strictly limited in time, but not limited to specific industries.

- 1 See paragraph 4.3.15 below.
- 2 Section 213.
- 3 This term of protection is applicable to registered designs only. Unregistered design rights have a maximum duration of 15 years computed in accordance with the provisions in section 216 of the Copyright, Designs and Patents Act 1988.

CHAPTER 5

THE COMMUNITY DESIGN AND THE CONDITIONS FOR ITS PROTECTION.

5.1. A Community Initiative.

5.1.1. In the light of what has been set out in the previous chapters - the legal background characterised by a variety of solutions in the Member States, the concern of the Community in the perspective of the achievement of the internal market and the main grievances that industry expresses with regard to the existing situation - the Commission has come to the conclusion that an initiative at Community level is necessary. This initiative should basically consist of two elements:

- the creation of a Community Design granting a unitary right for the territory of the Community and governed exclusively by Community law,
- a limited approximation of the legislations of the Member States relating to the substantive law governing specific protection of designs by national registrations.

5.1.2. This and the following chapters will present the idea of a Community design, whilst the problems of the relationship of the Community Design with other national rights and the suggestions for approximation of some aspects of national legislations concerning the specific protection will be discussed in the two last chapters of this Green Paper.

5.2. The Community Design.

5.2.1. The basic idea is to create a tool appropriate for the internal market. A unitary right, valid throughout the Community and governed by Community law, seems to be the answer to this need. Similar considerations have justified the institution of a Community Patent and a Community trade mark.

5.2.2. Industry requires an efficient protection. The accent is put, however, on two different requirements according to the nature of the interests involved. Sectors of industry dealing with short-lived products require protection without the burden of registration, the term of protection playing a secondary role. Other industry sectors appreciate the advantages of registration as far as legal certainty is concerned and require a term of protection corresponding to the foreseeable life of their products on the market.

Both demands are valid and the Commission believes that they could both be met by instituting a Community Design which could assume two different forms:

- an Unregistered Community Design, not subject to any deposit formalities, with a short term of protection (tentatively 3 years),
- a Registered Community Design, on the basis of an application to be filed with a Community Design Office to be set up, with a term of protection which could reach 25 years.

5.2.3. The Unregistered and the Registered Community Design would be subject to the same conditions for protection and would give the same scope of protection to their owners. The differences would mainly lie in the rights conferred, in the definition of the moment when the protection arises and in the term of protection. The choice between the two forms or, more accurately, the decision to obtain protection under the Registered Community Design scheme having enjoyed protection under an Unregistered Community Design, would be entirely left to the user of the system.

5.2.4. This chapter will deal with the conditions for and scope of protection. The questions of the rights conferred and of the term of protection will be dealt with under chapter 6.

5.2.5. Generally speaking, an approach similar to the one now suggested by the Commission has been favoured by the Max Planck Institute.

5.3. The conditions for protection.

5.3.1. In trying to set out the conditions which the appearance of a product has to fulfil in order to be entitled to the protection under a Community Design three questions have to be considered:

- Does the design for which protection is sought intrinsically correspond to the definition of design?
- What is the impact other designs already existing may have on the protection of the design in question?
- What is the degree of intervention from the designer required?

5.3.2. Trying to answer each of these questions, the Commission has considered successively:

- the definition of the design,
- the requirement of "distinctive character",
- the activity of the designer,
- the cases where protection should be excluded.

5.4. Definition of the design.

5.4.1. Design as an instrument for marketing.

There are many tentative definitions of the notion of "Industrial Design", none of which is universally accepted. This range of definitions reflects the variety of theories on which the concept of design is based. They all have one element in common: modern industrial design tends to be less reliant on the notion of "decoration" or "ornamentation" applied to a product and instead to have the most intimate merger of functionalism and aesthetic value as its purpose. The more a form corresponds to the function for which the product is intended, the greater its design merits will be. As a result of this trend, apart from raw materials, there are hardly any commodities on the market which are not concerned by industrial design. The improvement of a shape in order to make the product to which it is applied more suitable for the function it is intended to play is an obvious requirement for increased competitiveness in the marketplace.

Manufacturers of goods are aware of the advantage that functional innovation brings with it and they usually insist in this aspect when advertising new products. The fact that, according to generally accepted views, a functional improvement also carries with it almost inevitably an aesthetic plus value, increases the economic value of the shape and gives the producer further arguments in his advertising, by appealing to the consumer's aesthetic senses. This applies even to food, beverages and staple products, as an important role is played by the shape of their get-ups or trade dresses. To attract consumers - and even, for certain types of goods, a specialised group of purchasers - it is nowadays indispensable to offer together with a mature technology an attractive appearance of the product.

The slogan "Ugliness does not sell" is not far from becoming a reality in the market. Industrial design has developed into one of the most powerful instruments for the marketing of industrial products. Its importance is steadily growing, even in "high-tech" consumer products. Competition between manufacturers of some consumer electronic products is based on the purity or elegance of the design just as much as on the technical performance of the product in question, which tends not to vary greatly between competitors due to the high level of technical quality generally reached in the industry, concentration of production of technical elements and standardisation.

5.4.2. Design as an element of our culture.

It would, however, be unjust to limit the meaning of design to a powerful tool for marketing. Industrial design corresponds also to one of the most specific cultural features of our contemporary civilisation. Without going into theoretical issues, which would be out of place in this context, it is easy to demonstrate that our homes, offices, shops and factories, the shape of our cars, boats, trains and aeroplanes, even the form of the most common objects we use in our daily life, including tools and get-ups, are deeply influenced by industrial design. Our whole environment is marked by the aesthetic values corresponding to design efforts. Protecting design is therefore tantamount to encouraging the development of a trend which has brought to people living in the industrialised countries an enormous improvement not only in the material aspects of the quality of life, but also in their receptiveness as regards beauty and comfort.

5.4.3. The "overall concept" approach.

5.4.3.1. In seeking a legal definition of "design" it might be useful to turn first to the designers, the people who create designs. Designers tend to stress that designs correspond to an "overall concept", i.e. to a symbiosis of the function a product is conceived to perform with a number of features of its shape, including the choice of the materials, the dimensions and the weight. Designers tend to wish to see the "overall concept" protected, including all its constituent features.

The Commission does not dispute that this way of understanding "design" corresponds to a cultural reality. The Commission is however convinced that a protection of the "overall concept" as such would entail serious disadvantages. A protection sweeping in scope and comprising equally all the functional elements would have repercussions on competition in the market place. Once a product has been introduced on the market in a given, shape - e.g. a hearing-aid in the shape of a spectacle frame - the concept would be monopolized by the designer or his successor in title. This would be clearly an unacceptable result. Technological improvements and enhanced designs of the first concept should not be prevented by a monopoly too wide in scope.

5.4.3.2. The "overall concept" includes, next to elements relating to shape and configuration, elements belonging to the world of ideas and "inventions", in the sense that they provide a technological innovation. If the inventive step of such an innovation is sufficiently high, the "concept" can be protected everywhere by a patent. If the requirements for obtaining protection as a patent are not met - and this will often be the case - protection of the concept may be sought in some Member States through the "utility model" and in the UK through the "unregistered design right". There is certainly a need to introduce a protection of this kind at Community level, to take care of the gap which exists in the other Member States, and the Commission is considering taking an initiative to this effect. A "utility model" protection would however necessarily presuppose a requirement of "absolute novelty" in the patent sense. It would seem awkward, as will be set out below, to make design protection dependent upon such a severe condition, serious verification of which would necessitate a more substantial search and examination procedure than is the case with designs.

5.4.3.3. Moreover, designers need to be given the freedom to develop new designs on the basis of already established technical concepts. Provided it takes place through independent intellectual effort, the uninterrupted, unimpeded enhancement of existing concepts should not be considered a restricted act under any legislation.

5.4.3.4. For these reasons the Commission considers that the protection of "design" should be achieved not by instruments which protect a "concept" or an "idea", but by instruments which protect features of appearance.

5.4.4. The design industry approach.

5.4.4.1. Design industry usually considers that design is the result of three elements: a functional improvement or technical innovation in the product, a creative contribution of aesthetic nature by the designer, and an investment by the manufacturer to develop the two preceding elements.

5.4.4.2. The Commission accepts that designs which meet all these three requirements are undoubtedly deserving of protection. A strict application of such a definition would, however, lead to a limitation in the number of designs which could be protected. When speaking of "design" in this Green Paper, the Commission wants also to cover designs which might lack one or other of these elements.

Pure decoration applied on a product should also be considered, even if the functional improvement is missing (e.g. surface decoration of textiles or of wall papers or of a tea-set). In certain sectors, like fashion or jewellery, it might be difficult to argue that a functional improvement is always present. As to the "aesthetic value" of the design, certain forms can be deliberately "ugly" or "monstrous" in order to provoke the consumer and still enjoy a comfortable success on the market. Finally, in certain cases the investment explicitly directed to the development of a design might be minimal, the manufacturing and trading of the products being the result of the designer's own initiative (e.g. in the case of craftsmanship). The need for legal protection of the design is, however, present in each of these cases and should not be excluded for the sake of a definition.

5.4.5. The "aesthetic effect" approach.

From various national sets of rules it seems to emerge that a design, to get specific protection, must show a certain "aesthetic effect". This criterion is however of very little help, as it is just as difficult to define what "aesthetic effect" means as to define the notion of "artistic work" in copyright law.

5.4.6. The negative approach: shapes which are not solely dictated by the technical function of the products.

5.4.6.1. Most of the national legislations (with the interesting exception of Denmark, a leading country in design products and the provisions of the UK Copyright, Designs and Patents Act relating to the unregistered design right) might be interpreted as giving a negative definition of "design" by imposing that shapes which are exclusively dictated by the technical function of the product cannot be protected. This provision plays an important role in helping to draw the separation line between design protection and patent protection. It leaves, however, completely open the question of the interplay of the two aspects, functional and aesthetic, which are both present in the vast majority of cases.

5.4.6.2. The exclusion from protection of features dictated exclusively by a technical function, as provided by the vast majority of design laws, has hitherto been accepted by design industries seeing herein a correct application of basic principles underlying design protection laws. If a technical effect can be achieved only by a given form, the design cannot be protected. On the other hand, if the designer has a choice among various forms in order to arrive at the technical effect, the features in question can be protected. Understood in this way the exclusion from protection corresponds exactly to the idea/expression dichotomy of copyright law. What is meant is in reality that if there is no choice when designing a product with a given effect, there is no personal creativity displayed and consequently nothing to protect - at least under copyright or design law. The Commission is of the opinion that such an exclusion of protection should follow directly from the definition of designs which can be protected. A corresponding provision has been set out in Article 3 of the Draft Regulation (Annex 1).

5.4.7. The Commission's approach.

5.4.7.1. The various considerations developed above have led the Commission to the conclusion that the definition of the "design" eligible for protection should be as broad as possible, in order to cover in principle any economic value attached to the appearance of a product. It is therefore suggested that "design" should be understood to mean "the two-dimensional or three-dimensional features of the appearance of a product ... which are capable of being perceived by the human senses as regards form and/or colour."

5.4.7.2. The Commission hopes that this definition can be interpreted in a sufficiently broad manner to cover some specific cases which deserve protection. One should think of certain textile textures which give a particular impression to the sense of touch. The question could be asked whether protection should not also be granted to the use of a specific material employed in a product, which although not differing substantially from other materials as regards form and colour, would immediately be perceived as something giving a particular value to the product in question. To make this clear an interpretative statement could be adopted by the Council.

5.4.7.3. The protection under a Community Design should only exclude those features of a product which cannot be perceived by the human senses as regards form and colour when contemplating or handling the product. Such features (e.g. internal mechanisms invisible to the eye or processes taking place inside a product during its use) could be relevant for protection under other instruments of industrial property law, for example as utility models or as elements of know-how. As long as they are irrelevant for the appearance of a product, they should not be protected as designs.

5.4.7.4. Features which are normally internal and therefore not protected, may occasionally be protected if the presentation of the article gives them a specific visual value (e.g. if the outside surfaces are of transparent material, or in case of products presented together in a specific manner in a transparent packaging).

5.4.8. Should a design be excluded from protection because its appearance is not material to the purchaser?

5.4.8.1. In the UK a design cannot be registered "in respect of an article if the appearance of the article is not material, that is, if aesthetic considerations are not normally taken into account to a material extent by persons acquiring or using articles of that description, and would not be so taken into account if the design were to be applied to the article"¹. This provision has the effect that protection is excluded for a wide range of feature of articles which are invisible in use, such as, for example, the underside re-inforcements of a shower cubicle base, and which are therefore normally not acquired because of their aesthetic qualities.

5.4.8.2. When assessing the desirability of such an exclusion it should be borne in mind that in the UK unregistered design protection is available for design without aesthetic appeal. Also in other jurisdictions provisions can be found which seem to imply that protection should be limited to designs with "appeal to the eye", for example in Germany and Italy. Such provisions may seem appropriate in jurisdictions which have utility models, but in the absence of such an instrument the scope of designs which can be protected would be unduly restricted. There appears to be no valid reason why the design of, for example, surgical instruments should not enjoy protection just because their appearance as such is rarely considered by the surgeon. For the Community it is suggested - at least as long as a Community legislation on utility models does not exist - to protect any design which can be perceived by the human senses.

5.4.9. Can component parts as such enjoy protection?

The application of the definition given above to complex products, i.e. products which are composed of a number of component parts, raises the difficult question as to whether each of the components, insofar as it belongs to the visible part of the complex product, may be protected as a Community Design. The Commission is of the opinion that, if the component can be considered as a product as such, having its own market, even if it be for a limited circle of specialists who deal with the assembling or

repair of the complex product, this component should be treated as a product in itself and its appearance consequently protectable. Under this concept the design of the component must however fulfill in itself the conditions for protection and cannot derive its protection from the complex product of which it forms part.

The Commission invites comments on these suggestions.

5.4.10. Should features permitting the interconnection of component parts be protected?

5.4.10.1. The Commission is committed to the principles of standardization and interoperability in many fields. In the area of industrial design the scope of protection should be defined in such a way that the exclusive rights conferred on the features which constitute the design development should not become "monopolies" on the generic product in which the design may be incorporated. Consumers should, for example, be able to replace a vacuum cleaner hose of a given make by another hose which fits into the vacuum cleaner. In principle the design of vacuum cleaner hoses qualify for design protection just as the design of the vacuum cleaner itself.

To ensure "interoperability" and competition in the spare part after market in respect of a wide range of household articles, motor vehicles, consumer electronics etc., it appears advisable to exclude from protection those features of a design which would have to be reproduced necessarily in their exact form and dimensions in order for the component part to fit into the complex product for which it is intended.

5.4.10.2. An expression of the idea set out in the preceding paragraph can be found in section 213 of the UK Copyright, Designs and Patents Act of 1988, where it is stated that a design right does not subsist in "... features of shape or configuration of an article which enable the article to be connected to, or placed in, around or against, another article so that either article may perform its function." ("must fit" exception).

The UK provision quoted above relates to the unregistered design right, which is declared not to be copyright, and it is therefore not governed by the obligations resting on the UK from the Berne Convention. Likewise the future Community Design will be governed by specific legislation which is not subject as such to the obligations of the Berne Convention, to which all Member States are party.

5.4.10.3. In consequence, it is submitted, taking into account the fairly generous possibilities which have been suggested for protecting designs, with the sole exception of designs which have no distinctive character, that the specific features of a design which relate to interconnections should be excluded from the protection to the extent necessary to permit interconnection of different makes.

It goes without saying that other features of a component part, where such freedom can express itself, could well enjoy protection. In the example given above of a vacuum cleaner hose, the colour or the decoration of the hose could undoubtedly be protected as a Community Design if they fulfil the other requirements and any producer of competing vacuum cleaner hoses for the after market reproducing such features would commit an infringement.

5.4.11. Two-dimensional and three-dimensional designs.

5.4.11.1. Traditionally in many countries the common use of language and the legislation distinguish between "two-dimensional designs" (dessins, Muster) and "three-dimensional designs" (modèles, Modelle). This distinction has generally speaking only historical relevance, as the protection was granted in the first place to two-dimensional designs, i.e. to the drawings which were applied to textiles. The protection was, however, very rapidly extended to cover shapes, i.e. three-dimensional forms, at the beginning mainly sculptures, which were used to "decorate" products in common use. The use of two words ("designs and models") is enshrined in the Paris and Berne Conventions. From the legal point of view the regime is generally speaking identical, irrespective of the "surface" or "space" nature of the "design" applied to or incorporated into a product.

5.4.11.2. An exception in this respect is to be found in the Common Law countries, which use the notion of "design" (meaning in reality "project" rather than "drawing") for both kinds of forms. Moreover the UK 1988 Copyright, Designs and Patents Act introduces a difference in the legal treatment of these two kinds of forms. This Act distinguishes between "surface decoration", which cannot be protected under the "unregistered

design" scheme (but which can be protected as a "registered design"), and three-dimensional designs, which can be protected as registered and unregistered designs.

5.4.11.3. For the purposes of this Green Paper the Commission will use the notion of "design" as meaning both drawings and models. It will be a matter of drafting of any Instrument that the Community might adopt on this subject as a result of this initiative by the Commission, to decide whether the two separate notions should continue to be used or whether it should be made clear by a definition that "design" means both "designs and models".

5.4.12. The industrial character of design.

5.4.12.1. A "design" is the appearance which can be given to a product by using some technical device in accordance with industrial proceedings. For the purposes of this Green Paper the "industrial" character of design will be understood to cover also "craftmanship", where the same prototype is reproduced by hand, inevitably with small variations in the shape of the various products. For this reason the Commission prefers to use the word "product" without qualifying it by the adjective "industrial", as do many legislations.

5.4.12.2. Normally the number of products to which the design is applied is not relevant for the purpose of protection. However, this criterion has and played still does play an important role in the common law countries. It does not seem appropriate in a modern approach to this problem, to make the industrial character of a design dependent upon its reproduction in, for instance, more than 50 articles. There is no valid reason for accepting that the fact that an article is produced in a very limited number of copies, or even in certain cases, in one copy only, (as might occur in the case of high-fashion dresses, jewellery, tombstones or crystal vases) should have any impact on the economic need for protecting the value that the designer and the producer have put into it.

5.4.13. The "utility function" approach.

Certain legislations (e.g. the Benelux Uniform Law) contain as a requirement for design protection that its application to or incorporation in a product should give the latter a specific "utility function". The mention of such a requirement might large be a question of semantics. It would raise for instance the question of whether "pure decoration" is a utility function. The answer to this would obviously have to be positive, but the very idea of utility function would create an ambiguity in respect of the "exclusively functional designs", which are excluded from protection, as has been set out above. For the purposes of this Green Paper the Commission therefore takes the stand-point that such a requirement should not be considered as an element of the definition of the design.

5.4.14. The product to which the design is applied.

5.4.14.1. To conclude on the issue of definition, the Commission wishes to present a few remarks concerning the notion of "product" which has been used in the previous paragraphs. Designers do not limit their activity to designing products in the strict sense of the term. Design activity may directly affect spaces or places or units which can hardly be considered to be "products". One has to think of "television design", "interior decoration" (e.g. the multiplicity of elements which give a new underground station a specific "style" or "atmosphere"), "environment design" or "landscape architecture". The Commission is of the opinion that these contributions to design should be protected, but the main vehicle for achieving this result seems to lie in the area of copyright law. If differences in protection do exist which have an impact on the functioning of the internal market, a future harmonisation of copyright law could take care of these problems.

On computer programs and semi-conductor products the necessary protection has recently been introduced by Community legislation, which should not be affected by a possible unintended application of Community Design legislation. For this reason it has been made clear in the draft Regulation and the draft Directive that computer programs and semi-conductor products are not to be considered to be products.

5.4.14.2. The Commission is aware that there are a number of cases which constitute a grey zone, where it is difficult to say whether the support of the design is a "product" in the traditional sense or something different. For instance a kitchen designed by using a number of elements (cupboards, chairs, table, refrigerator, washing machine, gas-stove and sink) combined together to form a pleasant, new and unitary set could be considered both as an example of interior decoration or as a complex product. It seems to the Commission that protection under a Community Design in such cases should be possible.

5.4.14.3. It should also be made clear, that the future Community Design would cover typographical type faces provided, of course, that the normal conditions for eligibility for protection are met.

5.5. Distinctive character.

The next question is to determine what impact existing designs would have on a design which complies with the definition suggested above.

5.5.1. Novelty: a notion common to many national laws.

5.5.1.1. Usually, as has been set out in Chapter 2, specific national legislations require that a design be "new". The "novelty" requirement is however interpreted and applied in very different ways in the various countries.

In any case - at the present stage of technology -, no way exists in which a national authority can establish whether a design is "new" in the sense of "universal, objective novelty". Those authorities which carry out an examination as to whether such a requirement is complied with are obliged to qualify it or to limit it in one respect or another (period of time and/or geographical area taken into consideration).

5.5.1.2. A further difficulty arises from the fact that a newly developed design might differ from a known one only in some details. How should the demarcation line be drawn between those details which are so insignificant that one cannot speak of a "new" design and those details which constitute

a development of the prior design sufficiently creative to deserve a separate protection? Some legal systems construe the notion of "novelty" so as to permit the operation of this distinction; others use a requirement supplementary to novelty, "originality" or "Eigentümlichkeit". Under the first approach, for a design to be "new" it must differ from a prior design sufficiently to be distinguishable; under the second approach "novelty" is lacking only if there is an "identical" prior design, but the protection is subject to compliance with the further requirement, that the design distinguishes itself sufficiently from any other.

The absence of guidance on what should be considered infringing similarity in design laws is considered by many quarters as a serious shortcoming of existing design laws. This lack of guidance leads to litigation. Moreover in some jurisdictions, case law tends to consider the more or less pronounced differences rather than the overall similarities. Many copiers have escaped conviction for plagiarism by relying on minor differences, which do not, however, deprive the design of its character of "déjà vu".

5.5.1.3. A further remark relates to the tendency common to the judges of those countries whose legislation does not qualify or limit the novelty requirement, to apply this notion in a manner largely inspired by patent practice. Patent cases come much more frequently before the courts than design cases and, in view of the "patent approach" followed by most legislations, it is quite natural that judges would tend to follow familiar patterns. The situation is however very different in the patent field, as far as the possibility of checking the requirement of novelty is concerned. The Commission feels that judges should be given guidance by the law as to how a possible requirement of "novelty" should be applied in order to avoid unjustified differences of treatment according to the circumstances of each individual case.

5.5.2. The possible notions for a Community approach.

In the light of what has been said above, protection under a Community Design should be made subject to compliance with a requirement establishing its relationship with known forms and shapes, including prior design rights. The notions which the Commission has considered are "originality", "novelty" and "distinctive character". Choosing either "novelty" or "originality" would give the impression that a choice has been made by the

Commission to put the stress on the industrial property features, or alternatively on the copyright features, of the design protection. "Novelty" is obviously a notion coming from the patent field, whilst "originality" is the basic requirement for copyright protection. "Distinctive character" on the other hand is a trade mark notion and, if adopted, the difference with that notion should be clearly indicated.

5.5.3. Originality.

5.5.3.1. Choosing the notion of "originality" would inevitably entail some consequences for the solution to be adopted in respect of certain points of substantive law.

It would first of all be necessary to find an acceptable definition of this requirement. Even if one were to pretend that we are not strictly speaking in the field of copyright, this exercise would inevitably be perceived as an attempt to harmonize the diverging approaches taken by the Member States with respect to "works of applied arts".

5.5.3.2. Even assuming that the difficulties could be overcome and that such an exercise could be successfully carried out, this solution would imply the possibility of the simultaneous protection of identical designs by different designers. Moreover the rights conferred by the Community Design would necessarily also as regards the Registered Community Design be confined to the prohibition of any unauthorized reproduction. This seems, however, a solution which might not be advisable. Stronger exclusive rights seem to be required to make the Registered Community Design attractive and to avoid extensive litigation.

5.5.4. The two-stage test for novelty and distinctiveness.

To allow exclusive rights to come into existence and to exclude - at least in the case of the Registered Community Design - simultaneous protection of identical designs arrived at independently, a requirement is needed which would be based on some more objective criterion than "originality". The Commission is of the opinion that a design, to obtain protection, should meet a two-stage test: it should not have been anticipated by a design which appears in the eyes of the specialised circles as identical or

substantially similar and it should distinguish itself to the eyes of the ordinary consumer from other known designs. Each of the two stages deserves a separate analysis.

5.5.5. The first stage.

5.5.5.1. For the reasons already set out, a test of universal objective novelty cannot be fulfilled and should therefore not be imposed. There is moreover no substantial reason for resorting to such a severe test: the Community Design will protect only features of shape and the situation is not comparable to the one prevailing in the patent field where there is an overriding interest of maintaining in the public domain already disclosed inventions.

To limit the test of novelty in time and/or to a specific geographical area is by necessity an artificial solution. In the present days, with the existing facility of communications and the multiplicity of exhibitions and fairs in many countries in Europe and outside Europe, bearing also in mind the international dimension of trade, a solution of that type would not seem appropriate.

The Commission is of the opinion that the criterion "unknown" to experts operating in the Community in the sector concerned would be the most appropriate to draw a balance between the need to be objective and the need to avoid solutions unnecessarily harsh and difficult to implement. The first stage of the test suggested is therefore that a design, to obtain protection, should not already be known to the specialists operating within the Community in the sector of the marketable goods to which the design is intended to be applied.

5.5.5.2. The persons whose opinion is requested concerning the "novelty" of the design would be the specialists, designers, merchants, and manufacturers operating in the sector concerned. The circle of relevant persons is limited to those operating within the Community, but their knowledge is not subject to any territorial limitation as, for obvious reasons, they do not operate in a closed system. The specialists will therefore be asked to say whether to their knowledge a design has been already disclosed, inside or outside the Community. If the design is unknown to them, then it should be eligible for protection, even if in fact

there is an identical prior design in some remote country in the world or if an identical design has existed in the past and has completely vanished from the collective memory. The suggested first stage of the test would thus be based on "absolute novelty", but only to the extent that it is reasonable, and avoid solutions which would be either too severe or too lenient.

5.5.5.3. In judging whether a design is already known or not within the meaning set out above, the specialists would not only point out "identical" known designs, in which case the subsequent design would definitely lack the possibility of obtaining protection, but also "substantially similar" designs. These are designs which are characterised by some differences in their features with respect to the second design. In judging whether the degree of similarity is sufficiently thin to permit the second design to be considered as "new", the specialists would be in a position to spot differences which, given the constraints of the specific case, might represent a sufficiently creative development, even though they would pass unnoticed by an ordinary observer.

5.5.5.4. The result of this first stage of the test would therefore be that designs which are not known by experts operating within the Community would be eligible for protection either because they are completely different from anything known by them at the specific point in time or because they present, according to the assessment by an expert's eye, sufficient differences from known designs to constitute a creative independent development.

5.5.6. The second stage.

5.5.6.1. If a design has gone through the first stage of the test, it has still to meet the conditions of the second stage to be definitely eligible for protection. This second stage should involve establishing whether the design distinguishes itself, through the overall impression it displays in the eyes of the relevant public, from any other design known.

5.5.6.2. In this second stage of the test what matters is the reaction of the "relevant public", i.e. of those persons who are supposed to be the purchasers of the products in which the design is or is going to be incorporated. They must not be misled by the similarity of the design with other existing designs and assume that the products in hand are the same even if they show some minor differences or variations.

This element of the test brings into the picture the opinion of the ordinary consumer of the products in question. This implies raising the threshold somewhat higher than in the first stage where experts assess whether a design is or is not already known to them. The ordinary consumer may not be aware of minor differences which would be immediately detected by the skilled expert. This more severe test permits, however, it to be guaranteed that a given design is perceived on the market as something different from any other known design. The feeling of "distinctiveness" would be assessed at the level where the economic value of the design product is exploited, i.e. on the market, where purchasers are ordinary people, lacking the knowledge of the "skilled designer".

5.5.6.3. The Commission is aware that such a suggestion might raise objections from interested circles as being too severe.

It might be that in certain intensively exploited sectors, where technical or marketing constraints leave very little freedom to designers, development can only take the form of minor alterations to pre-existing designs and it might be difficult for the ordinary purchaser to spot such differences. It is on the other hand obvious that important exclusive rights of the type that the Commission suggests for the Community Design can only be accepted if the design protected is perceived as something "different" at the market level, where it plays its role in competition between products, and not at the more sophisticated level of the world of the experts.

An important role may be played in this respect by the information provided to the public by manufacturers and designers about the significance of certain design improvements which could otherwise remain unnoticed to the ordinary consumer: it is by raising the receptiveness of the "relevant public" to design that the degree of severity between the two stages of the test can progressively be approximated.

5.5.7. How is the two-stage test in practice going to be applied.

The exercise of seeking the opinion of experts and of the relevant public should by no means be carried out for each Community Design, not even for each Registered Community Design.

It is only if the validity of the Community Design is contested in court, or before the Office in the case of a Registered Community Design, that the Judge will normally have to require expert guidance under the first stage of the test in order to reach his conclusions.

As to the second stage it is likely that, under normal circumstances, the Judge will tend to assess directly the "distinctiveness", as he can easily put himself in the place of the ordinary consumer. There might be, however, cases where the characteristics of the "relevant public" are so peculiar that an expert opinion could have to be ordered also for the second element of the test.

5.5.8. Guidance for the application of the test.

5.5.8.1. The two-stage test suggested by the Commission endeavours to give guidance to the Judge by expressing two further ideas which should help him and which are valid for the global assessment of the requirement in question:

- In order to assess similarity common features should be given more weight than differences.
- When deciding on the scope of protection, the degree of distinctive character of the Community Design should be taken into consideration.

5.5.8.2. The first idea aims at clarifying the basic concept of "overall impression" displayed by the design. It requires the Judge to proceed by a synthetic approach, letting the design act on him as a whole and comparing this impression with the one produced by the similar design. The opposite approach, consisting in analysing all the details of the specific features of the two designs and comparing each of them, might lead to an impressive catalogue of differences but could by no means establish with certainty that the two designs are really perceived as "distinct", particularly by the ordinary purchaser on the market. This guidance is thus fully consistent with the philosophy behind the two-stage test suggested.

5.5.8.3. The second provision endeavours to express a guide-line for the judge in order to cater for the extraordinary variety of cases that the design legislation is going to govern. The provision expresses the principle that, the more limited the freedom of the designer is in developing his design due to technical or marketing constraints (standardization, mechanical or physical constraints, necessity of taking into account deep-rooted marketing requirements by the clients, features imposed by fashion), the more weight has to be given to small differences or variations as constituting an independent development. The judge can expect the "relevant public" in this situation necessarily to give a more careful consideration to the details which make up the difference between two similar design products.

5.5.8.4. On the other hand, where the freedom of the designer is unconstrained large and the design represents something substantially new and immediately perceived as such by the relevant public, designs presenting quite a wide range of alterations or variations could be considered as infringing, because the strong personal character of the new design inevitably commands an overall impression of a substantial similarity, even if the differences are quite easily noticed.

5.5.9. Reasons for choosing the notion of "distinctive character".

5.5.9.1. Having set out the content of the requirements for protection suggested by the Commission, the Commission thinks that there are advantages in unifying the two stages into the single notion of "distinctive character", rather than splitting them into two requirements, one of novelty proper and one of distinctiveness. The reasons for this preference result from the way the test has been conceived, distinctiveness being checked at two different levels, first at the more lenient specialist level and secondly at the more severe level of ordinary consumers. Moreover, it might help the judges, in applying this requirement, not to be confronted with the notion of "novelty" which would inevitably favour an implementation inspired by patent practice.

5.5.9.2. As to the notion of "distinctive character" it goes almost without saying that the difference with the same notion in the trade mark sector consists in the fact that here the "distinctiveness" is measured in the relation of a design to a similar one, whilst in the trade mark field the "distinctiveness" is measured in relation to the origin of the products, by permitting the identification of the different undertakings which have manufactured, or traded in, the products in question.

5.6. The activity of the designer.

5.6.1. The design as the result of a designer's effort.

5.6.1.1. The appearance of the product which can be perceived by the observer's human senses as regards form and/or colour, and which represents a distinctive character, must be the result of human activity. Even under an approach where objective criteria are given full weight, it would not be sensible to disregard human intervention. Exclusive rights should not be granted on shapes directly taken from natural objects (e.g. the cast of a fruit). The situation is different if the design consists in assembling in a certain original manner natural forms, where the contribution would consist in choosing the specific way in which the forms are to be assembled.

5.6.1.2. The Commission has considered whether it would not be appropriate to suggest an explicit requirement that "the design must be the result of the designer's intellectual effort". Such a requirement would not introduce any notion of level of artistic or aesthetic value or merit or of creativity. It would not be intended to be equivalent to the notion of "originality" used in copyright law. It would simply stress the role of human intervention in the origin of any intellectual or industrial property right and require that the design must not have been copied from an already existing design.

5.6.1.3. It should be recalled that a similar requirement is contained in the Directive on the protection of topographies of semiconductor products. Such topographies (or layouts) are specific designs, which are granted a protection sui generis under that Directive. As however the Community Design would not be available for them, there would be no obligation for the Community, under this aspect, to take over such a criterion in the present project.

5.6.1.4. The Commission is of the opinion that the principle that to be eligible for protection, a design must be the result of human activity already results from the general principles applicable in the field of intellectual and industrial property. The explicit introduction of such a requirement in the Regulation would however lead to practical difficulties in its application. Such a requirement would be understood as introducing a condition of "subjective novelty", which would inevitably clash with the "objective" requirement of distinctive character. One should think of the case where a designer takes over an antique design and applies it to a new product. As the design would have been copied from an existing design, the consequence would be that the protection should be denied, even if the design as such is unknown to the experts in the relevant sector and possesses distinctiveness to the eyes of the relevant public. Such an exclusion would however, under the specific circumstances, be completely inappropriate.

5.6.2. The computer generated designs.

The question "computer generated designs" is sometimes evoked. The Commission considers that the requirement that a design be the result of a human activity covers this type of designs and in the same time gives an answer to the question of the entitlement to the right on such designs. It should be admitted that the generation of a design by computer is just one untraditional method of operating which should entitle the person using the computer to this effect and choosing the design generated among the possible multiplicity of solutions given by the computer, to obtain protection if the design fulfils the objective requirement of distinctive character.

5.7. Cases where the protection is excluded.

5.7.1. Designs which are commonplace.

The absence of distinctive character would imply that designs which are commonplace in the industry in question would be excluded from the protection.

As no check of the requirements for protection as a Registered Community Design would be carried out before registration, such commonplace designs might well be registered, but their validity could be challenged by third parties or could be invoked as a defence in infringement cases.

5.7.2. Designs contrary to public policy or accepted principles of morality.

The Commission suggests that designs contrary to public policy or to accepted principles of morality should also be excluded from protection. A rule to this effect is present in all the legislations of the Member States.

It should be noted that examination for this ground of exclusion should be carried out, in the case of an application for a Registered Community Design, at the stage of the preliminary examination by the Office. Spotting such cases does not imply a large amount of administrative work (even if in case of appeals, this issue might give rise to very complex proceedings) and it would clearly be desirable to avoid a situation where such a design were first to be published and then declared invalid.

¹ The Registered Designs Act 1949, Section 1 (3).

CHAPTER 6

THE SUBSTANTIVE LAW GOVERNING COMMUNITY DESIGNS.

6.1. The substantive law governing Community Designs.

Having set out in the previous Chapter the conditions that a Community Design has to fulfil to obtain protection under the scheme suggested by the Commission, this Chapter will set out the basic elements of substantive law which should govern a Community Design.

6.2. The commencement of the protection.

A distinction should be drawn between Unregistered and Registered Community Design.

6.2.1. The Unregistered Community Design.

The purpose of the Unregistered Community Design is twofold:

- to permit the designer to establish whether the design is of commercial value in the market place before making a decision on whether it is worthwhile to take out a registration,
- to give protection to designs which are not intended to remain on the market for long periods and for which the very idea of registration has been excluded from the outset.

The right conferred by the Unregistered Community Design gives protection against unauthorized reproduction. It appears logical to commence the protection with the disclosure of the design to the public (in practice often with the marketing of the products incorporating the design) and to compute the term of protection as from that point in time.

In theory it would be possible to let the protection commence with the creation or fixation of the design, as for copyright works; this solution would not be, however, in the interest of the designer since part of the limited protection period would have been spent before the product is actually tested in the market place. Further it appears to be reasonable to claim that a design for which a protection as regards reproduction by competitors is available, should be at least disclosed. By disclosure is meant public use resulting from the putting on the market of products incorporating the design or the publication of the design in catalogues, advertising campaigns or exhibitions prior to the actual sale of the relevant design products.

The protection of the Unregistered Community Design should therefore run as from the date on which the design has been "disclosed" to the public.

6.2.2. The Registered Community Design.

In dealing with a right which is subject to registration, it is normal to adopt the view that the protection should run as from the date on which an application for registration has been validly filed with the relevant public authority - the Community Office.

Adopting this view with no further qualifications would have, however, the effect of obliging the designer to choose between a Registered or an Unregistered Community Design from the very outset. It follows indeed from the requirement as to distinctive character that a design, once disclosed to the public, would rapidly become known to the specialists within the Community and would thereby lose its eligibility for protection. This result would occur also if the designer himself disclosed the design in order to test it on the market protected as an Unregistered Community Design before deciding whether a longer period of protection as a Registered Design is desirable.

This consequence would be inconsistent with one of the main reasons for adopting a scheme based on two forms of Community Design: giving manufacturers of design products the possibility of testing the chances of success of their products on the market before engaging the formal procedure of registration. The Unregistered Community Design would then

only be useful for those who decided from the outset that registration in view of the presumably short life span of the design in question was superfluous.

6.2.3. The grace period.

6.2.3.1. To avoid this consequence the Commission suggests that a grace period be foreseen during which disclosures to the public of a design by the designer himself would not have to be taken into consideration when determining, for the purpose of a Community registration, whether the design possesses a distinctive character. If the only design known to specialists is the one disclosed by the owner of the Unregistered Community Design, the condition of distinctive character would also be met by the Registered Community Design, assuming the design is also "distinguishable" from other known designs as to its overall impression in the eyes of the ordinary consumer.

6.2.3.2. The instrument of the grace period is known in a few legal systems. Germany for example has a six months period. In most other legal systems, however, this facility is not provided and therefore the disclosure of a design by its owner prior to registration normally entails the loss of the possibility of obtaining a registration. France in accordance with its copyright approach, does not attach any legal consequence to the disclosure of the design by its creator. As already stated in paragraph 4.3.3. this advantage often reveals itself to be a trap in which French industry is caught. Relying on the domestic rules, designers based in France often do not realise that, by disclosing the design in France, they ruin their chances of obtaining registration in other countries where a strict notion of "novelty" is applied.

6.2.4. The length of the grace period.

6.2.4.1. If the idea of a grace period is accepted, its length should be carefully considered.

The first impulse would be to fix the length in accordance with the term of protection of the Unregistered Community Design. As will be set out below, the Commission tentatively suggests for such a term a period of three

years, but it might eventually be decided that a shorter period is needed. The Max Planck Institute in its proposal had estimated that two years should be sufficient in most cases. If the term of protection of the Unregistered Design is reasonably short - two years might already be too long from this point of view - it might be possible to consider having the length of the grace period coinciding with the end of the term of protection.

With a term of protection of the Unregistered Community Design longer than two years it would not be advisable to adopt the principle of a grace period of the same length. There are at least two reasons for this conclusion:

- as the protection of the Registered Community Design would run from the filing date, too generous a grace period would be tantamount to a corresponding prolongation of the total term of protection of a Community Design resulting from the sum of the terms of protection of the two forms in which it can be acquired within the Community;
- in determining the length of the grace period, due account should be taken of the repercussions that such a provision would have on the international endeavours to update industrial property conventions, even outside the field of design.

The Commission has in the annexed Draft Regulation tentatively fixed the length of the grace period at one year but it would especially welcome the views of industry on this point.

6.2.4.2. A completely different solution which might be envisaged, but which has not been developed in the form of provisions in the Draft Regulation, would consist in establishing that the protection under the Registered Community Design is conferred as from the date of filing the application or from the date of first disclosure of the design to the public, whichever is the earlier.

Under this solution the term of protection of the Registered Community Design could not be prolonged by delaying the filing of the application under the coverage of a grace period. It would therefore be possible to open the possibility of filing applications for registration up to the end of the term of protection under the Unregistered Community Design scheme,

whatever its length. It would be necessary to provide the definition of the requirement of "distinctive character" that the assessment whether a design is known by the specialists operating within the Community must be carried out without regard to the Unregistered Community Design in question.

This solution would, however, present one major inconvenience. Under the Registered Community Design scheme the legal certainty as to the date on which the protection takes effect represents an important advantage. Replacing in a probably large number of cases this date by the date of first disclosure to the public, which is by its nature difficult to prove and to ascertain and subject to objections and consequently to litigation, might introduce into the Registered Community Design scheme an unnecessary element of legal insecurity.

The Commission would welcome comments on this alternative solution.

6.3. The term of protection.

The term of protection varies greatly among the specific design protection laws of the Member States. Its length goes from a minimum of 10 years in Spain to a maximum of indefinite duration in Portugal, the average duration being between 15 and 20 years. It is thus difficult to derive guidance from a comparative study of law as to the appropriate term of protection. One interesting feature to be noted is that the trend in the last years everywhere in the Community has been an extension of the term (Italy went to 15 years, Germany to 20, UK to 25).

6.3.1. The Unregistered Community Design.

6.3.1.1. There are as already stated in paragraph 6.2.1. basically two reasons for instituting an Unregistered Community Design not subject to any formality:

- to permit manufacturers of design products to test their products on the market, while being protected and keeping the possibility of initiating later the registration procedure only for those designs which really need a long lasting protection:

- to give protection to designs which are not intended to remain on the market for very long periods and for which the very idea of registration has been excluded from the outset.

The term of protection of the Unregistered Community Design should be fixed so as to cover these two needs. The Commission hopes that the reactions of interested circles will permit identification of the most appropriate term of protection.

6.3.1.2. The Max Planck Institute, in its Draft Project, has indicated that for the sector of short-lived products two years would be largely sufficient. The fashion industry in particular frequently replaces its designs.

The Commission wonders, however, whether the benefit of protection without formalities should not also be offered to those producers who, though putting on the market less ephemeral products than fashion, follow the policy of changing their designs after a limited number of years. In such cases it would appear preposterous to require a registration for the short period in which protection is sought. The Commission feels that the Community Design should be an instrument tailored to the manifold needs of industry and that favouring a high number of registrations at any cost should not be an aim in itself. Following these considerations the Commission has tentatively suggested a period of three years for the term of protection of the Unregistered Community Design. The Commission is of course ready to reconsider this suggestion in the light of any comments which may be submitted.

6.3.2. The Registered Community Design.

6.3.2.1. It follows from what has been set out before that the Registered Community Design is conceived as a form of protection for products intended for a longer lifetime on the market. The Commission suggests that a flexible term of protection of up to 25 years should be provided for.

6.3.2.2. There are several arguments in favour of such a term.

First of all it would fit well with the recent trend in the Member States of extending the length of protection: this trend is in turn a reflection

of the growing economic importance of design in a number of sectors where products, either by tradition or because of the investment they represent, are not subject to continuous design developments.

Moreover, a term of 25 years would probably represent the limit which would be acceptable, for political reasons, to those countries whose systems grant at present a much longer protection to their national designs (France 50 years, Portugal indefinite length).

6.3.2.3. Obviously the protection should not be granted for an entire term of 25 years from the beginning. In fact the term of protection should be five years, renewable several times up to a maximum of 25 years. It should be left open for the authorities which will manage the Community Design Office to influence the policy concerning the renewal of protection through an appropriate level of renewal fees.

6.3.2.4. It has been suggested in some quarters that a protection much longer than 25 years could be justified. In fact limiting in time the protection corresponds to the need of making technological innovation available to the public as soon as possible. If technical features were not to be protected, such a need would disappear and the situation would be more similar to that of the economic exploitation of literary and artistic works under copyright.

Those who express the wish of a longer term of protection recognize, however, that a real need for it would arise only in a few special cases. They are also ready to accept that a long lasting protection should be accorded only under the condition that the design is used on the market. An obligation of use cannot, however, be introduced, as it would run against the provisions of the Paris Convention.

The Commission is of the opinion that such a suggestion should not be followed. The concern of the interested circles as to a longer term of protection may in certain cases be met by trade mark protection. A design which has been used for 25 years and still is of value may have become a sign which identifies the undertaking producing the products in question. If this is the case, a protection of indefinite duration is available under a trade mark, where the obligation of use is not only justified, but required by the Community instruments.

6.4. The rights conferred by the Community Design.

6.4.1. The two possible approaches.

In dealing with this issue the Commission had to take a stand on the question whether the exclusive rights conferred by a Community Design should protect against unauthorized reproduction - as in copyright - or should grant a genuine monopoly - as in patent law. It is important, before setting out the provisional conclusions of the Commission on this issue, to identify the extent to which the two approaches differ in practice.

6.4.2. The protection against unauthorized reproduction.

The protection against unauthorized reproduction entails:

- protection against slavish reproduction, i.e. making identical or quasi-identical copies of the protected design without the right holder's consent (by "quasi-identical" is meant the case where the technique used to copy inevitably entails some minor differences, other than in the case of more sophisticated techniques like "surmoulage");
- protection against imitation, i.e. against copies of the protected design which present some variations or alterations, but which display a substantially similar overall impression to the eyes of the relevant public.

In both cases the protection presupposes a subjective element of fraud or at least of negligence in the person infringing the design owner's rights. Subject to the difficulty which the onus of proof might represent, if an identical or substantially similar design has been arrived at independently by a second person, he would not infringe the first designer's rights by producing products incorporating the design, which could also claim protection.

6.4.3. The protection conferring full exclusive rights.

The protection of the patent type conferring full exclusive rights, would give the design owner the right to prevent any third person not having his

consent from dealing in the course of trade with products incorporating the design. The exercise of the right is not subject to any subjective requirement on the part of the infringer. Even the "Innocent" infringer, i.e. the person who has arrived at the same or a substantially similar design independently from the design owner, is caught by the infringement action (differences of treatment in the sanctions brought to bear may exist according to the "good" or "bad faith" of the infringer, but the basic prohibition will always operate).

From a practical point of view the difference between the two approaches lies in the last case: the possibility of obtaining protection against an "Innocent" infringer which is not available under the copyright approach.

6.4.4. The Registered Community Design.

Most design protection laws in force confer upon the right holder a protection of the patent type. It appears that there is no valid reason for limiting the scope of protection of Registered Designs to protection against reproduction. The purpose of the registration is to establish and to warn possible competitors that an exclusive right is claimed for the design in question. If a patent type protection were to be retained it would make the Registered Community Design an efficient and strong right, sought after by industry. In the vast majority of cases it would in practice operate exactly like a protection against unauthorized reproduction, but it would save the right holder from lengthy disputes concerning the subjective element (was the design copied or arrived at independently?)

It might be questioned whether such a solution would be acceptable dealing with a right, like the Registered Community Design, which should not be subject to any examination other than as to purely formal requirements prior to registration. It is suggested that this should not be a decisive objection. Many legal systems operate - or have operated until recently - with registered industrial property rights whose grant is not subject to any substantive examination procedure and which yet confer on their owners a monopoly right of the type proposed. It is obviously important to make sure that the defence as to the invalidity of the Design should be readily available in legal proceedings to any interested person in order to

counterbalance the strong rights conferred by the Registered Community Design. The rules set out in chapter 9 should be sufficient for that purpose.

6.4.5. The Unregistered Community Design.

6.4.5.1. A part from registration the Registered and the Unregistered Design are subject to the same conditions for obtaining protection and the scope of protection is the same.

The Commission has therefore considered whether it would not be appropriate that they also confer the same rights to their owners. It appears however that it would be difficult, on legal grounds, to obtain a consensus in this respect. In several Member States the grant of a patent type protection by a right which is not subject to registration would be considered impossible on legal grounds. In practical terms it also has to be recognized that a right which originates by simple disclosure to the public in a territory as large as the Community would often remain unknown for a long period to a large number of competitors, whatever efforts they might make to keep themselves informed of design developments in their sector.

The Commission has consequently reached the conclusion that the rights conferred by an Unregistered Community Design should correspond to a protection against unauthorized reproduction (see Art. 17 of the attached Draft Regulation in Annex 1).

6.4.5.2. It needs to be emphasized, however, that the nature of the rights conferred has no impact on the degree of distinctiveness required to consider a second design, "inspired" by an existing design, as non-infringing. The protection against unauthorized reproduction cannot be limited to a protection against "slavish" reproduction, but it must extend to substantially similar imitations. If the second design is admittedly a copy or is proven to be a copy of an Unregistered Community Design, there is no reason why it should be considered as non-infringing just because the competitor has changed some details in the design, without making it quite distinct from the original design.

6.4.5.3. In conclusion, the rights conferred by an Unregistered Community Design would correspond to the same scope of protection which would result from a Registered Community Design, i.e. against identical and substantially similar designs. Their exercise would be, however, subject to the condition that the infringing design is the result of copying. Protection against counterfeit design products would therefore be available, but the protection could not extend to design products which, though identical or substantially similar, are the result of a design arrived at independently by a second designer. Such products would only be caught under a Registered Community Design, where the infringement action would be available also against the "innocent" infringer.

6.4.6. The right of prior use.

In the few cases where a design infringing a Registered Community Design has been arrived at by a way of independent creation by a second designer, the prejudice resulting from the solution suggested by the Commission could be mitigated by introducing a right of prior use. A provision to this effect has been provided in Article 21 of the Draft Regulation.

Under this right the second designer having independently reached the same or a substantially similar design, would have the right, to the extent that he has already undertaken exploitation of the design or has made serious preparations to that effect, to carry out that exploitation for the purposes of his own undertaking. The right of prior use could not be transferred to any third person except with the whole undertaking.

Although this solution appears satisfactory in the case of an owner of the earlier design which is a manufacturer, it might be questionable whether it would have any economic meaning if the earlier design is still in the hands of an individual creator. The right of prior use is, however, a protection of an investment only and it would therefore appear difficult to extend the right of prior use beyond what has been suggested.

6.4.7. Limitation of the rights conferred.

6.4.7.1. Having established which rights should be conferred by the Unregistered and which by the Registered Community Design, it is necessary

to consider some cases where a limitation of such rights would be appropriate. Certain limitations are normal under patent law (see Article 27 of the Agreement relating to Community Patents¹⁾). In the design sector the Commission has identified a few cases which need to be regulated: the case of acts done for non-commercial, or experimental purposes or for the purposes of teaching design and the case of some acts referred to by international conventions to which the Member States are party.

6.4.7.2. Acts done privately for non-commercial purposes, are traditionally excluded from the protection of industrial property rights. The owner of such rights is only protected against acts accomplished in the course of trade. A similar exclusion should be provided for the Community Design.

Although the Community Design as such does not protect directly the technical innovation which could result from a specific design, it is obvious that design products often present an interest from this point of view. Dealing with the design for experimental purposes should also be included, as it is the case under patent law.

Finally it should remain possible to accomplish acts relating to the design for the purpose of teaching design such as reproducing the design in a school for designers, which act in the absence of a provision to the contrary would constitute an infringement.

6.4.7.3. The other cases of limitation concern equipment on ships and aircraft registered in a third country having temporarily entered the territory of the Community, as well as importation of spare parts in order to repair such vehicles. This limitation corresponds to the limitation provided by Article 5 of the Paris Convention as regards patents.

6.4.8. Exhaustion.

Article 20 of the Draft Regulation (Annex 1) takes over the well-known doctrine of Community exhaustion developed by the Court of Justice. The drafting follows closely the similar provisions in the Community trade mark Instruments and in the Agreement relating to Community Patents.

6.5. Invalidity.

6.5.1. Grounds for Invalidity.

6.5.1.1. The Draft Regulation does not provide for a list of grounds for refusal of the registration. Unregistered Community Designs would arise without any formalities and Registered Community Designs, as will be set out in Chapter 8, would undergo a very limited preliminary examination which - with the exception of examination for the compliance with public order - would not extend to their conformity with the substantial rules of the Regulation. It is would therefore be at a second stage, either in the framework of a direct action for invalidity or should the question of validity be raised as a defence in an infringement action, that the determination of the validity of a Community Design would be carried out.

6.5.1.2. Article 23 of the Draft Regulation enumerates in a exhaustive list the possible grounds for invalidity of both Unregistered and Registered Community Designs. These are:

- non compliance with the requirements for protection set out in Chapter 5 (it does not fall under the definition of design, or it does not have a distinctive character);
- incompatibility with public order or with accepted principles of morality;
- non-entitlement of the owner of the Community Design (see for this issue the developments in Chapter 7);
- the existence of an earlier design or other earlier right which is a hindrance to the Registered Community Design.

The last ground for invalidity requires explanation.

6.5.2. The existence of an earlier design or other earlier right.

6.5.2.1. Under normal circumstances the existence of an earlier design will entail the invalidity of the design second in time under the first ground for invalidity. The design as such or a design substantially similar will

be known by the specialists within the Community and therefore the later Community Design will not stand in court and will be declared invalid with effect ex tunc for the whole Community.

It might, however, occur that a design as such is not yet known to the specialists within the Community either because an application for the earlier right has been filed and disclosure to the public has not yet taken place or because the owner of the earlier right has made use of a possibility of secret deposit provided by some national legal systems (and also by the Community Design scheme in the suggested form of an adjournment of the publication). The earlier design could, however, objectively be so similar to the later Community Design that the ordinary purchasers would get an overall impression of identity or of substantial similarity. In such a case the two-stage test for distinctiveness would not help, as knowledge by specialists is the pre-condition for excluding a design from protection. On the other hand it would be unsatisfactory to let two rights co-exist in a same territory, with the possible consequence of misleading the public.

6.5.2.2. It is therefore suggested that in such a case the later Community Design should be considered invalid, but the effect of invalidity should in cases where the relevant earlier right is a national right be limited to the territory of the State or States where the earlier right has effect. In other words this ground for invalidity would create a hole in the territorial protection of the Community Design, which would remain valid in the other territories. This constitutes a derogation to the unity principle of the Community Design. On balance, however, it would seem excessive to destroy completely the right under the circumstances described.

Obviously the last limitation would not operate if the earlier right is a Community Design: in this case the later filed Community Design would be null and void throughout the Community. In the case of national designs, including Benelux designs and designs registered under the Hague Arrangement, the invalidity would have a territorially limited effect. If the earlier right is unregistered (be it an Unregistered Community Design, an unregistered design right under UK legislation, or a copyright under a national law) a similar rule should apply, but the later Community Design should only be affected insofar as it can be established that it has been

copied from the earlier right. This would be consistent with the protection against unauthorized reproduction which is usually conferred by unregistered rights.

6.6. The Community Design as an object of property.

6.6.1. Title III. of the Draft Regulation is devoted to the Community Design as an object of property. As most of the provisions are directly derived from the corresponding provisions of the Draft Regulation on the Community trade mark, it would seem superfluous to comment on them in detail. Some remarks should, however, be reserved to the Unregistered Community Design.

6.6.2. The Commission is confronted for the first time with the need to define rules of conflict which permit the identification of the proper law applicable to an unregistered right which extends to the whole of the Community. The rules so far developed concern registered rights; namely the Community Patent and the Community trade mark, and in these cases it was plain that the data resulting from the Community Register should constitute the basis on which such rules of conflict could be built. In the case of an Unregistered Community Design such a basis is lacking. The Commission has considered that the criterion to invoke should remain the domicile of the owner of the right, but it would be necessary to determine such domicile in each case instead of making a reference to the domicile recorded in the Community Design Register.

¹ Agreement 89/695 EEC, OJ No. L 401 of 30. December 1989.

CHAPTER 7

THE ENTITLEMENT TO THE COMMUNITY DESIGN.

7.1. Introduction.

7.1.1. The draft regulation on the Community Design should contain provisions concerning the entitlement to a Community Design. This aspect touches upon the very difficult and delicate problem of the relationship between producers (investors) and the designers. If the forthcoming Community system is to be attractive to industry to use, it needs to strike a fair balance between the possibly different interests between these two groups of economic operators. This is the purpose of article 11 to 16 in the draft Regulation (annex 1).

7.1.2. The basic principle, common to many national legislations, is that the right originates in the person of the designer. The principle is, however, qualified by the subsidiary principle that the original right may be transferred or assigned in its entirety to another person, the successor in title. The Community Design needs probably to apply the same principles (see annex 1, Article 11). These principles express the common sense solution one would look for in the case where a person, having created a design, has to choose between exploiting the design himself (whether personally or through a licensee) or assigning it to a manufacturer.

7.1.3. It should be noted in this context that the specific design protection laws of Member States do not grant designers a moral right, that is a right to claim paternity in respect of the work, and a right to authorize alterations of the design. A moral right in respect of a design may exist, however, by virtue of the provisions of copyright law if the design fulfills the conditions for attracting copyright protection.

7.1.4. The application of the provisions of copyright law relating to moral rights will be discussed in chapter 11. At this place it should only be mentioned that the introduction of a genuine moral right in respect of the Community Design has been suggested to the Commission by the Bureau of European Designers Association (BEDA), but that the introduction of such a right in the new Community instrument hardly appears to be desirable and probably also not practical. Article 16 of the draft Regulation gives the designer a right to be mentioned when designs are being registered. Further rights of an ideal character can in some cases be reserved on a contractual basis in particular if the designer is famous and his negotiating position as a consequence thereof is strong. Though the design activity undoubtedly bears some resemblance to the artistic activity of authors in respect of literary and artistic works there are also considerable differences as regards notably the economic exploitation of the creations. Industrial products may need to be adapted from time to time or adapted to the demands of different markets. A right to authorize modifications could unduly restrict manufacturers' possibilities of exploiting the design. Unless other convincing arguments are brought forward in support for the introduction of a right identical or similar to the notion moral right of copyright law the Commission would for the reasons stated not suggest its introduction.

7.2. Designs created by employed designers.

7.2.1. The question of the entitlement to a design developed by an employee in the course of his normal activities during his employment raises difficulties similar to those which are met both in the field of the creation of copyright works and in the field of inventions made by employees. As it is known, the negotiators of the European Patent Convention of 1973 were unable to reach an agreement on a unitary substantive rule on the question of the right to the patent. Likewise, the negotiators of the Agreement relating to the Community Patent of 1989 did not reach - sixteen years later - a better result in this respect. In both cases they had to satisfy themselves with a rule of conflict pointing to the national legislation which would be applicable in each specific case (Article 60 par. (1) EPC to which Article 23 CPC refers).

7.2.2. The reasons for the difficulty of developing a unitary European rule stem from the fact that this subject matter inevitably raises a number of issues of industrial relations law, which are very sensitive and are approached differently in the various Member States.

7.2.3. In the area of copyright the Commission has recently had the occasion to address the issue within the context of the legal protection of computer programs. In the Directive on the legal protection of computer programs¹ it is set out that "where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer shall be entitled to exercise all economic rights in the program so created, unless otherwise provided by contract". This provision does not provide for a complete, mandatory solution. Firstly, it takes a position only on the exercise of economic rights since possible moral rights are inalienable. Secondly, the provision is applicable only in cases where the contract does not foresee a different solution. For the purpose of harmonization of laws the proposal of the directive mentioned is sufficient. In an instrument creating Community law it may be advisable to take a different approach.

7.2.4. Firstly, to avoid any undue delay of the whole project the Commission suggests that in this case like in the Patent Conventions one should at the present stage of development of Community law be content with a rule of conflict pointing to the national legislation applicable, without trying to develop an autonomous unitary, mandatory rule.

7.2.5. While following the approach of the European Patent Convention the relevant provision should be drafted in a way reflecting the progress that in the field of determining the applicable law has been achieved by the Member States by the conclusion of the Rome Convention of 1980 on the Law applicable to Contractual Obligations. Article 12 of the draft Regulation (Annex 1) follows closely the wording of Article 6 of the Rome Convention. This should give sufficient emphasis to the following points:

- the principle of the freedom of choice of law is valid also in the field of contracts of employment;
- the same national legislation will govern the substantive provisions of the contract of employment and the aspects relating to the entitlement to the design;
- should a legislation applicable under the rule of conflict contain mandatory rules on the protection of the designer's rights, they would be applicable irrespective of the choice of law made by the parties to the contract.

7.3. Commissioned designs.

It would appear natural to give the parties to the contract the widest possible choice to decide on the entitlement to the design and as regards the law applicable to the contract. In absence of a choice, however, it would seem reasonable to replace the generic criterion on which the Rome Convention is based ("the law of the country with which the contract is most closely connected") by a more precise criterion permitting the avoidance of litigation on this point. It is suggested in accordance with general practice to resort in this case to the law of the State in which the commissioner has his domicile or his seat.

7.4. Plurality of designers.

7.4.1. The possibility that several persons may claim entitlement as regards the same design needs to be considered and regulated.

7.4.2. The rather simple case where a design has been developed jointly by several designers does not appear to pose any problems. The right to the Community Design shall belong to all of them jointly, unless they decide otherwise by contract.

7.4.3. Different and more complex is the case where different persons independently of each other arrive at the same design. In practice such cases will probably be rare. The likelihood that a same design could be arrived at by different persons independently of each other appears to be low. Normally claims of that kind are only pretexts during infringement

litigation, where the defendant tries to hide the fact and avoid the consequences of having in reality copied the original design. It may also occur - and there is an interesting case-law in some Member States to that effect - that the substantial similarity of the designs in question is caused by a "subconscious" reproduction by the second designer. He may, without clearly recalling this fact, have seen the original design, e.g. at an exhibition or at a fashion-show and without consciously taking mental note of the design later when charged with a design task simply reconstruct the design he has seen. In this case, where access to the original design can be proved, the second designer cannot claim eligibility for protection of his design.

7.4.4. However rare, the possibility that a design could be arrived at by several persons independently of each other cannot be discarded a priori. There are at least two reasons which point towards the possibility of such cases occurring:

- a) The scope of protection of the Community Design is very broad and extends to those designs which are similar enough to produce the same overall impression to the public. The likelihood that a design satisfying this condition could be arrived at independently of the original designer is obviously greater than under a system protecting only against identical or quasi-identical designs.
- b) An unregistered Community Design, which becomes known only through its disclosure to the public, can remain fully unknown to other designers operating in the same sector, notwithstanding the care they have displayed in order to keep themselves informed of what is happening in the relevant design field. This is particularly true if one considers the dimensions of the market involved, namely the Community. Under these circumstances it would not be surprising if, in particularly active sectors, where the trend, the fashion or the prevailing style limit considerably the freedom of designers, two persons would reach independently of each other results highly similar, if not identical.

7.4.5. There are two classic ways to solve the problems arising out of a situation as described above. Following a "copyright approach" one may recognize the right to the design for both the independent creators. If a

"patent approach" is followed all rights are vested exclusively in the designer, who is "first to file", irrespective of whether he was the first to develop the design or not.

7.4.6. Under the "design approach" that this green paper introduces, the issue cannot be solved by simply resorting to either solution.

7.4.7. As far as the Unregistered Community Design is concerned it follows from the discussion in chapter 6 that the Unregistered Community Design confers upon the right holder a protection against unauthorized copying only but not a monopoly right as regards the use of the design in question. In accordance herewith, Article 13 (2) of the draft Regulation sets out that if identical or substantially similar designs have been developed independently by different designers the right to an Unregistered Community Design shall belong to each of them.

7.4.8. In the case of Registered Community Design, the right should belong to the person who first files an application with the Office. This solution would be the natural consequence of the registration system. It implies that the grace period for registration of an Unregistered Community Design discussed in par. 6.2.3.1. and 6.2.3.2. becomes a period during which the right holder can decide whether he wants to take out a registration or not, provided that nobody pre-empted his rights by registering an identical or substantially similar design developed independently. In the latter case the owner of the Unregistered Community Design would lose the possibility of obtaining a Registered Community Design, but he would obviously continue to enjoy the rights conferred by the Unregistered Community Design not only up to the end of the grace period, but until the expiry of the term of protection of the Unregistered Design.

7.4.9. One might wonder whether the solution set out above for the Registered Community Design and enshrined in Article 13 of the draft Regulation is the most appropriate. It has undoubtedly the advantage of inducing designers to apply for registration as soon as possible, in order to escape the risk of seeing their rights pre-empted. This has however as a consequence that the functioning of the grace period, which has been instituted to permit testing the design in the market place, is

jeopardized. If an unfair competitor copies the original design and files an application with the Office earlier than the rightful owner, the only possible way for the latter of having his right recognized would be to establish before a court, bearing the burden of the proof, that the design has been copied or stolen from him by the applicant. As the vindication claim is exclusively reserved to national courts and cannot be raised before or checked by the Office, this might put the rightful owner in a very awkward position with respect to inscrupulous competitors.

7.4.10. For this reason the Commission would welcome comments on the alternative solution set out below which is not developed in the attached draft Regulation: In the case of a design being developed by several persons independently of each other, the right to the Registered Community Design would belong to the person who first has accomplished either of the following acts: disclosure of the design to the public or filing an application with the Office. This solution would simplify matters, as it would be sufficient for the first person to be recognized as entitled to the Registered Community Design, to establish before a court that he has got an earlier date of disclosure to the public with the respect to a later filing, without having to establish that the design has been copied.

7.4.11. Both solutions, the one reflected in Article 13 and the alternative one suggested above, raise the question as to whether the person who has independently developed the same design, but is not entitled to the Registered Community Design, should remain without any protection and any right to use the design developed in good faith. This would, in the eyes of the Commission, make the system more rigid than justified by the nature of the rights involved.

7.4.12. It is suggested, therefore, that a fair balance of interests could be reached by according to the later independent creator of the same design as a Registered Community Design a right of prior use as described in Article 21 of the draft Regulation. This right would take care of the fact that it is particularly difficult for a competitor, in a system like the proposed Community System (with provisions for example on deferment of publication (Article 46 of the draft Regulation)) to be fully aware of all

new designs on the market in a specific sector at the level of the Community, even if the utmost care is displayed. The right of prior use would therefore mitigate the rigidity of the rule envisaged. This right of prior use is discussed also in paragraph 6.4.6.

7.5. Registration of a Community Design by a non-entitled person.

7.5.1. Whichever of the two rules suggested above is accepted, it needs to be decided which remedies would be available to an entitled person in order to see his right recognized when a non-entitled person pretends to be the right holder in respect of the design and the design has been registered by the Office in the name of such a non-entitled person.

7.5.2. The problem could occur also in relation to the Unregistered Community Design if another person than the right holder uses the design under the pretext that he is the legitimate rightholder. This situation is, however, so close to the infringement situation, that it appears unnecessary to set out specific provisions dealing with the situation described. If, for particular reasons, the person entitled should wish to see his entitlement specifically recognized, he will normally be able to sue the non-entitled person and to claim such recognition by a "vindication" action ("action en revendication", "Vindikationsklage"), independently of any other infringement action or irrespective of whether any other remedy is open to him.

7.5.3. It is suggested that the procedural aspect of this specific action should be left to the national legislation applicable. In particular, it appears unnecessary to interfere with national procedural and civil law by trying to unify at Community level rules concerning e.g. the prescription of the action, the fate of existing licences and other rights in respect of the design when title to a design changes as a consequence of such an action.

7.5.4. In the case of a Registered Community Design, however, the conflict between the registered right holder and the legitimate owner of the design requires unitary rules. As the non-entitled person would appear on the Community Design Register as the legitimate owner, third parties would rely

on this information for any legal act they would conclude with respect to the design. It is therefore necessary that the consequences of registration of the name of a non-entitled owner and of a change of ownership as a consequence of a claim of a rightfully entitled person be governed by uniform rules throughout the Community.

7.5.5. A similar problem arose with regard to the Community Patent, and its solution is to be found in Articles 23 and 24 of the Community Patent Convention in the version of the 1989 Agreement relating to Community Patents. The problem in the case of the Registered Community Design could be solved along the same lines. Judicial proceedings to have the right to the Design transferred to the person entitled would be subject to prescription within a period of two years as from registration, unless the person registered as proprietor was in bad faith at the time when the design was registered or transferred to him. In case of complete change of ownership, the licenses or other rights acquired on the design would lapse. The previous owner and the licensees, if they were in good faith, would, however, receive a non-exclusive licence to the design as of right.

7.6. Other specific provisions concerning the Registered Community Design.

7.6.1. As the jurisdiction on the question of entitlement to the Community Design should be exclusively restricted to judicial courts, it would appear fair to prevent any issue of that nature from interfering with the activity of the Office concerning the application for a Registered Community Design at issue. For that purpose a provision corresponding to Article 60 (3) EPC is suggested in Article 15 of the draft Regulation establishing a presumption in favour of the person in whose name the application is filed or the Community Design is registered.

7.6.2. If the applicant for or the proprietor of the Registered Design is a person other than the designer, the latter should have the right to be mentioned as such before the Office. This principle is enshrined in article 16 of the draft Regulation. The question of the sanction if such an obligation is not complied with during the registration procedure will be discussed in chapter 8 below.

¹ Directive No. 91/250 EC, OJ No. L 122 of 17 May 1991.

CHAPTER 8

REGISTRATION PROCEDURE.

8.1. Introduction.

8.1.1. The suggestion that one of the forms that a Community Design could assume is that of a Registered Design entails the necessity of providing an Office to carry out the tasks linked with the responsibility for registration and of establishing a set of rules to govern the procedure leading to such a result. This chapter will deal with these two issues.

8.1.2. The experience gained in the course of previous work on the European Patent and the Community Patent and the Community trade mark may simplify the task. It is self-evident that unless there are solid reasons for not doing so, the solutions accepted within the framework of those Instruments, having been the subject of thorough discussions, should be adopted for the design, subject only to any adaptations required by the specific needs of this type of protection. A large number of provisions in the annexed draft Regulation have therefore been taken over from the consolidated text of the proposal for a Regulation on the Community trade mark or, exceptionally, from the European Patent Convention. Consequently, this green paper will not reiterate the problems that were raised when the original provisions were worked out, but which must now be considered settled.

8.2. The Community Design Office.

8.2.1. The draft Regulation provides for the setting up of an autonomous Community Design Office. Like the Community Trade Mark Office, the Community Design Office would be a body of the Community having legal personality. Articles 99 to 126 of the annexed draft Regulation follow the pattern of the corresponding provisions contained in the proposal for a

Regulation on the Community trade mark. Detailed comments appear therefore for the purpose of this green paper to be superfluous. It should only be stressed that, in view of the uncertainty which still prevails on this part of the trade mark Regulation, whatever solutions the Council may eventually adopt for the Community trade mark regarding the sections dealing with general provisions, management of the office, the Administrative Board, and budget and financial control, should probably also be followed for the future Community Design Office.

8.2.2. Like the Community Trade Mark Office, the Community Design office will have to be financially self-supporting. This implies that the fees, including renewal fees, should be fixed at a level guaranteeing that, after a running-in period, the revenues of the Office will cover the expenditure. For the running-in period a subsidy from the Community budget will probably have to be provided.

8.2.3. However, in fixing the level of the fees the attractiveness of the Registered Community Design would also have to be taken into consideration. Presumably, industry will have the choice between national rights and Community rights; moreover the Unregistered Community Design, though entailing a shorter term of protection, constitutes an alternative with no costs whatsoever. It is clear that renewal fees will have to be lower than the sum of national fees for renewing national registered designs in all Member States. Similar considerations apply to the application fee or publication fee.

8.2.4. Reconciling the need for the financial balance between revenue and expenditure of the Office and the financial attractiveness of the Community Design should not, however, be an impossible task, if one considers that in contrast to the case for trade marks, it appears to be quite likely that the majority of design registrations in the Community would in the future be taken out at the Community level by means of the Community Registered Design.

8.3. Staff.

8.3.1. Apart from the prospective large number of Community filings, another argument supports this optimistic view. The future office will probably be very small. As it will later be set out in detail, the registration procedure should be extremely expeditious. No search, no substantive examination, and no opposition procedure are foreseen prior to registration. A very limited staff should be able to deal with the registration procedure even for a large number of applications.

8.3.2. The bulk of the expenditure would stem from the staff needed for the departments dealing with invalidity procedure, in particular for the Boards of Appeal. To what extent, however, the latter will be needed, or whether the task will be taken over largely by the court of First Instance of the European Communities, is a matter which will depend on the solutions retained for the operation of the Community trade mark Office.

8.3.3. Another important source of expenditure will be represented by the administrative department which will be needed for the management and the administration of the Office. It might be considered whether economies of scale in this respect could not be achieved by merging the Community trade mark and the Community Design Offices into one body. Such a solution would not necessarily be incompatible with the seat of the Community Design Office, as a branch of the Community trade mark Office, in a different place.

8.3.4. The question of the seat of the Office is of a political nature and needs therefore not to be discussed in this green paper.

8.4. Languages.

8.4.1. The question of the language or languages of procedure of the Office is also an important one which the annexed draft Regulation makes no attempt to solve. It is suggested that the results of the current negotiations on the same problem concerning the Community trade mark Office should be awaited.

8.4.2. It should, however, be stressed from the outset that the problem is far from being so acute in the case of designs as it is for trade marks. The whole procedure up to registration may be carried out on the basis of standardised forms, which could be made available to and used by the public in all Community languages without difficulties whether for the public or for the Office.

8.4.3. As far as invalidity or appeals procedures are concerned the matter would probably be different. Under such procedures written statements are submitted and inter partes oral proceedings take place. A linguistic regime allowing the use of numerous Community languages would create cost problems analogous to those which the Community trade mark office is facing in respect of such procedures.

8.5. Management of the Office.

8.5.1. The Office, managed by a President, should be structured in departments, which should be responsible for the various phases of the procedure.

8.5.2. Only four departments have been foreseen in the annexed draft Regulation: Preliminary Examining Divisions, a Design Administration and Legal Division, Invalidity Divisions and Boards of Appeal. The tasks of each of these departments and their composition are set out in Article 113 to 116 of the draft Regulation.

8.6. The registration procedure.

8.6.1. It is an essential element of the Community Design that the registration procedure should be as easy and expedient as possible. The draft Regulation deals with this issue in the Titles IV: and V., Articles 32 to 47.

8.6.2. As regards the specific features which should distinguish the registration procedure of a design from that of a trademark or of a patent, the Commission has based itself largely on the suggestions contained in the draft worked out by the Max Planck Institute. The Commission is, however, open to any useful suggestion that could come particularly from the national offices or from the users of the national registration procedures, in order to improve the efficiency of the registration procedure of the Community Design. A large part of the details will have to be dealt with in the Implementing Regulation, which will be worked out only after a final decision on the basic characteristics of the project has been adopted.

8.6.3. The first step of the registration procedure is the filing of an application with the Office. As in the case of the Community trademark, it would be useful to leave the applicant the possibility of filing either directly at the Office or at the central industrial property office of a Member State, the Benelux Office being assimilated to one of such offices for this purpose. The role of the national office should be limited to acting as a mail-box: it should simply make sure that the filed applications are conveyed to the Community Office without delay.

8.6.4. An application, to be valid, must necessarily contain the following elements:

- a request for registration,
- information identifying the applicant,
- a graphic or photographic representation of the design suitable for reproduction,
- mention of the designer.

Further particulars might be described by the Implementing Regulation.

8.6.5. The graphic or photographic representation could be in colour or in black and white. It is desirable that the Office should be able to publish such reproduction in either form, at the choice of the applicant, as it is the case now with the Bulletin of the German Patent Office or the WIPO GAZETTE relating to designs deposited in accordance with The Hague Agreement.

8.6.6. The application could also contain the class or the list of classes of products to which the design is intended to be applied. Such an indication would only serve for classification purposes and would have no effect on the scope of protection conferred by the design. A Community Design, be it Registered or Unregistered, should confer a protection irrespective of to whatever kind of article it is applied.

8.6.7. Sometimes there might be a need to explain the features which constitute the design and which might not easily be perceived simply by looking at the reproduction. This should be made possible by joining a description to the application. It should be stressed that this is the only element of the whole application which might raise some difficulty in relation to the use of all Community languages for the registration procedure.

8.6.8. It should further be possible for the applicant to deposit a specimen or a sample of the designed product. This type of deposit, which was obligatory in the past in some Member States, could still present some advantages in certain specific cases and the applicant for a Community Design should be allowed to make use of it. It goes without saying that the Implementation Regulation would contain appropriate provisions regarding the details of this type of deposit, in particular as regards the maximum admissible size for deposited articles.

8.7. Multiple applications.

8.7.1. By virtue of preliminary contacts with national authorities and interested circles, the Commission is convinced that the basic request from a number of industrial sectors as regards the possibility of filing so-called "multiple applications" is fully justified. This need is particularly felt in the sectors of textile, fashion and generally short-lived articles where, with short intervals, large numbers of designs are developed over short periods of time, only some of which are eventually

Incorporated into products which come on the market. Filing a separate application for each of those designs would be too cumbersome and too expensive. Obviously the Unregistered Community Design is the main answer of this Green Paper to the concerns of these sectors, but it would also be desirable to make easier recourse to the Registered Community Design in these kinds of situation.

8.7.2. "Multiple application" is already known and used in several Member States. It is also foreseen under the Hague Agreement concerning the International Deposit of Industrial Designs. To be applicable in practice, the designs should all belong to articles of a same class, but there should be no limitation of the type resulting from the present UK legislation, where only designs applied to a given set of articles (e.g. cups, dishes and tea-pot of a tea-set) could benefit from a combined deposit.

8.7.3. The highest number of designs which could be joined in a multiple application has been tentatively set at 100, the figure which has been chosen by most national legislations.

A specific application fee, obviously higher than the normal one, should be fixed for this kind of applications.

8.8. Priority right.

Very little has to be said on the Articles 38 to 41 of the draft Regulation, which deal with the right of priority. This right results from the Paris Convention, to which all Member States adhere. The text follows closely the corresponding articles of the Draft Regulation on a Community trademark.

8.9. The examination.

8.9.1. As previously indicated, each application should be subject to an extremely simple "preliminary" examination by the Office, immediately followed by registration. This examination would consist of an "examination as to obvious invalidity" and an "examination as to formal requirements".

Whereas examination as to distinctiveness should not take place as a condition for registration it may be considered to carry out such examination at the request by the applicant as a service and subject to the payment of a fee.

A prerequisite would be a database containing existing designs, see paragraph 8.10.4.

National registration offices may eventually find an interest in carrying out such examinations for the Community Office. The Commission would welcome the views of interested circles on this suggestion.

8.9.2. The examination as to obvious invalidity would permit the Office to refuse applications which are "obviously" unsuitable for protection because they do not concern the external form of a product: e.g. a slogan, a poem, a piece of music. This examination should also permit the identification of those applications which would give rise to objections from the point of view of public policy or accepted principles of morality (e.g. a swastika decorating a product with the clear intention of provoking the public).

8.9.3. The examination as to formal requirements should permit a determination that the application complies with the formal conditions laid down by the Regulation or the Implementing Regulation and can be accorded a date of filing. If the applicant fails to communicate any of the basic elements which permit identification of an application, i.e. the request for registration, the information identifying the applicant, the representation of the design, the mention of the designer and any other particular imposed by the Implementing Regulation, the Office would issue an invitation to the applicant to remedy the deficiencies established. The same would apply in case of failure to pay the application fee within the time limit prescribed.

8.9.4. If the applicant remedies the deficiencies or pays the fee within the time limit prescribed, his application will be accorded a date of filing and registered. If not the application will be refused.

The question arises whether the date of filing accorded after the deficiencies have been remedied should be the initial one or the one at which the application was put in order. The Commission would tentatively

favour sanctioning more severely deficiencies concerning the request for registration, the information on the identity of the applicant and the reproduction of the design, as well as the failure to pay the application fee. In these cases the date of filing should be the one on which the deficiencies have been remedied or the fee paid. In the other cases (mention of the designer and particulars imposed by the Implementing Regulation) the date of filing could remain the date where the defective application had been filed. The attention of the Commission has been drawn in particular to the fact that it might sometimes be difficult, when filing an application, to mention the designer, particularly if the design is the result of a team work within a company.

Failure to satisfy the requirements concerning the claim to priority should only lead to the loss of the right of priority, but not affect the actual date of filing.

8.10. Publication of the application.

8.10.1. The question as to whether applications for a Registered Community Design should be published has been given careful consideration by the Commission. There are several reasons for questioning the necessity of such a formality.

8.10.2. First of all any publication of Community Designs cannot be complete, due to the existence of the Unregistered Community Designs. Competitors could therefore never be sure, simply by consulting the Community Design Bulletin, that they have an overall view of existing Community rights. This lack of completeness would also affect the documentary value of such a publication.

8.10.3. Publication is an element which further increases the cost of the registration procedure. Dispensing with it would definitely ensure that the Office could offer its service to industry at a very inexpensive rate.

8.10.4. Modern technology may also render publication in the traditional form of a Bulletin obsolete. It could be claimed that it would be sufficient that the Office makes the files available to the public. As data

on the Register will be stored digitally, the Register could be consulted like any other database including on-line access. Finally it has been claimed in certain quarters that design Bulletins and similar publications are mainly used by pirates and counterfeiters, particularly in third countries, to obtain in a very cheap way information on the newest trends in design and fashion.

Designs would presumably be stored on optical discs, thereby opening the possibility of making information relating to designs registered available not only at the Community Office but also by the way of sale of copies of the register on CD-ROMs. Eventually CD-ROMs could also be kept available for the public at the national offices. The technical details remain to be discussed at the appropriate time, but it appears to be important to provide industry with a possibility to verify the distinctiveness of a given design before large scale production of a product to which the design is applied is planned or carried out.

8.10.5. Notwithstanding the force of such arguments, the Commission would tentatively suggest that publication of applications in a Bulletin should be undertaken by the Office as an element of the registration procedure. Apparently, importance is attached to the documentary and legal value of such a publication by a number of industrial sectors and by certain Member States. The experience of Germany in recent years shows that a traditional publication of designs can be carried out at reasonable costs to a sufficiently large public of subscribers. International obligations resulting from The Hague Agreement would also speak in favour of a similar obligation for Community Designs. As to the risk that such publications might be abused by pirates, it should be considered that advertising by the companies, publication of catalogues, display of the products in exhibitions or simply their sale on the market offer to prospective counterfeiters much better opportunities for copying than the necessarily rather unattractive presentation of designs in an official bulletin.

8.10.6 Article 45 of the draft Regulation provides that all applications having received a date of filing will be published by the Office within a period which has still to be determined but which should coincide with, or

Immediately follow, the date of registration. It should therefore be possible to combine the publication of the application and of the mention of the registration in the same issue of the Bulletin. Taking into consideration the average time needed for the preliminary examination and the time needed for the technical preparation of the publication this period should not go beyond 3 or 4 months from the date of filing.

8.11. Deferment of the publication.

8.11.1. In several Member States applications for registration of a design may be kept secret for a certain period on request by the applicant. Certain sectors of industry are attached to this possibility of keeping secret designs which they intend to promote in the future. This is not only the case for fashion, where new models are developed well in advance of the season in which they are put on sale, but also, in other sectors, such as new models of cars.

8.11.2. Under French legislation secrecy of the registered design has until very recently been rule. Secrecy could be maintained for a period up to 25 years; publication of the design during this period only took place at the explicit request of the right owner. Under the "design approach" followed in this Green Paper a French-type solution would not be conceivable. The Community Design, in both its forms of Unregistered and Registered Design, arises by virtue of an act of "disclosure to the public" in the sense of using the design in the market or registering it in a "public register". The scope of protection granted by the Community Registered Design is moreover very broad, as it allows action to be taken even against the "innocent" infringer, and not only against the person having copied the design. Under these circumstances the Commission feels that the general rule should be publicity and not secrecy.

8.11.3. This does not, however, exclude the recognition of the justified need for a period of secrecy in a number of cases, where early publication of a model might destroy or jeopardize the success of a commercial operation. It is claimed by some quarters that this may be the case where the marketing of the product to which the design is applied

requires preparation for technical or commercial reasons. Fashion, for example, is designed and manufactured prior to the season for which it is produced, but is in the meantime kept secret. The desirability of some leadtime is selfevident from a commercial point of view. If, however, it is the purpose of the deferment of the publication to secure a protection which goes beyond the contents of the design protection a deferment of publication should probably not be considered within the context of the Community Design. The Commission would welcome comments and clarification regarding the need for retaining deferment of publication at the request of the right holder. It is tentatively suggested, that the publication of the application for a Registered Community Design should be deferred for a period not exceeding twelve months from the date of filing on request by the applicant. This period corresponds to the period at present foreseen under Article 6 (4) of the Hague Agreement, but could eventually be adjusted according to the suggestions made to prolong the period set out in the forementioned provision to 30 months¹. It is further suggested, in accordance with an idea launched by the Max Planck Institute, that a warning to competitors could be issued by publishing a simple notification that an application has been filed by the applicant, but remains provisionally unpublished. The Commission would also welcome views on the usefulness of such a warning.

8.11.4. If no further action is taken by the applicant, the protection resulting from the secret deposit will expire at the end of the period of deferment. If, on the otherhand, within twelve months from the date of filing, the applicant requests publication upon expiry of the period of deferment, the Registered Design will benefit from the normal term of protection.

The purpose of this measure, which affects the principle "no rights without publication", is to give the applicant one year during which he can within his undertaking study the commercial prospects of launching a new design in the near future, without loosing the original date of filing. Should the assessment of these prospects turn out to be negative, the applicant could simply abandon the application with practically no administrative costs.

8.11.5. The deferment of the publication has admittedly the consequence that for a period of one year competitors may be confronted with a right having an earlier priority date without being able to take the necessary precautions to avoid such a situation. This then raises the question as to the rights of a third party sued for infringement of a secret design. From the discussion above, it is clear that no action could be instituted on the basis of a design which remains secret; the owner of the Registered Community Design kept secret would have to publish it in order to prevail himself of the rights conferred by it. The protection would however be retroactive with effect from the day of filing: the infringer could be "innocent", but he would still be an infringer. However, in such a case a right of prior use would have to be allowed to him under Article 21 of the draft Regulation.

8.11.6. The owner of the secret design may, however, warn the competitor that he is infringing his right. In this case, if the warning is accompanied by a threat that an infringement action will be initiated upon publication of the design, the competitor should be allowed to inspect the relevant file at the Office, even if the design is still secret. This right has been provided for in Article 72 of the draft Regulation. As the drafting of Article 72 makes clear the right to inspect the relevant file may also be exercised in other cases where a legitimate interest in doing so can be substantiated.

¹ See WIPO document H/CE/J/2 of 15 February 1991 paragraph 20 and 21.

CHAPTER 9

THE LITIGATION SYSTEM.

9.1. Introduction.

This chapter deals with the judicial actions relating to Community Designs. It comprises four main parts:

- general provisions;
- specific rules on disputes relating to Infringement of the Community Design;
- specific rules on disputes concerning the validity of a Community design;
- rules concerning other disputes relating to Community Designs.

9.2. General provisions.

9.2.1. As in the case of the Community patent and the Community trade mark, the introduction of a new Community-wide autonomous right raises the problem of the judicial means available to right holders to enforce their rights and the way and the manner in which third parties can assert their claims against a Community Design.

As it would obviously be impossible to set up a whole original code of civil procedure specifically for such a purpose, the Community has previously, in analogous cases, entrusted this task to national authorities. There have, however, been certain derogations concerning the validity of the right in question, where parallel, and sometimes exclusive jurisdiction has been conferred. Thus, for the Community patent quasi-judicial bodies are set up within the European Patent Office and there is a newly established court common to the Member States, (the so called COPAC) and as far as the Community trade mark is concerned, some departments of the Community trade mark Office have jurisdiction under the control of the Court of Justice.

It is suggested that a similar approach is followed for the Community Design.

9.2.2. In view of the unitary nature of the Community Design, the courts of any Member State would in principle be entitled to hear actions relating to it. It will therefore be necessary, as in the case of the Community patent and the Community trade mark to set out in the Regulation specific rules in order to identify the court having jurisdiction in any specific case and to provide for recognition and enforcement in the other Member States of a decision issued by such a court.

9.2.3. This task is greatly simplified by the existence of the Brussels Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters, of 27 September 1968. This Convention, as supplemented by the Luxemburg Convention of 9 October 1978 on the Accession of the Kingdom of Denmark, Ireland and the United Kingdom of Great Britain and Northern Ireland, and by the Luxemburg Convention of 25 October 1982 on the Accession of the Hellenic Republic, is at present in force among all the Member States of the Community, with the exception of Spain and Portugal. As the San Sebastian Convention of 26 May 1989 has entered into force and progressively will be ratified by all Member States, it is extremely likely that the Brussels Convention will be in force throughout the whole Community at the time when the Community Design becomes a reality.

9.2.4. It should also be recalled that the Brussels Convention is accompanied by a Protocol on its Interpretation by the Court of Justice. A mechanism similar to the one provided under Article 177 EEC gives the Court of Justice a powerful instrument in order to ensure a uniform interpretation of the Brussels Convention. About sixty decisions have up to now been rendered under the mechanism described.

9.2.5. Determining which courts are competent to deal with Community Design issues and ensuring recognition and enforcement of the decisions issued by such a court in all Member States may therefore be a fairly easy task, and may be set out in a way which is consistent with the general approach followed by the Member States and the Community in the field of litigation

on civil and commercial matters, by declaring as a general rule that the Brussels Convention is applicable to actions relating to Community Designs. See Article 80 of the draft Regulation.

9.2.6. Specific measures, in particular relating to infringement and invalidity of a Community Design, may, however, have to be envisaged to take account of the peculiarities of this Community-wide right, as has also been the case for the Community patent and the Community trade mark. Suggestions as regards such specific rules, derogating from the general rules of the Brussels Convention, will be set out below.

9.3. The Infringement action.

9.3.1. The Infringement action is the basic legal action for the enforcement of the design right. It is suggested that Unregistered and Registered Community Designs should be governed by identical rules as regards jurisdiction in Infringement actions.

9.3.2. The Community Design Courts.

9.3.2.1. One of the major problems which arose in relation to the question of jurisdiction for actions relating to Infringement of Community patents or trade marks was the need to ensure that such jurisdiction was conferred only on courts composed of experienced judges sufficiently specialised to deal efficiently with all the intricacies of intellectual property law. This necessity was underscored by the fact that national courts had also been entitled to decide in certain circumstances on the validity of the Community-wide right and with Community wide effect when cases were brought before them. This problem has been solved in the context described by providing for a concentration of jurisdiction in Member States so that only one or a few national courts may hear cases relating to the Infringement of the Community patent and the Community trade mark. These are the so called "Community patent Courts" and "Community trade mark Courts".

It is suggested that the same approach should be followed for Community Designs and that Member States should be required to designate a number of "Community Design Courts" to deal with Infringement actions relating to Community Designs.

9.3.2.2. The Commission makes this suggestion in the hope that the same courts and the same territorial districts as are listed in the Agreement relating to Community patents will be chosen by the Member States for the purposes of both the Community trade mark and Community Designs. Thus a uniform policy could be developed as regards the necessary specialisation and concentration in Member States of jurisdiction in these related areas of intellectual property.

9.3.3. The rules on international jurisdiction.

9.3.3.1. The first question in an infringement case involving a Community Design would be to determine the Member State whose courts would have jurisdiction ("international jurisdiction"). The Brussels Convention would give a very clear and satisfactory answer in most cases. However, it does not contain uniform rules on jurisdiction for cases where the defendant is domiciled outside the Community. In such cases the national rules of international private law of the Member State concerned remain applicable (Art. 4 Brussels Convention). This would entail however, for a Community-wide right which obviously could need to be enforced against a person or a company domiciled outside the Community, the risk of positive or negative conflicts of jurisdiction and of contradictory decisions. Efficient rules on enforcement are essential for the success of the new protection system, and there is therefore a definite need for a set of uniform rules covering all possible cases.

9.3.3.2. This problem has been solved by the Protocol on Litigation attached to the Agreement relating to Community patents and has been basically taken over in the Draft Regulation on the Community trademark. It would therefore seem appropriate that a similar set of rules be applied in the case of Community Designs. This set of rules is set out in Articles 83 and 84 of the draft Regulation.

9.3.3.3. The solution set out in these Articles may be summarized as follows:

The plaintiff has in infringement cases the choice between two different courts: the court of the place where the acts of infringement have been committed and an alternative which is normally the court of the place within the Community where the defendant is domiciled. If the defendant has no domicile within the Community, subsidiary criteria, applied successively until one of them fits the case, permit in each case the identification of the alternative court (Member State where the defendant has an establishment, Member State where the plaintiff has his domicile, Member State where the plaintiff has an establishment, or, if all the previous criteria fail, Member State where the Community Design Office is situated).

A court having jurisdiction under the criterion "loci delicti commissi" will be competent to deal only with acts of infringement committed within the territory of the Member State where it is situated, whilst a court having jurisdiction under the alternative rule will be competent in respect of any act of infringement committed within the territory of any of the Member States.

9.3.3.4. The only problem which this solution is likely to raise is linked with the existence of the Lugano Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters, concluded by the EEC and the EFTA States on 16 September 1988. Under this Convention, which, for all practical purposes, is identical in its contents with the Brussels Convention (this is why it is also called "Parallel Convention"), defendants domiciled in an EFTA State party to the Convention would have the right to be sued before courts which are not the same as those resulting from the suggested unitary solution. The EEC Member States and the Community are aware that a similar problem exists in respect of the Community Patent and trademark and that such a problem could jeopardise the unity of the legal system established by the Lugano Convention among the 18 States which have concluded it. Solutions are currently being sought by the Member States for the Community patent and will later also need to be implemented with the appropriate adaptations in the fields of the Community trademark and Community Design.

9.4. Declaration of Invalidity.

The solution set out above for litigation on Infringement of a Community Design appears to be fairly obvious. It is much more difficult, however, to decide what policy should be followed as far as the declaration of Invalidity of a Community Design is concerned.

A Distinction needs to be made between unregistered and Registered Community Designs.

9.4.1. The Registered Community Design.

Dealing with Registered Community Designs first, the question arises whether the verification of their validity, which does not take place before registration, should be entrusted to the Community Design Office and, if the answer is positive, whether such jurisdiction should be exclusive.

9.4.2. The direct action before the Office for the Invalidity of the Registered Community Design.

9.4.2.1. The Commission is of the opinion that there are valid arguments in favour of entrusting the appropriate departments of the Office with the task of hearing direct actions raised by third parties against the validity of the Registered Community Design. Such a jurisdiction, with possibility of appeal to the Court of Justice, would favour a uniform interpretation of the provisions of the Regulation concerning the requirements for validity of the designs. A uniform interpretation of those provisions would also be insured by the mechanism of Article 177 EEC, if the jurisdiction were to be given to national courts, but this procedure would be slower and probably at the end of the day entail higher cost for the parties concerned than direct action before the Office. It is further submitted that direct action, with a possibility of appeal to the Court of Justice, would permit a detailed case-law to be established much faster. Furthermore the experience of the European Patent Office shows how important it is, in the first instance, to

have a specialised body composed of experts coming from all States which participate in the system, in order that decisions not be subject to the suspicion of being biased by national interests.

9.4.2.2. It is sometimes argued that a centralised action within the Office would not be adapted to the specific needs of small and medium sized industries. The necessity of resorting to unfamiliar proceedings at the seat of the Office, which is likely to be in many cases in a foreign country, the costs of legal advice needed, the perspective of being confronted with foreign languages in the proceedings, all this would be a deterrent, operating in favour of big companies. To a certain extent these concerns are justified and therefore the Commission considers, as it will be set out later, that a person should be permitted to wait for the design owner to attack him for infringement and then to react by taking exception as to invalidity before a judge who, due to the rules on international jurisdiction applicable to infringement actions set out above, will normally be operating in more familiar surroundings.

If, however, there is a need for a direct attack, having a central instance where the action can be brought does often present the advantage of being easier and cheaper than a direct attack before a national court. The action for invalidity of a Community Design would normally have to be brought before the court of the place where the design owner is domiciled, which could well be in a foreign country, with procedures less familiar and/or more costly than those which would be followed under the common rules of the Regulation before the Office.

9.4.2.3. Having taken this view, the Commission submits, in Articles 51 and 52 of the draft, provisions inspired by the corresponding provisions of the draft Regulation on the Community trademark with a view to making it possible for any person to bring invalidity proceedings against a Registered Community Design before the Office. The only limitation to the right to initiate such proceedings is in the case where the ground of invalidity invoked is the entitlement to the design; in such a case only the person whose right has been duly recognized by a court decision should be able to sue the Office.

9.4.2.4. The Commission further suggests that there should be no parallel jurisdiction of national courts for a "direct" action for a declaration of invalidity of a Registered Community Design. This action should be exclusively reserved to the appropriate departments of the Office, subject to appeal to the Court of Justice.

9.4.3. The Issue of Invalidity of the Registered Community Design raised as a defence.

For the reasons evoked above, it should be possible for any person sued before a Community Design Court for infringement of a Registered Community Design to raise as a defence the claim as to the invalidity of the Design and to ask the court to decide on this issue.

A challenge to validity raised during infringement proceedings could notoriously take two different forms: it could be raised by way of counterclaim (action reconventionnelle, Widerklage) or just as a defense as to the merits (exception à titre incident, Einrede).

9.4.4. The counterclaim.

In the case of a counterclaim the effect is to institute a legal action closely connected to the main one, where the roles of the parties are reversed. As the rules on jurisdiction for infringement cases provide for the exclusive jurisdiction of Community Design Courts, the guarantee that the validity of the Registered Community Design will be checked by competent and experienced judges is automatically given in the case of a counterclaim. Such courts should therefore be empowered, if the issue of validity is raised by a counterclaim, to decide on it, with the possibility of declaring the Registered Community Design invalid with effect for the whole territory of the Community.

An exception from this Community-wide effect of the declaration of invalidity should be introduced in accordance with the proposed Article 23 par. (2) where the ground for invalidity on which the decision is based is the existence of an earlier design or other earlier right.

9.4.5. The defence as to merits.

The Commission has considered whether it should be permitted that an exception of invalidity could be raised before a Community Design Court otherwise than by way of counterclaim. If a mere defense as to the merits could be accepted, the result might be that the action for infringement is rejected on the basis of the conviction of the Judge that the Registered Community Design concerned is not valid, without, however, having any effect as to the legal existence of the said Design. This would create a situation which is far from being desirable; the design owner would not have all the legal means and guarantees to substantiate his right that he would in the case of a counterclaim; the public at large would be misled by the fact that a Design probably null and void continues to remain on the Register; the economic value of such a right would on the other hand be reduced because the owner could hardly rely on it in future.

There is, however, a case where this possibility of a defence as to the merits should not be ruled out: this is the case where the ground for invalidity invoked is the existence of an earlier design or other earlier right of the defendant himself. In such a case the exception, even if raised by way of a counterclaim, could only lead, if found valid by the court, to the invalidity of the Design in the Member State concerned. Accepting that the Community Design Court could admit a defence as to the merits formulated otherwise than by way of counterclaim would not to the same extent entail the negative consequences mentioned above and would enhance the procedural position of the owners of national designs or other earlier rights.

9.4.6. The direct action before the courts for the invalidity of the Unregistered Community Design.

9.4.6.1. The possibility of a direct action before the Office, although it should not be ruled out a priori, would not be in conformity with the logic of the system. The Unregistered Community Design arises with the disclosure or public use of the design; there is no connection whatsoever with the Office.

9.4.6.2. The possibility of a direct action for a declaration of invalidity should therefore be opened before the national courts. It is suggested that exclusive jurisdiction for the validity of Unregistered Community Design should be given to the Community Designs Court.

9.4.7. The Issue of Invalidity of the Unregistered Community Design raised as a defence.

9.4.7.1. The short term of protection of the Unregistered Community Design makes it quite unlikely that the number of direct actions for invalidity will be very high. Competitors who might have an interest in attacking the validity of the Design will generally be anticipated by summary procedures or an infringement action instituted by the owner of the right. Provisional, including protective, measures, granted by national courts are in fact the most important element for efficient protection, as the manufacturer of short-lived design products will not be so much interested in obtaining - after lengthy proceedings - damages for the infringement suffered, but much more in safeguarding the market for his products against counterfeit products. Against this background it seems possible to affirm that the question of validity is likely to be raised much more frequently as a defence by the defendant rather than by way of a direct attack.

9.4.7.2. The rules for determining the international jurisdiction would be the same as these set out before for infringement actions. As in the case of invalidity the criterion "loci delicti commissi" would not be applicable. This would restrict the jurisdiction to the court of the place within the Community where the owner of the Unregistered Community Design is domiciled, or, if this criterion fails, the court resulting from the application of the following criteria in the successive order: the place within the Community where the owner of the Design has an establishment, the place within the Community where the plaintiff has his domicile or an establishment, the place where the Office is located. The last criterion is quite arbitrary, but there is a need for a fall-back criterion where other criteria fail.

9.4.7.3. The possibility should be admitted that the defence of invalidity of an Unregistered Community Design can be raised by way of counterclaim in an infringement action. As the infringement action could only be brought before a Community Design Court, there is a guarantee that the Court dealing with the issue of validity will be a specialised and experienced one. The effect of a declaration of invalidity issued by such a court under these circumstances should therefore be in principle Community-wide.

9.4.7.4. As to the possibility that the question of invalidity be raised as a defence as to the merits before a Community Design Court in a case concerning an Unregistered Community Design, it appears to the Commission that it should be admitted only under the very restrictive conditions which have been foreseen in the case of a Registered Community Design.

9.5. Other disputes.

9.5.1. The general rule for determining the international jurisdiction for disputes other than infringement or invalidity proceedings is left to the application of the Brussels Convention. As to the internal jurisdiction, the competent court will be the one which would have jurisdiction ratione loci and ratione materiae if the case had been one relating to a national design.

9.5.2. If the validity of Community Design is called into question in such a dispute, assuming that the court concerned were not a Community Design Court, the Design would have to be considered as valid. No counterclaim could therefore be accepted. The court could stay the proceedings and invite the defendant to have the point cleared by challenging the validity of Design either before the Office, if it is a Registered Community Design, or before the competent Community Design Court, if it is an Unregistered Community Design. Similarly, no defence as to the merits should be admissible. However, in both cases, if the ground invoked is the existence of an earlier design or other earlier right of the defendant, the defence should be admitted and decided by the court, as the extent of the

territorial scope of protection of the Community Design challenged would be limited to the country where the earlier design or other earlier right is valid.

9.6. Further provisions.

The Draft Regulation contains a number of provisions concerning the system of litigation which have been inspired by similar provisions contained in the Protocol on litigation concerning Community patents and the draft Regulation on the Community trademark. It would therefore be of little interest to comment in detail on each of them.

It should be sufficient to recall that they concern extremely important matters for the efficiency of the litigation system. They relate to the law applicable, the sanctions in the case of infringements, the provisional, including protective, measures, and rules on related actions connexity when cases linked are pending before another court or the Office.

Especially as regards sanctions it should be noted that the relevant provision, Article 90 of the draft Regulation, has been drafted in accordance with the corresponding provision of the consolidated text for a Regulation on the Community trade mark and that it has not been considered useful at the present stage of work to engage in more profound reflexions on whether a more elaborate system of sanctions or remedies would be conceivable and desirable within the context of a Community Regulation. This does not in any way preclude interested circles from submitting comments on the desirability to foresee such provisions in a possible future Community Regulation.

CHAPTER 10

COMMUNITY DESIGNS AND EXISTING NATIONAL DESIGNS.

10.1. Co-existence of Community Designs and national designs.

10.1.1. The issue to be discussed in this chapter relates to the possible co-existence of Community Designs and national designs including Benelux designs and designs resulting from an international deposit under the Hague Agreement.

10.1.2. Leaving aside the question of the necessary transitional solutions which would need to be found should the abolition of national protection systems be decided, the basic problem to be addressed is whether there will be, once the Community Design (Registered and Unregistered) has come into force, a need to maintain the national or regional protection systems?

10.1.3. It could be argued that if a Community Design as sketched out in the preceding chapters becomes a reality, industry will have an adequate protection instrument at its disposal. Moreover, if, as intended by the Commission, registration costs for a Registered Community Design are kept low and formalities restricted to a minimum, even the need for "local" protection (protection restricted to the territory of one or a few Member States), could easily be met by having recourse to the Community Design. Bearing in mind also that the Unregistered Community Design would arise without any formality with effect for the whole Community and that cumulation of the Community Design with national copyright law, as set out in chapter 11, should not only continue to exist but also be introduced where it does not yet exist, it could not be harmful to users of design protection to be restricted in their choice of specific protection to the Community Design and no longer have national design protection systems at their disposal. Thus, the abolition of the national protection systems

would achieve, after a transitional period during which acquired national design rights would slowly fade out, a general simplification - fitting well in the framework of the completion of the internal market - of the European design protection map.

10.1.4. It could be argued on the other hand that in the future, and even under the conditions of an internal market, national specific protection laws should continue to exist for a number of reasons:

- Switching from a national market approach to a Community market approach is going to be a slow process for design right holders. It would not be advisable to rush this process by taking hasty measures. The development in the field of patents, where European patents are gradually superseding national patents, could be the example of how the Community should operate in this case.
- Industry may want to "test" on its merits the new Community instrument for a considerable period before abandoning the familiar national protection systems.
- If a right holder only intends to use his design on a "local" basis, it might be excessive, if he wants a registered design, to oblige him to take out a Community-wide right.
- Notwithstanding the efforts for reaching an attractive and balanced Community protection system, some of the existing national protection systems may offer isolated attractive features, which the Community Design is not offering.
- national filings may be used to acquire priority rights in other States within and outside the Community, under the Paris Convention and the Hague Agreement; they may also be used to acquire a priority right in respect of a Registered Community Design.

10.1.5. In particular the need to be able to obtain an international registration under the Hague Agreement could appear to be an important consideration for keeping alive national protection systems. This argument would, however, cease to be valid as soon as a link between the Community Design and the international deposit under the Hague Agreement is established following the precedent set out for trade marks under the 1989 Protocol relating to the Madrid Agreement.

10.1.6. In the field of trade marks, the proposal for a Regulation on the Community trade mark leaves the national trade marks untouched (save for the harmonization measures already adopted or to be proposed). Whether the co-existence of the Community trade mark with national trade marks can reasonably be relied on as a precedent is, however, questionable. As far as trade marks are concerned one has to realise that there exists an extremely high number of national trade mark rights, which are in theory everlasting. These represent an extraordinary amount of good-will and thus a valuable asset. National rights can thus only be superseded by the Community instrument in the very long term. Moreover the linguistic and cultural differences between European countries make the need for a specific "local" trade mark much greater than the need for "local" designs.

10.1.7. The suggestion that national protection systems should be abolished could also raise objections of a more political nature by Member States. It should be stressed, however, that in the field of designs no significant problem should arise concerning the repercussions on national offices or their staff in case national systems were to be abolished. Existing registration systems do not in any country represent a number of jobs worth mentioning. Further, the design registration departments of national patent and/or trade mark offices concerned do not constitute neither a source of considerable income nor a financial burden.

10.1.8. In the absence of advice from interested circles - which the Commission would welcome - the issue does not seem to be ripe for a decision. Pending a final decision the Commission would in the meantime suggest a pragmatic approach.

10.2. The Commission's approach.

10.2.1. As long as design protection under the umbrella of copyright law has not been harmonized, completely satisfactory internal market conditions will not have been fully established, notwithstanding the creation of a Community Design. Further Community action will thus be needed in this field (see also chapter 11 below). It might be reasonable, under these circumstances, to leave the question of the possible abolition of national

specific design protection systems to be decided in the future in the light of the experience with the new Community Instrument. This would avoid raising at the present stage what could become a political problem and also the drafting of a number of complex transitional provisions to preserve "acquired rights".

10.2.2. It is consequently submitted that, unless a very strong interest is shown by interested circles and Member States for immediate action, no effort should be displayed in the near future to abolish existing national design protection systems, which would therefore co-exist with the Community Instrument.

10.3. Harmonization of national registered design protection laws.

If it is accepted that, at least for some time, Community Design and national designs will co-exist, the question arises whether the internal market could function in a satisfactory manner with both the new Community Instrument and a number of national laws which are far from being uniform in their contents.

The answer to this question appears to be negative for two reasons: One reason is linked to the introduction of the new Community Instrument; the other reason is a result of considerations which are independent of the existence of the Community Design.

10.3.1. Harmonization is required by the co-existence with the Community design.

10.3.1.1. The co-existence of the Community-wide and the national Instruments, based on free choice by the users, presupposes, for its proper functioning, that at least the substantive features of the rights are similar.

10.3.1.2. Of course, when the features of the national system are less favourable than those of the Community Design, this might appear as an extra attractive element in favour of the Community Instrument. This would

be the case if, for instance, the term of protection in most Member States were to remain shorter than the one suggested for the Registered Community Design.

10.3.1.3. There are on the other hand features of substantive law in some legislations which, if considered separately from the overall picture, in the eyes of the right holder could appear to be more favourable than those suggested for the Community Design. Among such features could be mentioned the longer term of protection in France and Portugal, the longer term of protection of the UK unregistered design compared to the Unregistered Community Design, the assessment of the novelty requirement on a purely national or regional basis in the UK, Ireland, Benelux and Denmark and finally the possibility in France of registering a design any number of years after disclosure of the design by commercial use without destroying the novelty character of the design. If these features were not harmonized, national designs would in a number of cases appear more attractive than Community Designs.

10.3.1.4. Moreover the lack of harmony in the requirements for protection (and thus in the grounds of invalidity) of national designs with respect to the Community Design would multiply the number of cases where earlier designs or other earlier rights could be invoked against a Community Design and create a loophole in the territorial protection conferred by the latter in the State concerned.

10.3.1.5. Summing up, one could say that the absence of any harmonization of the basic feature of the national systems with the Community system would tend to increase the existing confusion for the users, who therefore risk being abused by shrewd operators in unfair trade practices.

10.3.2. Harmonization is required to avoid distortion of competition within the Internal market.

10.3.2.1. Quite apart from the problems which the interplay between non-harmonized national and Community rights would provoke, there appears to be a need for harmonization of the national legislations independently of the existence of the Community right.

10.3.2.2. If it is accepted that, at least in the foreseeable future, there is still a valid need for "local" protection which should be accessible under clear conditions to any undertaking operating within the common market, the differences between the national systems are so important that their approximation under a Directive based on Article 100 A EEC would be required to avoid a distortion of competition in the internal market for the reasons set out in Chapter 3.

The situation would be similar to the one the Community has met in the field of trademarks, where the First Directive adopted indeed corresponds to a need to create equal conditions for national and Community trademarks, but it also pursues the aim of creating equal conditions for competition between undertakings, independently from the Community instrument.

10.3.3. Content of the harmonization.

10.3.3.1. As in the case of trademarks, the approximation of legislations needs not extend to all aspects of the national specific protection laws, in particular those relating to the procedure for registration (including possible search, examination and opposition proceedings prior to registration). Such an extensive exercise would either be superfluous, if in a few years national designs should in practice cease to be used or even be abolished, or be better postponed, should it be concluded that these forms of protection will continue to serve a useful function within the internal market.

10.3.3.2. In short, the Commission is of the opinion that the proposal for a Regulation instituting the Community Design should be accompanied by a proposal for a Directive with a view to harmonizing the most important substantive features of specific design protection laws of the Member States. This harmonization should be achieved in principle by bringing in line those features with the corresponding features of the Community Design.

10.3.3.3. The features to be harmonized should be the following: the definition of "design", the requirements for obtaining protection, including the grounds for exclusion, the grace period for the requirement as to distinctive character, the scope and term of protection, the grounds for refusal or invalidity, the definition of the rights conferred by the design, including their limitations, and exhaustion of rights.

10.3.3.4. As far as specific design protection under an unregistered design is concerned the Community Unregistered Design renders in the future the introduction of similar national rights superfluous. It could even be counter productive as regards the functioning of the internal market if such rights were to be introduced. If this view is confirmed upon the completion of the consultation the Commission would reflect this in an appropriate provision in the Directive.

However, as far as the existing UK unregistered design right is concerned an abolition or a limitation in accordance with the Community Unregistered Design appears not to be called for. First, the unregistered design right serves a purpose similar to copyright protection in other Member States, which is suggested by and large to be left untouched for the time being (see chapter 11). Secondly, the UK unregistered design right serves a purpose similar to the utility model type of protection, which is also pending the launching of the present initiative left untouched (see chapter 11, in particular paragraph 11.5.2.3.). Thirdly, it should be kept in mind that unregistered design rights take the place to a certain extent of unfair competition law, which in other Member States may grant protection against slavish reproduction, but cannot be relied upon in the U.K. Consequently it is suggested that interference with the UK unregistered design right could better - for the time being - be omitted.

10.3.3.5. Since a detailed discussion of the matters of substance concerning the features to be harmonized already appears in the appropriate parts of this Green Paper as far as the Community Design is concerned, it would be superfluous to repeat the same arguments for the purpose of discussing national laws. Instead reference is made to the Draft proposal for a Directive which is to be found as Annex 2 to this Green Paper.

10.4. Cumulation of Community protection with national specific design protection.

If national protection and Community protection co-exist and the main features of substantive law governing national designs are harmonized as indicated in the preceding paragraphs, registered national designs and Community Designs will be subject to the same term of protection, the same requirements for registration and the same scope and contents of protection. Under this assumption the question arises whether the right should be given to users to "cumulate" both Community and national protection for the same design.

10.4.1. Cumulation with national registered designs.

10.4.1.1. First, the relationship between the Community Design and registered national designs, including Benelux designs and designs deposited under the Hague Agreement, will be considered.

10.4.1.2. As far as Unregistered Community Designs are concerned, the answer to the question, in the Commission's opinion, should be affirmative. There appears to be no reason why a national registered design which presents a greater legal certainty and which is easier to base oneself upon in legal proceedings than an Unregistered Community Design should be affected in its existence for the sole reason that the right holder could also rely upon an Unregistered Community Design.

10.4.1.3. However, as far as Registered Community Designs are concerned, cumulation should not be admitted. The legal force in the State concerned of a registered national design and of a Registered Community Design would be the same. There is therefore no reason for multiplying the number of identical protections in the hands of a same right holder in the same territory.

10.4.2. Cumulation with national unregistered rights.

10.4.2.1. Also the relationship between the Community Design and national unregistered designs (other than copyrights) needs to be considered. Until now unregistered design protection has been introduced only in the UK.

10.4.2.2. The relationship between an Unregistered Community Design and a UK unregistered design should raise no difficulty. In both cases the right in question comes into existence without formalities. To introduce a prohibition of "cumulation" would be tantamount to making the UK specific protection completely ineffective. It seems therefore that the cumulation should be allowed. It should be recalled in this context that, although the UK unregistered design protection is not a copyright protection, it serves, however, the same purpose as does copyright in the other Member States. Also for this reason "cumulation" should be permitted since this is the solution suggested in chapter 11 for copyright protection.

10.4.2.3. For reasons similar to those set out above "cumulation" between a Registered Community Design and a UK unregistered design should also be admitted. The greater legal certainty of the Community Design makes it unlikely that a UK unregistered design would often be invoked in parallel.

10.4.3. Provisions expressing these principles.

The principles set out in the preceding paragraphs are the basis of Article 96 of the draft Regulation. In particular, as far as the Registered Community Design is concerned, it should remain possible for the user to file applications for registration for both a Community and a national right, or, more frequently, to file first at national level and to apply later for a Community registration by claiming the national priority. As soon as the Community Design is registered, however, the national right should become ineffective, nor could a later lapse of the Community Design entail a revival of the national right. The detailed rules, including procedural rules, on the cease of effect of national rights would be a matter for national legislation.

10.5. Conversion of a Registered Community Design into a national application for registration.

10.5.1. A last question to be examined in this chapter is whether it should be possible for a Registered Community Design declared invalid, or, if an application for a Community Design is refused or withdrawn, for this application to be converted into a national design application. Provisions on conversion are contained in the 1989 Agreement relating to the Community patents and in the proposal for a Regulation on the Community trade mark.

10.5.2. For Designs, the draft Regulation contains in Articles 77 to 79 tentative provisions inspired by those of the trade mark proposal. Any detailed discussion therefore appears superfluous for the purpose of this green paper. But it is important to examine whether such provisions would be at all necessary.

10.5.3. First of all it should be recalled that for the most frequent cases in which such a provision could come into play, i.e. when an earlier design or other earlier right leads to the invalidity of the Community Design, the draft Regulation already suggests that the effect of the invalidity should be limited to the country where the earlier design or other earlier right is valid. Community protection will therefore continue to exist in other countries, thus rendering the need for a conversion questionable.

Further, if the harmonization of the main features of substantive provisions of national specific design protection law is achieved, the number of cases where protection has been denied under the Community Regulation but could be achieved according to national law will be limited to cases where the non existence of the Community Design is due to the failure of meeting formal requirements or paying the fees in question or the lack of compliance with prescribed time limits. As another possible case could be mentioned a different assessment - respectively at the Community level and at the national level - of the grounds of public policy or of conflict with accepted principles of morality which could lead to rejection of an application. Whether a procedure for conversion needs to be introduced to cater for such presumably rare cases is a question on which the Commission would welcome comments from interested circles.

CHAPTER 11

COMMUNITY DESIGN AND OTHER LEGAL INSTRUMENTS OF PROTECTION.

11.1. Introduction.

11.1. This chapter deals with the question of the relationship of the Community Design with other legal instruments which are used in order to supplement or to replace the legal protection resulting from the specific design laws in the Member States. As has been indicated in Chapter 2, the protection of the appearance of a product is very often the result of the concurrent application of a number of legal instruments, even though the measure of protection conferred by each of them and the frequency by which users resort to each of them vary considerably from one Member State to another.

The main alternative legal instrument traditionally used is protection under national copyright law. The relationship of the Community Design with copyright law will constitute the main part of the following discussion. This chapter will further analyse the relationship between Community Design and protection under trademark, patent and utility model and unfair competition laws.

11.2. The general approach to the problem.

Before coming to these developments it appears useful to anticipate the conclusions provisionally reached by the Commission on this subject. It would seem advisable, in a first stage, to avoid in principle interference by the Community law-maker with these other fields of intellectual and industrial property for the sole purpose of establishing rules applicable to Community Designs. Article 98 of the attached Draft Regulation provides

therefore that nothing in the Regulation should prevent actions relating to a Community Design from being brought under national laws of the Member States relating to other Instruments of legal protection. The position should be reconsidered in the context of the further harmonization of the laws of copyright of the Member States.

11.3. Relationship to copyright.

11.3.1. The "Unity of art" theory.

11.3.1.1. Copyright is the main alternative instrument to the specific protection used to protect the appearance of a product. Some legal systems and an important part of learned opinion profess the so-called theory of the "unite de l'art" according to which a "copyright approach" would be the correct way of addressing protection of industrial design. Under this theory industrial designs should be treated as "works of applied art" within the meaning of the Berne Convention. Possible registration systems should only have a probatory value, but the right to the protection should arise by sole virtue of the creation of the design, as in the case of literary or pure artistic works.

Such a theory constitutes the foundation of the French protection system and is deeply rooted in the cultural and legal thinking of the French tradition. The theory has left marks in several other legal systems, even when they are based on a "patent approach".

11.3.1.2. Some sectors of the design industry moreover consider that legal protection based on copyright is the most satisfactory answer to their needs. Copyright excludes any formality or deposit as a precondition for protection and gives compared to specific design protection law a very generous term of protection, usually 50 (but in Spain 60 and in Germany 70) years after the death of the designer. The minimum term laid down by the Berne Convention is 25 years as from the making of the work. The Commission has already indicated that it has the intention to present a proposal to harmonize the duration of copyright.

11.3.1.3. Notwithstanding these advantages 11 EEC Member States out of 12 have felt it necessary to introduce and to maintain specific protection systems based on registration. Greece, the only country in the EEC where there is no general alternative to copyright, seems also to be willing to introduce specific protection within a short time. A number of non-EEC industrialised countries in Europe and elsewhere in the world also know specific protection based on registration. The advantages of legal certainty of this system are sought-after and appreciated by industry.

The result is that the two ways of obtaining protection co-exist in most States, even if the conditions under which "cumulation" of the protections may be enjoyed differ substantially.

11.3.2. The principle of cumulation of specific protection and copyright protection.

It should not come as a surprise that under these circumstances the Commission does not take a theoretical stand-point in favour either of a "copyright approach" or of a "patent approach", based on registration. The peculiarities of the industrial design justify in the Commission's view an independent "design approach", lying somewhat in between the two. In the previous chapters a possible scheme based on such an approach has been developed. It would however be both politically undesirable and objectively wrong to draw from this option the consequence that the "copyright approach" needs to be abolished and no "cumulation" of protection should be possible.

A fair overall protection of industrial design may require the possibility of invoking, at least in certain cases, copyright protection. The question of under which conditions and to what extent this should be possible cannot be settled now by a Community measure for reasons which will be set out later. The Commission considers, however, that in the meantime the principle of the possibility of cumulation constitutes the right policy to follow in this sector and should be acknowledged by all Member States.

Having set out the basic considerations on which the policy approach is based the Commission is encouraged by the fact that the Max Planck Institute in its Draft had independently reached a similar conclusion. Further, specific internal market considerations speak in favour of Community action as set out below.

11.3.3. The relationship between Article 2 (7) of the Berne Convention and the Community principle of non-discrimination on the grounds of nationality.

11.3.3.1. Article 2 (7) of the Berne Convention (Stockholm Act) provides for an exception to the principle of national treatment. Under this provision protection for works protected in their country of origin solely as designs under specific design protection law may also only be claimed in other countries of the Berne Union under specific design protection law. However, if the country where protection is sought has not introduced specific design protection law, it must protect the works as artistic works.

The implementation of this provision with respect to Community countries could lead in certain cases to a violation of the principle of non-discrimination enshrined in Article 7 EEC.

11.3.3.2. A clear example may be set out taking the relations between France and Italy. Italy has a very narrow approach to copyright protection for designs (they must fulfil the requirement of "scindibilità"), but, as soon as a registration has been taken out, protection under copyright would be excluded by virtue of the registered design law even if the said requirement were fulfilled.

Under these circumstances an Italian right-holder wishing to obtain protection in France can only rely upon registered design protection in France. Should he fail to register and should he for this or any other reason wish to invoke protection under the French copyright law, his claim

would be rejected, even though a French right-holder would have enjoyed copyright protection for the same design. Reciprocity takes the place of national treatment.

This is not a theoretical or academic problem. There is a constant case law developed by the French Cour de Cassation applying this principle, in full consistency with the international obligations of France under the Berne Convention. This case law also covers countries where partial cumulation is admitted: the Cour de Cassation has examined whether, under the law of the country of origin, the design would have been protected by copyright, and accorded or refused protection under French copyright law according to the results of such an examination.

Similar principles may be applied by other Community countries to the extent that they recognize cumulation.

11.3.3.3. Moreover one might speculate about the attitude of a Community country with "cumulated protection" with regard to a UK design, protected only as a registered and/or unregistered design, the latter having been declared not to be "copyright".

11.3.3.4. Obviously one could wait until a case arises and the Court of Justice is requested to decide whether application of this provision of the Berne Convention to persons established in Community countries would be admissible under Community law. However, in view of the importance of the economic interests involved and also the importance of safeguarding the principle of non-discrimination on the grounds of nationality within the framework of the EEC Treaty, it would seem more advisable pending a harmonization of the basic criterion for copyright protection to seek a solution as a temporary measure in the Directive for harmonization of the basic features of national specific design protection.

11.3.4. The solution suggested.

The solution which is suggested in the light of the previous considerations is to insert in the Directive a provision aiming at the following results:

- a) The principle of "cumulation" of the specific design protection and copyright protection should be acknowledged by all Member States. No design should be denied protection under copyright law for the "sole" reason that it has been registered either at national or at Community level. Member States would however remain free, pending future harmonisation, to determine the requirements of "originality" that the design should fulfil to enjoy protection under their copyright law.
 - b) Pending harmonization of the originality criterion Member States should be under an obligation not to make use of the facility available to them by the Berne Convention to make protection under their copyright law dependent upon the application of copyright law of the country of origin if, in the given case, the country of origin is another Community State.
 - c) The Directive should also abolish certain criteria, either obsolete or which give rise to great difficulties of interpretation, upon which in certain Member States the benefit of the full term and scope of copyright protection is made dependent. These are the requirement that the design is applied to a number of articles lower than 50 in the UK and Ireland and the requirement of "scindibilità" in Italy.
- Article 14 of the Draft Directive attached in Annex 2 takes account of this suggestion.

11.3.5. Requirements for copyright protection.

11.3.5.1. The criteria applied under national legislations for the protection of designs under copyright law vary from country to country. A number of countries take - if one considers the legislative texts only - a position on cumulation in the sense that it is explicitly stated in the law, that the protection of a design under specific design protection law is without impact on the application of copyright protection. This is the case for Denmark, France, Germany and Portugal. The uniform Benelux law on the other hand restricts (in theory) the application of copyright protection when a Benelux registration has been taken out to cases where the design has "a markedly artistic character". In Italy the application of copyright is excluded by provision of law if a design has been registered. The law of Spain does not take a position on cumulation or non cumulation between protection under copyright law and specific registered design

protection. The serious limitation of the application of copyright for the protection of three dimensional designs which follows from the UK Copyright, Designs and Patents Act 1988 are independent of whether a registration has been taken out or not. The designs in question just do not qualify for copyright protection and the possible copyright in the design document as such is not infringed by making an article to the design, unless the design is an artistic work. In Ireland the 1927 Industrial and Commercial Property (Protection) Act permits in principle cumulation with copyright, which was comprised in the same law. The 1963 Copyright Act as amended by the 1987 Copyright (Amendment) Act implies, however, limitations as to the works eligible for copyright protection.

11.3.5.2. To obtain a correct picture of the situation it is necessary to consider how the legislative texts are applied.

In France the theory "l'unité de l'art" excludes the possibility of making a distinction between either the different artistic ways of expression or the different purposes which a work of art is intended to serve. This implies that a work of applied art, an object with a specific practical function, however profane, is in principle eligible for protection like any other artistic creation, provided it is original in the sense not copied. There can be no application of criteria regarding artistic merit, which according to the said theory is not subject to judicial censorship. The result is total cumulation between registered design protection and copyright protection.

11.3.5.3. Also, in the Benelux system there is today, as a result of a recent decision by the Benelux Court of Justice ¹, in spite of the words of the law, total cumulation between copyright law and the Benelux registered design protection.

11.3.5.4. In Germany the application of copyright for the protection of works of applied art is limited by case law to works of pronounced artistic merit. The same is the case in Denmark, though the test regarding artistic merit seems to be somewhat easier to pass. Spain also belongs to this group of countries. In Portugal the reservation as to the artistic merits of works of applied art has found explicit expression in Article 2(1) of the 1985 copyright act.

11.3.5.5. Roughly speaking one could abstract from legal technicalities and conclude that Member States may be divided into two groups:

- the group of States which apply copyright protection in a sweeping manner (France, Benelux and Greece). To these States the UK should be added even if technically speaking its "unregistered design" does not qualify as "copyright";
- the group of States which have a more or less restrictive approach to protection by copyright (Italy, Germany, Spain, Portugal, Denmark and Ireland).

11.3.6. The future harmonization of the copyright notion "originality".

11.3.6.1. Both the legislative and practical differences mentioned above would appear to provide prima facie evidence as regards the justification of a Community Initiative with a view to harmonizing the copyright notion of "originality" in its application to "works of applied art". The Commission considers, however, that the need for an initiative relating to the harmonization of the originality criterion should be seen and assessed in a broader context since problems similar to those mentioned above may occur in relation to other type of works protected under copyright law. Whatever solutions are suggested they will require the most careful considerations, in particular in the light of the provisions of the Berne Convention. The harmonization of the originality criterion at Community level is a difficult task which, however, at the appropriate time should be undertaken. There is therefore a risk that the adoption of urgent measures, like the institution of a Community Design, would be delayed if they were combined with such an initiative which does not necessarily at the present time need to constitute a part of the legislative proposals aiming at the introduction of the Community Design.

11.3.6.2. The difficulties involved in a harmonization of the originality requirement should not, however, be overestimated. Progress has already

been made at least in one area of copyright law namely the legal protection of computer programs. On 14 May 1991 the Council adopted the Commission's proposal for a Directive on the legal protection of computer programs².

According to this Directive a computer program is protectable under copyright law if it is original in the sense that it is the author's own intellectual creation. No other criteria and in particular no aesthetic or qualitative criteria may be applied to determine its eligibility for protection. This implies that all computer programs irrespective of the level of "creativity" are protected against unauthorized reproduction as literary works.

11.3.6.3. What has been accomplished for computer programs could also be accomplished for other type of copyright works, including design products. It should be clearly understood, however, that the Commission's intention to address the issue - if and so far as it may be necessary for the functioning of the internal market - does not in any way prejudice the outcome of the discussion as to the level of originality, which may be required in the context of the further harmonization of copyright law of the Member States.

11.3.6.4. In the case of computer programs the Community had a clear obligation to provide a protection which is totally compatible with the obligations of Member States under the Berne Convention. It would not be possible to introduce specific provisions as to eligibility for protection in the general copyright regime applicable to computer programs. Further, no protection under specific legislation is available or is sought for computer programs. Finally the strict limitation of the protection to the expression of the program, not protecting underlying ideas, makes the protection unobjectionable.

11.3.6.5. To the extent that the Berne Convention as regards designs puts constraints on the Community and its Member States these constraints must

be respected. But the standards of the Berne Convention are under consideration at the appropriate international level under active participation of all Member States and the Commission.

11.3.6.6. At the present time there is no need to argue the case of the level at which originality should be harmonized in the future. What needs to be settled in the context of this Green Paper is exclusively whether a postponement of an initiative in respect of harmonization of originality criterion will from the outset jeopardize the present design initiative.

11.3.6.7. Since the legal effect of a possible harmonization procedure aiming at the limitation of the application of copyright could only be obtained in a distant future because acquired rights in respect of designs created before a harmonization measure could come into force would need to be respected it is clear that such a measure needs not necessarily be combined with the introduction of the Community Design.

11.3.6.8. For the opposite solution, the harmonization of the originality criterion in accordance with for example the provision of the text of the Common Position for a directive on the legal protection of computer programs the same cannot be claimed since such a measure, which would not negatively affect acquired rights, could come into force and show its effect upon adoption. A postponement can therefore only be accepted if the allegedly negative effects of the different national applications of the originality criterion are susceptible of playing a less important role in practice - at least for some time - than it on the face of it could be assumed.

11.3.6.9. In trying to give an answer to this question the following considerations should be borne in mind:

- a) The term of protection of the Registered Community Design would be 25 years. This is a time span sufficient for the majority of designs exploited on the market. The average length of protection needed in practice is much shorter. The experience of the German Patent Office suggests that 1/3 of all registered designs are not renewed after the initial 5 years registration period and that after 15 years the

overwhelming majority of registered designs lapse. Accordingly, it appears that the greater number of cases in which design rights are pursued under the umbrella of copyright protection instead of under the umbrella of specific design protection are those in which a registered design right for one reason or another has not been applied for (for example because the right holder was unfamiliar with the law) and not cases where the specific design protection has expired.

- b) If one moreover considers that extensive exclusive rights will be conferred by the Registered Community Design, the practical need for resorting to copyright protection during the duration of the Registered Community Design should be greatly reduced.
- c) The need to cater for some kind of automatic protection for designs in respect of which a registration for the one or other reason has not been taken out is accommodated by the Unregistered Community Design which gives a protection close to copyright albeit limited in time to - tentatively - three years (with the option of registration during the first 12 months).
- d) During the forementioned period of three years it would be unnecessary for right holders to rely upon copyright protection to protect themselves against product piracy of which newer products are the target more often than products, which have been already on the market for some time. If a registration has not been taken out (for example because it has been forgotten) the necessary legal defence against reproduction exists. But after the expiry of the duration of protection for the Unregistered Community Design the discrepancies between the legal position of Member States may show an effect, which at the appropriate time needs to be assessed.
- e) Such cases will only arise, by definition, some years after the entry into force of the Regulation on the Community Design. It would therefore be possible for the Community to develop measures to take care of that problem in the meantime.

11.3.6.10. In conclusion then: The problem stemming from the application of copyright to the protection of designs, which differs widely from Member State to Member State as regards the conditions for protection and the term of protection is likely in practice to prove its effects essentially some time after the entry into force of the Regulation on the Community Design.

The introduction of the Community Design will - at least for some time - mitigate existing problems not exacerbate them.

The Commission would welcome the opinion of interested circles on its assessment of the situation and the suggested policy.

11.3.7. The question of the entitlement to copyright.

A further question which will be raised by the lack of harmonization concerns the possibility that the right to the Community Design could belong to a person other than the one who is entitled to copyright protection under the relevant national law.

As may be known, copyright may in some continental States as a rule originate only in a physical person, the author, whereas the right to the design, depending on the law applicable under the provisions mentioned in Chapter 7, could originate directly in the company employing the designer or in the commissioner of the design. There is therefore a risk that the rights to the two cumulated protections could belong to different persons. The Commission does not feel that this problem, however awkward it may be, should be addressed in the context of the present design initiative at Community level. It has been set out in Chapter 7 why it would not be appropriate to try to develop uniform Community rules concerning the entitlement to the Community Design for the time being. Similar considerations apply as far as the question of entitlement to copyright is concerned, which could only be addressed within the framework of a general approach in the area of copyright.

No major difficulties seem to have arisen until now in the Member States with conflicting entitlements. The potential risk of conflict seems to have been avoided largely by contractual clauses regarding the assignment of the copyright by the designer to the employer or to the commissioner or where an assignment of the copyright as such is excluded, by an appropriate assignment as regards the right of economic exploitation. The possibility that the designer invokes his moral rights under copyright in the countries where they are recognised seems not to have given rise, according to the information available to the Commission, to any major problem. The Commission would however invite comments on this aspect, in particular from the interested circles.

If judged necessary by interested circles the harmonization issue could as stated be addressed within the framework of a general approach in the area of copyright.

11.4. Relationship to trade mark protection.

11.4.1. The situation in this respect is much more satisfactory at Community level than in the case of copyright. Harmonization of substantive trade mark law has already been achieved by the First Directive 89/104/EEC of 21 December 1988 and the future Community trade mark will be governed by similar rules. It is quite clear under these instruments that a trade mark may consist of a two-dimensional or three-dimensional design. The only designs which will be excluded from protection as a trade mark are those which "consist exclusively of:

- a) the shape which results from the nature of the goods themselves, or
- b) the shape of goods which is necessary to obtain a technical result or,
- c) the shape which gives substantial value to the goods."

11.4.2. To cumulate protection with a trade mark a design must however fulfill the basic requirement that "it is capable of distinguishing the goods or services of one undertaking from those of other undertakings". This might well be the case from the outset, but it could also occur that a design, although it has distinctive character within the meaning of the Draft Regulation for the Community Design, does not fulfill the requirement of distinctiveness in a trade mark sense.

The Community instruments provide however that a trade mark shall not be refused registration if, "following the use which has been made of it, it has acquired a distinctive character." This provision would allow for a design which, following its intensive use on the market, has become a sign identifying the undertaking which manufactures the articles incorporating it, to be accepted as a trade mark even though it did not possess a distinctive character at the origin.

11.4.3. To sum up it can be said that cumulation of protection of a Community Design with a national trade mark or even a Community trade mark results from the existing Community legislation, to the extent that the

design fulfils the specific requirement to be treated as a trade mark. Insofar as a protection as a trade mark is provided for, the design concerned will be subject to the obligation of use and could be revoked if it has not been put to a genuine use within a continuous period of five years. If the requirement of use is complied with, the term of protection as a trade mark can be prolonged indefinitely.

11.5. Relationship to patent and utility model law

11.5.1. The Patent

Should a design represent an invention, it could attract protection under patent law. In those cases it is unlikely, however, that the design could attract protection under the specific national legislation or the Community Design Regulation: such a design is probably dictated solely by its technical function. Should this not be the case (in other words, should the designer keep a margin of freedom for aesthetic features independently from the technical function), then cumulation should be possible. Of course the elements protected would differ under the two rights: the patent would protect the invention as such, whilst the design would only protect those features where the free action of the designer has manifested itself.

11.5.2. The utility model.

11.5.2.1. Everything which has been said above with respect to the patent would also apply if the design were to represent a "petty invention", not patentable under patent law in most cases for lack of inventive step.

Also in such cases, where the design is dictated solely by the technical function, protection under specific design law is normally excluded. A protection under a "utility model" could be obtained in those countries which know such a legal instrument (Germany, Greece, Italy, Spain and Portugal). Similarly protection under a UK unregistered design would be possible. In the other countries there would be a lacuna in the protection system of industrial property of which the Commission is fully aware.

11.5.2.2. The most difficult problems would arise with those designs which represent a "petty invention" but also contain features of aesthetic value which attract protection under the specific design law (and possibly even under copyright). The definition which the Commission has tentatively given of the design would only cover the latter features and would leave unprotected the technical improvements which have been referred to as "petty inventions".

The situation under the law of some Member States (Germany, Italy, Spain) is that in such cases the applicant for protection could, if he so requires, obtain two different titles of protection, a "design" and a "utility model" which would co-exist, even if the terms of protection differ. The situation in Portugal seems to be that only the protection which is prevailing would be granted. In the UK, with the exceptions of the "must match" and "must fit" clauses, protection of the two aspects would be unified under an unregistered design. In the other countries no protection would be available for such "petty inventions" as such and the protection as a design is also meant to cover in practice these needs.

11.5.2.3. The Commission is aware that the lacuna described above represents a major problem in establishing a Community system of protection of industrial property. An initiative in this field with a view to harmonizing national legislations and introducing the instrument of the "utility model" in those countries which do not know it is going to be the next major target of the Commission in this field, after the initiative concerning the Community Design will have been successfully launched. The Commission will in particular study whether a better answer to the needs of the internal market would be the institution of a new Community unitary instrument, the "Community Utility Model" or the obligatory introduction of national "utility models" in all Member States and their harmonization.

11.5.2.4. Pending this future initiative, the situation will remain unsatisfactory during the first years of functioning of the Community Design system, to the extent that cumulation of protection in the cases

evoked before will only exist in some Member States. This explains why it is the Commission's intention to accelerate the pace of the initiative anticipated here.

11.6. Relationship to the protection under unfair competition rules.

11.6.1. The protection under unfair competition rules can be cumulated in all Member States with the other forms of protection. This is natural enough if one thinks of the different nature of these rules, which tend to deal with fairness in the behaviour of operators in trade and which require, next to objective acts of misbehaviour, the existence of a subjective element of fault or negligence on the side of the offender.

11.6.2. The only problem which seems to arise from a comparison of the existing legislations is, quite apart from the need for a general harmonization of this sector of legislation in the perspective of the internal market, the prohibition in certain countries (Benelux and Italy) against invoking the unfair competition rules even against slavish imitations of a product, once the term of protection of the design has expired. This prohibition, based on the idea that a monopoly right should be entirely available to the public as soon as the exclusiveness period is over, (the "patent approach"), risks justifying unfair misappropriations of commercial good-will attached to a well introduced design which comes to the expiry of its protection term. The Commission would wish to hear comments from the interested circles on the pertinence of this remark and on the possible need for separate Community action, possibly in the framework of the Directive, to settle this problem.

1 See the decision of the Benelux Court of Justice of 22 May 1987 in the case Screenoprints Ltd v. Citroen Nederland B.V.

2 OJ No. L 122 of 17 May 1991.

PRELIMINARY DRAFT OF A PROPOSAL FOR
A REGULATION ON THE COMMUNITY DESIGN

PRELIMINARY DRAFT OF A PROPOSAL FOR
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TABLE OF CONTENTS

Title I - General provisions

- Article 1 Community Design
- Article 2 Community Design Office

Title II - The law relating to designs

Section 1 : Condition for protection

- Article 3 Definitions
- Article 4 Distinctive character
- Article 5 Period of grace for a Registered Community Design
- Article 6 Designs excluded from the protection as a Community Design

Section 2 : Scope of protection

- Article 7 Scope of protection
- Article 8 Interconnection
- Article 9 Commencement and term of protection of the Unregistered Community Design
- Article 10 Commencement and term of protection of the Registered Community Design

Section 3 : Entitlement to the Community Design

Article 11 Right to the Community Design

Article 12 Design of an employee or in pursuance of a commission

Article 13 Plurality of designers

Article 14 Registered Community Design belonging to a person non-entitled

Article 15 Presumption in favour of the registered person

Article 16 Right of the designer to be mentioned

Section 4 : Effects of the Community Design

Article 17 Rights conferred by the Unregistered Community Design

Article 18 Rights conferred by the Registered Community Design

Article 19 Limitation of the rights conferred by a Community Design

Article 20 Exhaustion

Article 21 Rights of prior use in respect of a Registered Community Design

Section 5 : Invalidity

Article 22 Declaration of Invalidity

Article 23 Grounds for Invalidity

Article 24 Effects of Invalidity

Title III - Community Designs as objects of property

Article 25 Dealing with Community Designs as national designs

Article 26 Transfer

Article 27 Rights in rem on a Registered Community Design

Article 28 Levy on execution in respect of a Registered Community Design

Article 29 Bankruptcy or like proceedings

Article 30 Licensing

Article 31 Effects vis-à-vis third parties

Title IV - The application for a registered Community Design

Section 1 : Filing of applications and the conditions which govern them

Article 32 Filing of applications

Article 33 Forwarding of the application

Article 34 Conditions which applications must comply with

Article 35 Multiple applications

Article 36 Date of filing

Article 37 Classification of Registered Community Designs

Section 2 : Right of priority

Article 38 Right of priority

Article 39 Claiming priority

Article 40 Effect of priority right

Article 41 Equivalence of Community filing with national filing

Title V - The registration procedure

Article 42 Examination of applications

Article 43 Non-remediable deficiencies

Article 44 Remediable deficiencies

Article 45 Publication

Article 46 Adjournment of the publication

Article 47 Registration

Title VI - Term of protection of the registered Community Design

Article 48 Term of protection

Article 49 Renewal

Title VII - Surrender and Invalidity of the Registered Community Design

Article 50 Surrender

Article 51 Application for a declaration of invalidity

Article 52 Examination of the application

Title VIII - Appeals from decisions of the office

Article 53 Decisions subject to appeal

Article 54 Persons entitled to appeal and to be parties to appeal proceedings

Article 55 Time limit and form of appeal

Article 56 Interlocutory revision

Article 57 Examination of appeals

Article 58 Decisions in respect of appeals

Article 59 Actions before the Court of Justice

Title IX - Procedure before the office

Section 1 : General provisions

Article 60 Statement of reasons on which decisions are based

Article 61 Examination of the facts by the Office of its own motion

Article 62 Oral proceedings

Article 63 Taking of evidence

Article 64 Notification

Article 65 Restitutio in integrum

Article 66 Reference to general principles

Article 67 Termination of financial obligations

Section 2 : Costs

Article 68 Costs

Article 69 Enforcement of decisions fixing the amount of costs

Section 3 : Information of the public and of the official authorities
of the Member States

Article 70 Community Design Register

Article 71 Periodical publications

Article 72 Inspection of files

Article 73 Administrative and legal co-operation

Article 74 Exchange of publications

Section 4 : Representation

Article 75 General principles of representation

Article 76 Professional representatives

Title X - Conversion of a Registered Community Design into a national
design application

Article 77 Request for the application of national procedure

Article 78 Submission, publication and transmission of the request
for conversion

Article 79 Formal requirements for conversion

Title XI - Jurisdiction and procedure in legal actions relating to
Community Designs

Section 1 : Application of the Convention on Jurisdiction and
Enforcement

Article 80 Application of the Convention on Jurisdiction and
Enforcement

Article 81 Applicable text of the Convention

Section 2 : Disputes concerning the infringement and validity of
Community Designs

- Article 82 Community Design Courts
- Article 83 Jurisdiction over infringement and validity
- Article 84 International jurisdiction
- Article 85 Extent of jurisdiction on infringement
- Article 86 Action or counterclaim for a declaration of invalidity of
a Community Design
- Article 87 Counterclaim for a declaration of invalidity of a
Registered Community Design
- Article 88 Defense as to the merits
- Article 89 Applicable law
- Article 90 Sanctions in actions for infringement
- Article 91 Provisional, including protective, measures
- Article 92 Specific rules on related actions
- Article 93 Jurisdiction of Community Design Courts of second instance
- Further appeal

Section 3 : Other disputes concerning Community Designs

- Article 94 Supplementary provisions on the jurisdiction of national
courts other than Community Design Courts
- Article 95 Obligation of the national court

Title XII - Effects on the laws of the Member States

- Article 96 Simultaneous protection
- Article 97 Parallel actions on the basis of Community Designs and
national designs
- Article 98 Relationship to other forms of protection

Title XIII - The Community Design Office

Section 1 : General provisions

Article 99 Legal status

Article 100 Seat

Article 101 Staff

Article 102 Privileges and Immunities

Article 103 Liability

Article 104 Language(s)

Section 2 : Management of the Office

Article 105 Powers of the President

Article 106 Appointment of senior officials

Article 107 Control of legality

Section 3 : Administrative Board

Article 108 Creation and powers

Article 109 Composition

Article 110 Chairmanship

Article 111 Meetings

Section 4 : Implementation of procedures

Article 112 The departments

Article 113 Preliminary Examining Divisions

Article 114 Design Administration and Legal Division

Article 115 Invalidity Divisions

Article 116 Boards of Appeal

Article 117 Independence of the members of the Boards of Appeal

Article 118 Exclusion and objection

Section 5 : Budget and financial control

Article 119 to 125

Article 126 Fees Regulation

Title XIV - Final provisions

Article 127 Implementing Regulation

Article 128 Entry into force

PRELIMINARY DRAFT
OF A PROPOSAL FOR A REGULATION
ON THE COMMUNITY DESIGN

TITLE I
GENERAL PROVISIONS

Article 1
Community Design

- (1) A design which conforms with the conditions contained in this Regulation is hereinafter referred to as a "Community Design".
- (2) A Community Design shall be protected under the terms of this Regulation
 - a) without any formalities as an "Unregistered Community Design",
 - b) if it is registered in the manner provided for in this Regulation, as a "Registered Community Design".
- (3) A Community Design shall have a unitary character. It shall have equal effect throughout the Community; it shall not be registered, transferred, surrendered or be the subject of a decision declaring it invalid, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.

Article 2
Community Design Office

A Community Design Office, hereinafter referred to as "the Office", is hereby established.

TITLE II.
THE LAW RELATING TO DESIGNS

Section 1
Condition for protection

Article 3
Definitions

For the purposes of this Regulation :

- a) "design" shall mean the two-dimensional or three-dimensional features of the appearance of a product, which are capable of being perceived by the human senses as regards form and/or colour and which are not dictated solely by the technical function of the product;
- b) a "computer program" or a "semi-conductor product" shall not be considered to be a "product".

Article 4
Distinctive character

- (1) A design shall be protected as a Community Design to the extent that it has a distinctive character.
- (2) A design shall have a distinctive character if, at the relevant date,
 - It is not known to the circles specialised in the sector concerned operating within the Community and,
 - through the overall impression it displays in the eyes of the relevant public, it distinguishes itself from any other design known to such circles.

- (3) The relevant date within the meaning of par. (2) shall be
- a) In the case of an Unregistered Community Design, the date on which it was first disclosed to the public,
 - b) In the case of a Registered Community Design, the date on which the application for registration was filed, or the earlier priority date, if a priority has been claimed.

Article 5
Period of grace
for a Registered Community Design

In order to assess whether a design for which an application for a Registered Community Design has been filed fulfils the condition under Article 4 no account shall be taken of any disclosure to the public made within a period of twelve months prior to the date of filing the application or, if priority is claimed, prior to the priority date,

- by the designer or his successor in title, or,
- by third parties on the basis of information provided by the designer or as a result of action taken by him.

Article 6
Designs excluded from the protection as a Community Design

- (1) A Community Design shall not subsist in a design the exploitation or publication of which is contrary to public policy or to accepted principles of morality.
- (2) Par. (1) shall apply notwithstanding that the ground for exclusion obtains in only part of the Community.

Section 2

Scope of protection

Article 7

Scope of protection

- (1) The protection conferred by a Community Design shall extend to any design which in the eyes of the relevant public displays an overall impression of substantial similarity to that of the Community Design. In order to assess the similarity of the overall impression common features shall be given more weight than differences.
- (2) When deciding on the scope of protection, the degree of distinctive character of the Community Design shall be taken into consideration.

Article 8

Interconnections

The protection conferred by a Community Design shall not extend to 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.

Article 9

Commencement and term of protection
of the Unregistered Community Design

- (1) A design which meets the requirements under Articles 3 and 4 shall be protected without any formalities as an Unregistered Community Design for a period of [3] years as from the date on which it was disclosed

to the public in the Community by the designer or his successor in title or by third parties on the basis of information provided by the designer or as a result of an action taken by him.

- (2) However, if the owner of an Unregistered Community Design has an identical or substantially similar Registered Community Design, the Unregistered Community Design shall be ineffective from the date of publication of the mention of registration of the Registered Community Design.
- (3) The subsequent lapse or declaration of invalidity of the Registered Community Design shall not affect the provisions of par. (2).

Article 10

Commencement and term of protection of the Registered Community Design

Upon registration by the Office in the Community Design Register a design which meets the requirements under Articles 3 to 5 may be protected as a Registered Community Design for a period of five years as from the date of filing. The term of protection may be extended in accordance with Article 48 up to a maximum of 25 years.

Section 3

Entitlement to the Community Design

Article 11

Right to the Community Design

The right to the Community Design shall belong to the designer or his successor in title.

Article 12

Design of an employee or in pursuance of a commission

- (1) If a design has been developed by an employee, the right to the Community Design shall be determined, to the extent that the parties to the contract of employment have not chosen a different law, in accordance with the law of the State in which the employee habitually carries out his work, even if he is temporarily employed in another country; if the employee does not habitually carry out his work in any one country, the right to the Community Design shall be determined in accordance with the law of the State in which the employer has his place of business to which the employee is attached.
- (2) A choice of law made by the parties to govern a contract of employment shall not have the result of depriving the employee of the protection afforded to him by any mandatory rules of the law which would be applicable under paragraph (1) in the absence of choice.
- (3) If the design has been developed in pursuance of a commission, the right to the Community Design shall be determined, in the absence of a different choice of law by the parties to the contract, in accordance with the law of the State in which the commissioner has his domicile or his seat.

Article 13

Plurality of designers

- (1) If two or more persons have jointly developed a design, the right to the Community Design shall belong to them jointly.
- (2) If two or more persons have developed independently of each other identical or substantially similar designs, each of which in isolation meets the requirements under Articles 3 to 5,
 - a) the right to the Unregistered Community Design shall belong to each of them,

- b) the right to the Registered Community Design shall belong to the person who first files an application with the Office for a Registered Community Design.
- (3) If a priority is invoked for the application with the Office, the priority date shall be taken into consideration for the purposes of par. (2) b).

Article 14
Registered Community Design
belonging to a person non-entitled

- (1) If a Registered Community Design is registered in the name of a person who is not entitled to it under Articles 11 to 13, the person entitled may, without prejudice to any other remedy which may be open to him, claim to have the Registered Community Design transferred to him.
- (2) Where a person is jointly entitled to the Registered Community Design, that person may, in accordance with par. (1), claim to be made a joint proprietor.
- (3) Legal proceedings to seek the transfer under par. (1) may be instituted only within a period of not more than two years after the date of publication of the mention of the registration in the Community Design Register of the Registered Community Design. This provision shall not apply if the owner of the Registered Community Design knew that he was not entitled to it at the time when such Design was registered or transferred to him.
- (4) The fact that legal proceedings under par. (1) have been instituted shall be entered in the Community Design Register. Entry shall also be made of the final decision in, or of any other termination of, the proceedings.
- (5) Where there is a complete change of proprietorship of a Registered Community Design as a result of legal proceedings under par. (1), licences and other rights shall lapse upon the registration of the person entitled to the design in the Community Design Register.

- (6) If, before the institution of the legal proceedings under par. (1) has been registered, the owner of the Registered Community Design or a licensee has exploited the design within the Community or made serious and effective preparations to do so, he may continue such use provided that he requests within the period prescribed by the Implementing Regulation a non-exclusive licence from the new owner whose name is entered in the Community Design Register. The licence shall be granted for a reasonable period and upon reasonable terms.
- (7) Par. (6) shall not apply if the owner or the licensee, as the case may be, was acting in bad faith at the time when he began to exploit the design or to make preparations to do so.

Article 15

Presumption in favour of the registered person

The person in whose name the application for a Registered Community Design was filed shall be deemed to be the person entitled in any proceedings before the Office.

Article 16

Right of the designer to be mentioned

The designer shall have the right, vis-à-vis the applicant for or the proprietor of a Registered Community Design, to be mentioned as such before the Office.

Section 4

Effects of the Community Design

Article 17

Rights conferred by the Unregistered Community Design

An Unregistered Community Design shall confer on its proprietor the exclusive right to prevent any third party not having his consent from copying the design for commercial purposes.

Article 18

Rights conferred by the Registered Community Design

A Community Design shall confer on 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 design which displays in the eyes of the relevant public an overall impression of substantial similarity, is applied, or from importing, exporting or stocking such a product for these purposes.

Article 19

Limitation of the rights conferred by a Community Design

- (1) The rights conferred by a Community Design shall not extend to:
 - a) acts done privately and for non-commercial purposes,
 - b) acts done for experimental purposes,
 - c) to reproducing the design for the purpose of teaching designs.
- (2) In addition, the rights conferred by a Community Design shall not extend to:
 - a) equipments on ships and aircraft registered in a third country, when these temporarily enter the territory of the Community,
 - b) the importation in the Community of spare parts and accessories for the purpose of repairing such vehicles,
 - c) the execution of repairs on such vehicles.

Article 20

Exhaustion

The rights conferred by a Community Design shall not extend to acts relating to products covered by the scope of protection of the design which have been put on the market in the Community by the proprietor of the Community Design or with his consent.

Article 21

Rights of prior use

In respect of a Registered Community Design

- (1) The rights conferred by a Registered Community Design shall not become effective vis-à-vis any third person owning a design which has been developed independently of the person entitled to the Registered Community Design and which is identical to it, or displays in the eyes of the relevant public an overall impression of substantial similarity to it, if, at the relevant date, such third person has commenced in good faith use of its design within the Community or has made serious preparations to that effect. Such a person shall be entitled to exploit the design for the needs of the undertaking in which the use was carried out or foreseen. This right cannot be transferred separately from the undertaking.
- (2) The relevant date within the meaning of par. (1) shall be the date on which the entitlement to the Community Design arose in accordance with Article 13 par. (2) b) and (3). However, Article 13 par. (3) shall not apply if the applicant for or the proprietor of a Registered Community Design is a national of a third country which does not guarantee reciprocity to the nationals of the Member States in respect of rights of prior use or personal possession when the priority of a foreign application is invoked before its authorities.

Section 5
Invalidity

Article 22
Declaration of Invalidity

- (1) A Community Design may only be declared invalid by a Community Design Court. A Registered Community Design may also be declared invalid by the Office in accordance with the procedure in Title VII.
- (2) An application for a declaration of invalidity may be submitted even after the Community Design has lapsed.

Article 23
Grounds for Invalidity

- (1) A Community Design may only be declared invalid if
 - a) the Community Design does not fulfil the requirements under Articles 3 to 5, or
 - b) its exploitation or publication is contrary to public policy or to accepted principles of morality, or
 - c) the proprietor of the Community Design is not, having regard to a decision of a court which has to be recognised throughout the Community, entitled within the terms of Articles 11 to 14.
- (2) A Registered Community Design may also be declared invalid if there is an earlier design or an earlier right which is a hindrance to it.
- (3) An "earlier design" within the meaning of paragraph 2 is a design which
 - a) is identical to the Registered Community Design at issue or does not substantially differ from it in respect of the overall impression it displays in the eyes of the relevant

public, but is not known, at the date of filing the application for registration or at the priority date of such Design, to the circles specialised in the sector concerned operating within the Community and

b) belongs to one of the following categories:

- i) Registered Community Designs,
 - ii) designs registered in a Member State or, for Belgium, the Netherlands and Luxembourg, at the Benelux Design Office,
 - iii) designs registered under international arrangements which have effect in a Member State,
 - iv) applications for designs referred to under i) to iii),
- or

c) belongs to one of the following categories:

Unregistered Community Designs or unregistered design rights of a Member State, and has been copied in the Registered Community Design at issue.

- (4) An "earlier right" within the meaning of par. (2) is an exclusive right under the legislation of a Member State other than a design right, which has been copied in the Registered Community Design at issue and which, pursuant to the law governing it, confers on its proprietor the right to prohibit the use of a subsequent design.
- (5) By derogation from Article 1 par. (3), in the case specified in par. (2), invalidity shall be declared only in respect of the Member State or States where the earlier design or the earlier right has effect. The derogation shall however not apply if the earlier design belongs to the category mentioned in par. (3) b) i) or c) i).

Article 24

Effects of Invalidity

- (1) A Community Design which has been declared invalid shall be deemed not to have had, as from the outset, the effects specified in this Regulation.

(2) Subject to the national provisions relating either to claims for compensation for damage caused by negligence or lack of good faith on the part of the proprietor of the Community Design, or to unjust enrichment, the retroactive effect of invalidity of the Community Design shall not affect:

- a) any decision on infringement which has acquired the authority of a final decision and been enforced prior to the invalidity decision,
- b) any contract concluded prior to the invalidity decision, insofar as it has been performed before the decision; however, repayment, to an extent justified by the circumstances, of sums paid under the relevant contract, may be claimed on grounds of equity.

TITLE III.
COMMUNITY DESIGNS AS OBJECTS OF PROPERTY

Article 25

Dealing with Community Designs
as national designs

- (1) Unless Articles 26 to 30 provide otherwise, a Community Design as an object of property shall be dealt with in its entirety, and for the whole area of the Community, as a national design of the Member State in which
 - a) the proprietor has his seat or his domicile on the relevant date, or
 - b) where subparagraph a) does not apply, the proprietor has an establishment on the relevant date.
- (2) In the case of a Registered Community Design, the Member State referred to in par. (1) shall be the Member State which results from the entries made in the Community Design Register.
- (3) If two or more persons are joint proprietors, par. (1) shall apply to the joint proprietors in the alphabetic order of their family names. However, in the case of a Registered Community Design, par. (1) shall apply to the joint proprietor first mentioned in the Community Design Register; failing this, it shall apply to the subsequent joint proprietors in the order in which they are mentioned therein.
- (4) Where par. (1) to (3) do not apply, the Member State referred to in par. (1) shall be the Member State in which the seat of the Office is situated.

Article 26

Transfer

- (1) A Community Design may be transferred.

- (2) The transfer of a Registered Community Design shall be subject to the following provisions:
- a) On request of one of the parties a transfer shall be entered in the Community Design Register and published.
 - b) As long as the transfer has not been entered in the Community Design Register, the successor in title may not invoke the rights arising from the Registered Community Design.
 - c) Where there are time limits to be observed vis-à-vis the Office, the successor in title may make the corresponding statements to the Office once the request for registration of the transfer has been received by the Office.
 - d) All documents which require notification to the proprietor of the Registered Community Design shall be addressed to the person registered as proprietor.

Article 27

Rights in rem

on a Registered Community Design

- (1) A Registered Community Design may be given as a security or be the subject of rights in rem.
- (2) On request of one of the parties, rights mentioned in par. (1) shall be entered in the Community Design Register and published.

Article 28

Levy on execution

In respect of a Registered Community Design

- (1) A Registered Community Design may be levied in execution.
- (2) As regards the procedure for levy of execution, the courts and authorities of the Member State determined in accordance with Article 25 shall have exclusive jurisdiction.
- (3) On request of one of the parties, levy of execution shall be entered in the Community Design Register and published.

Article 29

Bankruptcy or like proceedings

- (1) Until such time as common rules for the Member States in this field enter into force, the only Member State in which a Community Design may be involved in bankruptcy or like proceedings shall be that in which such proceedings are first brought within the meaning of national law or conventions applicable in this field.
- (2) Where a Registered Community Design is involved in bankruptcy or like proceedings, an entry to this effect shall be made, on request of the competent national authority, in the Community Design Register and published.

Article 30

Licensing

- (1) A Community Design may be licensed for the whole or part of the Community. A license may be exclusive or non-exclusive.
- (2) Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community Design only if its proprietor consents thereto.
- (3) A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in an infringement action brought by the proprietor of a Community Design.
- (4) In the case of a Registered Community Design, the grant or transfer of a license in respect of such right shall, on request of one of the parties, be entered in the Community Design Register and published.

Article 31

Effects vis-à-vis third parties

- (1) The effects vis-à-vis third parties of the legal acts referred to

In Articles 26 to 28 and 30 shall be governed by the law of the Member State determined in accordance with Article 25.

- (2) However, as concerns Registered Community Designs, legal acts referred to in Articles 26, 27 and 30 shall only have effect vis-à-vis third parties in all the Member States after entry in the Community Design Register. Nevertheless, such an act, before it is so entered, shall have effect vis-à-vis third parties who have acquired rights in the Registered Community Design after the date of that act but who knew of the act at the date on which the rights were acquired.
- (3) Par. (2) shall not be applied with regard to a person who acquires the Registered Community Design or a right relating to it by way of transfer of the whole of the undertaking or by any other universal succession.
- (4) Until such time as common rules for the Member States in the field of bankruptcy enter into force, the effects vis-à-vis third parties of bankruptcy or like proceedings involving a Community Design shall be governed by the law of the Member State determined in accordance with Article 29.

TITLE IV.
THE APPLICATION FOR A REGISTERED COMMUNITY DESIGN

Section 1
Filing of applications and
the conditions which govern them

Article 32
Filing of applications

An application for a Registered Community Design shall be filed, at the choice of the applicant,

- a) at the Office or
- b) at the central industrial property office of a Member State or at the Benelux Design Office. An application filed in this way shall have the same effect as if it had been filed on the same date at the Office.

Article 33
Forwarding of the application

- (1) Where the application is filed at the central industrial property office of a Member State or at the Benelux Design Office, that office shall take all steps to forward the application to the Office within four weeks after filing. The central industrial property office or the Benelux Office may charge the applicant a fee which shall not exceed the administrative costs of receiving and forwarding the application.
- (2) Applications which do not reach the Office within three months after filing shall be deemed withdrawn.

- (3) Ten years after the entry into force of this Regulation, the Commission shall draw up a report on the operation of the system of filing applications for Registered Community Designs, together with any proposals for modifying this system.

Article 34

Conditions which applications must comply with

- (1) An application for a Registered Community Design shall contain:
 - a) a request for registration;
 - b) information identifying the applicant;
 - c) a graphic or photographic representation of the design suitable for reproduction;
 - d) such other particulars as the Implementing Regulation may prescribe.
- (2) The application shall mention the designer. If the applicant is not the designer or not the sole designer, the mention shall contain a statement indicating the origin of the right to the Community Design.
- (3) In addition the application may contain:
 - a) a list indicating the class or classes of products to which the design is to be incorporated,
 - b) a description explaining the representation,
 - c) a specimen or a sample of the product or products to which the design is to be incorporated,
 - d) a request that the publication of the application be adjourned in accordance with Article 46.
- (4) The Implementing Regulation shall contain provisions governing the presentation of the application.
- (5) The indication mentioned under par. (3) a) does not affect the scope of protection granted by the Registered Community Design.
- (6) The specimen or sample mentioned under par. (3) c) shall be decisive whenever the appearance of the Registered Community Design is relevant for assessing controversial questions.

Article 35
Multiple applications

Several designs intended to be incorporated in products belonging to the same class may be combined in one multiple application for Registered Community Designs. A multiple application shall not comprise more than 100 designs. The multiple application shall comply with such particulars as the Implementing Regulation may prescribe.

Article 36
Date of filing

The date of filing of an application for a Registered Community Design shall be the date on which documents containing the information specified in Article 34 par. (1) are filed with the Office, or, if the application has been filed with the central industrial property office of a Member State or with the Benelux Design Office, with that office, subject to the payment of an application fee or, in the case of a multiple application, of the multiple application fee, within a period of one month of filing the above-mentioned documents.

Article 37
Classification of Registered Community Designs

The Office shall use the classification of designs provided for in the Annex to the Locarno Agreement Establishing an International Classification for Industrial Designs.

Section 2
Right of priority

Article 38
Right of priority

- (1) A person who has duly filed an application for a design in or for any State party to the Paris Convention, or his successors in title, shall enjoy, for the purpose of filing an application for a Registered Community Design for the same design, a right of priority during a period of six months from the date of filing of the first application.
- (2) Every filing that is equivalent to a regular national filing under the national law of the State where it was made or under bilateral or multilateral agreements shall be recognized as giving rise to a right of priority.
- (3) By a regular national filing is meant any filing that is sufficient to establish the date on which the application was filed, whatever may be the outcome of the application.
- (4) A subsequent application for a design which was the subject of a previous first application, and which is filed in or in respect of the same State, shall be considered as the first application for the purpose of determining priority, provided that, at the date of filing of the subsequent application, the previous application has been withdrawn, abandoned or refused, and has not served as a basis for claiming priority. The previous application may not thereafter serve as a basis for claiming a right of priority.
- (5) If the first filing has been made in a State which is not a party to the Paris Convention, par. (1) to (4) shall apply only insofar as that State, according to the findings of the Office published in accordance with the Implementing Regulation, grants, on the basis of a filing made at the Office and subject to conditions equivalent to those laid down in this Regulation, a right of priority having equivalent effect.

Article 39
Claiming priority

An applicant for a Registered Community Design desiring to take advantage of the priority of a previous application shall file a declaration of priority. The Office may require production of a copy of the previous application and, if necessary, a translation of it in a procedural language of the Office.

Article 40
Effect of priority right

The right of priority shall have the effect that the date of priority shall count as the date of filing of the application for a Registered Community Design for the purpose of establishing which rights take precedence.

Article 41
Equivalence of Community filing
with national filing

An application for a Registered Community Design which has been accorded a date of filing shall, in the Member States, be equivalent to a regular national filing, where appropriate with the priority claimed for the said application.

TITLE V.
THE REGISTRATION PROCEDURE

Article 42
Examination of applications

- (1) The Office shall examine whether:
 - a) the object of the application for a Registered Community Design is not, by its nature, obviously unsuitable for protection as a design;
 - b) the exploitation or publication of the design for which the application has been filed would be contrary to public policy or to accepted principles of morality.
- (2) The Office shall furthermore examine whether:
 - a) the application satisfies the conditions for the accordance of a date of filing in accordance with Article 36;
 - b) the application contains the mention of the designer in accordance with Article 34 par. (2);
 - c) the application complies with the other conditions laid down in Article 34 and, in the case of a multiple application, Article 35.

Article 43
Non-remediable deficiencies

Where the deficiencies referred to in Article 42 par. (1) are present, the Office shall refuse the application.

Article 44
Remediable deficiencies

- (1) Where the application does not satisfy the requirements referred to in Article 42 par. (2), the Office shall request the applicant to remedy the established deficiencies or default on payment of the application fee or the multiple application fee within the period prescribed by the Implementing Regulation.
- (2) If the applicant complies with the Office's request in due time, the Office shall accord as date of filing the date on which the application affected by the established deficiencies has been originally filed. If however compliance with the Office's request concerns deficiencies relating to the conditions referred to in Article 34 par. (1) a) to c) or the default on payment of the application fee or the multiple application fee, the Office shall accord as date of filing the date on which such deficiencies or the default on payment are remedied.
- (3) If the deficiencies or the default on payment established pursuant to par. (1) are not remedied in due time, the Office shall refuse the application.
- (4) Failure to satisfy the requirements concerning the claim to priority shall result in loss of the right of priority for the application.

Article 45
Publication

An application for a Registered Community Design, including the reproduction of the representation of the design, shall be published within a period of four months from the date of filing. It shall be published simultaneously with the publication of the mention of the registration, when the registration has taken place

before the expiry of the period referred to above. Where a specimen or a sample has been filed in accordance with Article 34 par. (3) c), an additional reference to this filing shall be published.

Article 46

Adjournment of the publication

- (1) The applicant for a Registered Community Design which has not been disclosed to the public may request, when filing the application, that the publication of the application be adjourned for a period not exceeding twelve months as from the date of filing. However if priority is claimed, the starting date of such period shall be the priority date. Upon such request, the Office shall publish, within the period referred to in Article 45, a mention that the application has been filed together with the information identifying the applicant. The term of protection shall end with the expiry of the period of adjournment.
- (2) The term of protection provided under Article 48 shall apply if, within the period referred to in paragraph (1), the applicant for or the proprietor of the Registered Community Design requests the Office that the application be published.

Article 47

Registration

Where an application meets the requirements of this Regulation, the design shall be registered as a Registered Community Design, provided that the registration fee has been paid within the period prescribed by the Implementing Regulation. If the fee is not paid within this period the application shall be deemed to be withdrawn.

TITLE VI.
TERM OF PROTECTION OF THE REGISTERED COMMUNITY DESIGN

Article 48
Term of protection

The term of protection of the Registered Community Design shall be five years as from the date of filing of the application. It may be renewed pursuant to Article 49 for periods of five years each up to a total term of 25 years as from the date of filing of the first application.

Article 49
Renewal

- (1) Registration of the Registered Community Design shall be renewed at the request of the proprietor or of any person expressly authorised by him, provided that the renewal fee has been paid.
- (2) The Office shall inform the proprietor of the Registered Community Design, and any person having a registered right in respect of the Registered Community Design, of the expiry of the registration in good time before the said expiry.
- (3) The request for renewal shall be submitted within a period of six months preceding the last day of the month in which protection ends. The renewal fee shall also be paid within this period. Failing this, the request may be submitted and the fee paid within a further period of six months from the day referred to in the first sentence, provided that an additional fee is paid within this further period.
- (4) Renewal shall take effect from the day following the date on which the existing registration expires. The renewal shall be registered.

TITLE VII.
SURRENDER AND INVALIDITY OF
THE REGISTERED COMMUNITY DESIGN

Article 50
Surrender

- (1) The surrender of a Registered Community Design shall be declared to the Office in writing by the proprietor. It shall not have effect until it has been registered.
- (2) Surrender shall be registered only with the agreement of the proprietor of a right entered in the Community Design Register. If a licence has been registered, surrender shall only be entered in the Community Design Register if the proprietor proves that he has informed the licensee of his intention to surrender; this entry shall be made on expiry of the period prescribed by the Implementing Regulation.

Article 51
Application for a declaration of invalidity

- (1) Any person may submit to the Office an application for a declaration of invalidity of a Registered Community Design; however, in the case specified in Article 23 par. (1) c), the application may be filed only by the person or persons entitled.
- (2) The application shall be filed in a written reasoned statement. It shall not be deemed to have been filed until the fee has been paid.
- (3) The application shall not lie if an application relating to the same subject-matter and cause of action, and involving the same parties, has been adjudicated on by a Community Design Court and has acquired the authority of a final decision.

Article 52

Examination of the application

- (1) If the application for a declaration of invalidity is admissible, the Office shall examine whether the grounds for invalidity referred to in Article 23 prejudice the maintenance of the Registered Community Design.
- (2) In the examination of the application, which shall be conducted in accordance with the Implementing Regulation, the Office shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Office, on communications by the other parties or issued by itself.
- (3) The decision declaring the Registered Community Design invalid shall be entered in the Community Design Register upon becoming final.

TITLE VIII.
APPEALS
FROM DECISIONS OF THE OFFICE

Article 53
Decisions subject to appeal

- (1) An appeal shall lie from decisions of the Office. It shall have suspensory effect.
- (2) A decision which does not terminate proceedings as regards one of the parties can only be appealed together with the final decision, unless the decision allows separate appeal.

Article 54
Persons entitled to appeal and
to be parties to appeal proceedings

Any party to proceedings adversely affected by a decision of the Office may appeal. Any other parties to the proceedings shall be parties to the appeal proceedings as of right.

Article 55
Time limit and form of appeal

Notice of appeal must be filed in writing at the Office within two months after the date of notification of the decision appealed from. The notice shall not be deemed to have been filed until after the fee for appeal has been paid. Within four months after the date of notification of the decision a written statement setting out the grounds of appeal must be filed.

Article 56
Interlocutory revision

- (1) If the department of the Office whose decision is contested considers the appeal to be admissible and well founded, it shall rectify its decision. This shall not apply where the appellant is opposed by another party to the proceedings.
- (2) If the decision is not rectified within one month after receipt of the statement of grounds, the appeal shall be remitted to the Board of Appeal without delay and without comment as to its merits.

Article 57
Examination of appeals

- (1) If the appeal is admissible, the Board of Appeal shall examine whether the appeal is allowable.
- (2) In the examination of the appeal, the Board of Appeal shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Board of Appeal, on communications from the other parties or issued by itself.

Article 58
Decisions in respect of appeals

- (1) Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.
- (2) If the Board of Appeal remits the case for further prosecution to the department whose decision was appealed, that department shall be bound by the ratio decidendi of the Board of Appeal, insofar as the facts are the same.

Article 59

Actions before the Court of Justice

- (1) Actions may be brought before the Court of Justice against decisions of the Boards of Appeal on appeals. Such actions shall have suspensive effect.
- (2) The action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation and any rule of law relating to their application or misuse of power.
- (3) The action shall be open to any party to proceedings before the Board of Appeal adversely affected by its decision.
- (4) The action shall be brought before the Court of Justice within two months of the date of notification of the decision of the Board of Appeal.
- (5) The Office may intervene in the proceedings before the Court. It may also present observations without intervening in the proceedings.
- (6) If the Court of Justice remits the case for further prosecution to the Board of Appeal, the Board shall be bound by the ratio decidendi of the Court of Justice insofar as the facts are the same.

TITLE IX.
PROCEDURE BEFORE THE OFFICE

Section 1
General provisions

Article 60
Statement of reasons on which decisions are based

Decisions of the Office shall state the reasons on which they are based. They shall be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments.

Article 61
Examination of the facts by the Office
of its own motion

- (1) In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to a declaration of invalidity, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.
- (2) The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.

Article 62
Oral proceedings

- (1) If the Office considers that oral proceedings would be expedient, they shall be held either at the instance of the Office or at the request of any party to the proceedings.

- (2) Oral proceedings, including delivery of the decision, shall be public, insofar as the Office does not decide otherwise in cases where admission of the public could have serious and unjustified disadvantages, in particular for a party to the proceedings.

Article 63

Taking of evidence

- (1) In any proceedings before the Office the means of giving or obtaining evidence shall include the following:
 - a) hearing the parties,
 - b) requests for information,
 - c) the production of documents and items of information,
 - d) hearing the witnesses,
 - e) opinions by experts,
 - f) inspection,
 - g) statements in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up.
- (2) The relevant department of the Office may commission one of its members to examine the evidence adduced.
- (3) If the Office considers it necessary for a party, witness or expert to give evidence orally, it shall either:
 - a) issue a summons to the person concerned to appear before it, or
 - b) request, in accordance with the provisions of Article 73 the courts or other competent authorities in the Member State of residence of the person concerned to take such evidence.
- (4) A party, witness or expert who is summoned before the Office may request the latter to allow his evidence to be heard by a court or other competent authority in the Member State in which he resides. On receipt of such a request, or if there is no reply to the summons, the Office may, in accordance with the provisions of Article 73, request the court or other competent authority to hear the person concerned.

- (5) If a party, witness or expert gives evidence before the Office, the latter may, if it considers it advisable for the evidence to be given on oath or in equally binding form, request, in accordance with Article 73, the courts or other competent authorities in the Member State of the person concerned to re-examine his evidence under such conditions.
- (6) When the Office requests a court or other competent authority of a Member State to take evidence, it may request that authority, in accordance with Article 73, to take the evidence on oath or in equally binding form and to permit a member of the department concerned of the Office to attend the hearing and question the party, witness or expert either through the intermediary of the authority or directly.
- (7) The parties shall be informed of the hearing of a witness or expert before the Office or before a court or other competent authority of a Member State. They shall have the right to be present and to put questions to the witness or expert, either through the intermediary of the authority or directly where the procedure of the Member State so permits.

Article 64

Notification

The Office shall, as a matter of course, notify those concerned of decisions and summonses and of any notice or other communication from which a time limit is reckoned, or of which those concerned must be notified under other provisions of this Regulation or of the Implementing Regulation, or of which notification has been ordered by the President of the Office.

Article 65

Restitutio in integrum

- (1) The applicant for or the proprietor of a Registered Community Design or any other party to proceedings before the Office who,

In spite of all due care required by the circumstances having been taken, was unable to observe a time limit vis-à-vis the Office shall, upon application, have his rights re-established if the non-observance in question has the direct consequence, by virtue of the provisions of this Regulation, of causing the loss of any rights or means of redress.

- (2) The application must be filed in writing within two months from the removal of the cause of non-compliance with the time limit. The omitted act must be completed within this period. The application shall only be admissible within the year immediately following the expiry of the unobserved time limit. In the case of non submission of the request for renewal of registration or of non-payment of a renewal fee, the further period of six months provided for in Article 49 par. (3), third sentence, shall be deducted from the period of one year.
- (3) The application must state the grounds on which it is based and must set out the facts on which it relies. It shall not be deemed to be filed until the fee for re-establishment of rights has been paid.
- (4) The department of the Office competent to decide on the omitted act shall decide upon the application.
- (5) The provisions of this Article shall not be applicable to the time limits referred to in par. (2) of this Article and in Article 38 par. (1).
- (6) Where the applicant for or proprietor of a Registered Community Design has his rights re-established, he may not invoke his rights vis-à-vis a third party who, in good faith, in the course of the period between the loss of rights in the application or the Registered Community Design and publication of the mention of re-establishment of these rights, has put goods on the market incorporating a design which is identical to or displays in the eyes of the public an overall impression of substantial similarity with the Registered Community Design.
- (7) A third party who may avail himself of the provisions of par. (6) may bring third party proceedings against the decision re-establishing the rights of the applicant for or proprietor of the

Registered Community Design within a period of two months as from the date of publication of the mention of re-establishment of those rights.

- (8) Nothing in this Article shall limit the right of a Member State to grant restitutio in integrum in respect of time limits provided for in this Regulation and to be observed vis-à-vis the authorities of such State.

Article 66

Reference to general principles

In the absence of procedural provisions in this Regulation, the Implementing Regulation, the Fees Regulations or the Rules of Procedure of the Boards of Appeal, the Office shall take into account the principles of procedural law generally recognized in the Member States.

Article 67

Termination of financial obligations

- (1) Rights of the Office to the payment of a fee shall be extinguished after four years from the end of the calendar year in which the fee fell due.
- (2) Rights against the Office for the refunding of fees or sums of money paid in excess of a fee shall be extinguished after four years from the end of the calendar year in which the right arose.
- (3) The period laid down in par. (1) and (2) shall be interrupted in the case covered by par. (1) by a request for payment of the fee and in the case covered by par. (2) by a reasoned claim in writing. On interruption it shall begin again immediately and shall end at the latest six years after the end of the year in which it originally began, unless, in the meantime, judicial proceedings to enforce the right have begun; in this case the period shall end at the earliest one year after the judgment has acquired the authority of a final decision.

Section 2

Costs

Article 68

Costs

- (1) The losing party in proceedings for a declaration of invalidity of a Registered Community Design or appeal proceedings shall bear the fees incurred by the other party as well as all costs incurred by him essential to the proceedings, including travel and subsistence and the remuneration of an agent, adviser or advocate, within the limits of scales set for each category of costs under the conditions laid down in the Implementing Regulation.
- (2) However, where each party succeeds on some and fails on other heads, or if reasons of equity so dictate, the Office shall decide a different apportionment of costs.
- (3) The party who terminates the proceedings by surrendering the Registered Community Design or by not renewing its registration or by withdrawing the application for a declaration of invalidity or the appeal, shall bear the fees and the costs incurred by the other party as stipulated in par. (1) and (2).
- (4) Where a case does not proceed to judgment, the costs shall be in the discretion of the Office.
- (5) Where the parties conclude before the Office a settlement of costs differing from that provided for in the preceding paragraphs, the Office shall take note of that agreement.
- (6) On request, the registry of the competent department of the Office shall fix the amount of the costs to be paid pursuant to the preceding paragraphs. The amount so determined may be reviewed by a decision of the competent department on a request filed within the prescribed period.

Article 69

Enforcement of decisions
fixing the amount of costs

- (1) Any final decision of the Office fixing the amount of costs shall be enforceable.
- (2) Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision, without other formality than verification of the authenticity of the decision, by the national authority which the government of each Member State shall designate for this purpose and shall make known to the Office and to the Court of Justice.
- (3) When these formalities have been completed on application by the party concerned, the latter may proceed to enforcement in accordance with the national law, by bringing the matter directly before the competent authority.
- (4) Enforcement may be suspended only by a decision of the Court of Justice. However, the courts of the Member State concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

Section 3

Information of the public and of the
official authorities of the Member States

Article 70

Community Design Register

The Office shall keep a register to be known as the Community Design Register, which shall contain those particulars the registration of which is provided for by this Regulation or by the Implementing Regulation. The Community Design Register shall be open to public inspection.

Article 71
Periodical publications

The Office shall periodically publish:

- a) a "Community Design Bulletin" containing entries made in the Community Design Register as well as other particulars the publication of which is prescribed by this Regulation or by the Implementing Regulation;
- b) an "Official Journal of the Community Design Office", containing notices and information of a general character issued by the President of the Office, as well as any other information relevant to this Regulation or its implementation.

Article 72
Inspection of files

- (1) The files relating to applications for Registered Community Designs which have not yet been published or which are subject to the measure of adjournment of publication in accordance with Article 46 shall not be made available for inspection without the consent of the applicant for or the proprietor of the Registered Community Design.
- (2) Any person who can establish a legitimate interest herein may obtain an inspection of the file prior to the publication of an application and without the consent of the applicant. This shall in particular apply if the interested person can prove that the applicant for or the proprietor of a Registered Community Design has undertaken steps with a view to invoking against him the right under the design after registration or after the publication of the application as a result of the expiry of the measure of adjournment in accordance with Article 46.
- (3) Subsequent to the publication of the application, the files relating to such application and the resulting Registered Community Design may be inspected on request.

- (4) However, where the files are inspected pursuant to par. (2) or (3), certain documents in the file may be withheld from inspection in accordance with the provisions of the Implementing Regulation.

Article 73

Administrative and legal co-operation

- (1) Unless otherwise provided in this Regulation or in national laws, the Office and the courts or authorities of the Member States shall on request give assistance to each other by communicating information or opening files for inspection. Where the Office lays files open to inspection by courts, Public Prosecutors' Offices or central industrial property offices, the inspection shall not be subject to the restrictions laid down in Article 72.
- (2) Upon receipt of letters rogatory from the Office, the courts or other competent authorities of the Member States shall undertake on behalf of that Office and within the limits of their jurisdiction, any necessary enquiries or other related legal measures.
- (3) Each Member State shall designate a central authority which will undertake to receive letters rogatory issued by the Office and to transmit them to the authority competent to execute them.

Article 74

Exchange of publications

- (1) The Office and the central industrial offices of the Member States shall despatch to each other on request and for their own use one or more copies of their respective publications free of charge.
- (2) The Office may conclude agreements relating to the exchange or supply of publications.

Section 4
Representation

Article 75
General principles of representation

- (1) Subject to the provisions of par. (2), no person shall be compelled to be represented before the Office.
- (2) Without prejudice to par. (3), second sentence, natural or legal persons not having either their domicile or their principal place of business or a real and effective industrial or commercial establishment in the Community must be represented before the Office in accordance with Article 76 par. (1) in all proceedings before the Office established by this Regulation, other than in filing an application for a Registered Community Design.
- (3) Natural or legal persons having their domicile or principal place of business or a real and effective industrial or commercial establishment in the Community may be represented before the Office by an employee, who must file with it a signed authorization for insertion in the files, the details of which are set out in the Implementing Regulation. An employee of a legal person to which this paragraph applies may also represent other legal persons which have economic connections with the first legal person, even if those other legal persons have neither their domicile nor their principal place of business nor a real and effective industrial or commercial establishment within the Community.

Article 76
Professional representatives

- (1) Representation of natural or legal persons before the Office may only be undertaken by:

- a) any legal practitioner qualified in one of the Member States and having his place of business within the Community, to the extent that he is entitled, within the said State, to act as a representative in industrial property matters; or
 - b) professional representatives whose names appear on the list maintained for this purpose by the Office.
- (2) Representatives acting before the Office must file with it a signed authorization for insertion on the files, the details of which are set out in the Implementing Regulation.
- (3) Any natural person who fulfils the following conditions may be entered on the list of professional representatives:
- a) he must be a national of one of the Member States;
 - b) he must have his place of business or employment in the Community;
 - c) he must be entitled to represent natural or legal persons in industrial property matters, including design matters, before the central industrial property office of the Member State in which he has his place of business or employment. Where, in that State, the entitlement is not conditional upon the requirement of special professional qualifications, persons applying to be entered on the list who act in industrial property matters, including design matters, before the central industrial property office of the said State must have habitually so acted for at least five years. However, persons whose professional qualification to represent natural or legal persons in industrial property matters, including design matters, before the central industrial property office of one of the Member States is officially recognized in accordance with the regulations laid down by such State shall not be subject to the condition of having exercised the profession.
- (4) Entry shall be effected upon request, accompanied by a certificate furnished by the central industrial property office of the Member State concerned, which must indicate that the conditions laid down in par. (3) are fulfilled.

- (5) The President of the Office may grant exemption from:
 - a) the requirement of par. (3) c), second sentence, if the applicant furnishes proof that he has acquired the requisite qualification in another way;
 - b) the requirement of par. (2) a) in special circumstances.
- (6) The conditions under which a person may be removed from the list of professional representatives shall be laid down in the Implementing Regulation.

TITLE X.
CONVERSION OF A REGISTERED COMMUNITY DESIGN
INTO A NATIONAL DESIGN APPLICATION

Article 77

Request for the application of national procedure

- (1) The applicant for or proprietor of a Registered Community Design may request the conversion of his application for a Registered Community Design or his Registered Community Design into a national design application,
 - a) If the application for a Registered Community Design is refused, withdrawn, or deemed to be withdrawn;
 - b) If the Registered Community Design ceases to have effect.
- (2) Conversion shall not take place for the purpose of protection in a Member State in which, in accordance with the decision of the Office or of a Community Design Court, grounds for refusal of registration or grounds for invalidity apply to the application for a Registered Community Design or the Registered Community Design.
- (3) The national design application resulting from the conversion of an application for a Registered Community Design or a Registered Community Design shall enjoy in respect of the Member State concerned the date of filing or the date of priority of that application or Registered Community Design.
- (4) Where:
 - the application for a Registered Community Design is deemed to be withdrawn or is refused by a decision of the Office which has become final,

- the Registered Community Design ceases to have effect as a result of a decision of the Office which has become final or as a result of registration of surrender of the said Design,
the Office shall notify to the applicant or proprietor a communication fixing a period of three months from the date of that communication in which the request for conversion may be filed.
- (5) Where the application is withdrawn or the Registered Community Design ceases to have effect as a result of failure to renew the registration, the request for conversion shall be filed within three months after the date on which the application is withdrawn or on which the registration of the Registered Community Design expires.
- (6) Where the Registered Community Design is declared invalid as a result of a decision of a Community Design Court, the request for conversion shall be filed within three months after the date on which that decision acquired the authority of a final decision.
- (7) The effect referred to in Article 41 shall lapse if the request is not filed in due time.

Article 78

Submission, publication and transmission of the request for conversion

- (1) A request for conversion shall be filed with the Office and shall specify the Member States in which application of the procedure for registration of a national design is desired. The request shall not be deemed to be filed until the conversion fee has been paid.
- (2) If the application for a Registered Community Design has been published, receipt of any such request shall be entered in the Community Design Register and the request for conversion shall be published.

- (3) The Office shall check whether conversion may be requested in accordance with Article 77 par. (1), whether the request has been filed within the period laid down in Article 77 par. (4), (5) or (6) as the case may be, and whether the conversion fee has been paid. If these conditions are fulfilled, the Office shall transmit the request to the central industrial property offices of the States specified therein. At the request of the central industrial property office of a State concerned, the Office shall give it any information enabling that office to decide as to the admissibility of the request.

Article 79

Formal requirements for conversion

- (1) Any central industrial property office to which the request is transmitted shall decide as to its admissibility.
- (2) An application for a Registered Community Design or a Registered Community Design transmitted in accordance with Article 78 shall not be subjected to formal requirements of national law which are different from, or additional to, those provided for in this Regulation or in the Implementing Regulation.
- (3) Any central industrial property office to which the request is transmitted may require that the applicant shall, within not less than two months:
 - a) pay the national application fee;
 - b) file a translation in one of the official languages of the State in question of the request and of the documents accompanying it;
 - c) indicate an address for service in the State in question;
 - d) supply a representation of the design in accordance with the requirements of the law of the State in question.

TITLE XI.
JURISDICTION AND PROCEDURE IN LEGAL ACTIONS
RELATING TO COMMUNITY DESIGNS

Section 1
Application of the Convention on
Jurisdiction and Enforcement

Article 80
Application of the Convention on
Jurisdiction and Enforcement

- (1) Unless otherwise specified in this Regulation, the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, signed in Brussels on 27 September 1968, as amended by the Conventions on the Accession to that Convention of the States acceding to the European Communities, the whole of which Convention and of which Conventions of Accession are hereinafter referred to as the "Convention on Jurisdiction and Enforcement", shall apply to proceedings relating to Community Designs and applications for Registered Community Designs.
- (2) In the case of proceedings in respect of the actions and claims referred to in Article 83:
 - a) Article 2, Article 4, Article 5 N. (1), (3), (4) and (5) and Article 24 of the Convention on Jurisdiction and Enforcement shall not apply;
 - b) Articles 17 and 18 of that Convention shall apply subject to the limitations in Article 84 par. (4) of this Regulation;
 - c) the provisions of Title II. of that Convention which are applicable to persons domiciled in a Member State shall also be applicable to persons who do not have a domicile in any Member State but have an establishment therein.

- (3) Article 16 N. 3 of the Convention on Jurisdiction and Enforcement shall be complied with by bringing proceedings in respect of an action or claim referred to in Article 83 c) and d) before any Community Design Court having jurisdiction under Article 84.

Article 81

Applicable text of the Convention

The provisions of the Convention on Jurisdiction and Enforcement which are rendered applicable by Article 80 shall have effect in respect of any Member State solely in the text of the Convention which is in force in respect of that State at any given time.

Section 2

Disputes concerning the infringement and validity of Community Designs

Article 82

Community Design Courts

- (1) The Member States shall designate in their territories as limited a number as possible of national courts and tribunals of first and second instance, hereinafter referred to as "Community Design Courts", which shall perform the functions assigned to them by this Regulation.
- (2) Each Member State shall communicate to the Commission within two years of the entry into force of this Regulation a list of Community Design Courts indicating their names and their territorial jurisdiction.
- (3) Any change made after communication of the list referred to in par. (2) in the number, the names or territorial jurisdiction of the Community Design Courts shall be notified without delay by the Member State concerned to the Commission.

- (4) The information referred to in par. (2) and (3) shall be notified by the Commission to the Member States and published in the Official Journal of the European Communities.
- (5) As long as a Member State has not communicated the list as stipulated in par. (2), jurisdiction for any proceedings resulting from an action covered by Article 83, and for which the courts of that State have jurisdiction under Article 84, shall lie with that court of the State in question which would have jurisdiction ratione loci and ratione materiae in the case of proceedings relating to a national design of that State.

Article 83

Jurisdiction over Infringement and validity

The Community Design Courts shall have exclusive jurisdiction:

- a) for infringement actions and - if they are permitted under national law - actions in respect of threatened infringement relating to Community Designs;
- b) for actions for declaration of non-infringement, if they are permitted under national law;
- c) for actions for a declaration of invalidity of an Unregistered Community Design;
- d) for counterclaims for a declaration of invalidity of a Community Design.

Article 84

International jurisdiction

- (1) Subject to the provisions of this Regulation as well as to any provisions of the Convention on Jurisdiction and Enforcement applicable by virtue of Article 80, proceedings in respect of the actions and claims referred to in Article 83 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

- (2) If the defendant neither is domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
- (3) If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.
- (4) Notwithstanding the provisions of par. (1) to (3) above:
 - a) Article 17 of the Convention on Jurisdiction and Enforcement shall apply if the parties agree that a different Community Design Court shall have jurisdiction;
 - b) Article 18 of that Convention shall apply if the defendant enters an appearance before a different Community Design Court.
- (5) Proceedings in respect of the actions and claims referred to in Article 83 a) and d) may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened.

Article 85

Extent of Jurisdiction on Infringement

- (1) A Community Design Court whose jurisdiction is based on Article 84 par. (1) to (4) shall have jurisdiction in respect of acts of infringement committed or threatened within the territory of any of the Member States.
- (2) A Community Design Court whose jurisdiction is based on Article 84 par. (5) shall have jurisdiction only in respect of acts of infringement committed or threatened within the territory of the Member State in which that court is situated.

Article 86

Action or counterclaim for a declaration of invalidity
of a Community Design

- (1) An action or a counterclaim for a declaration of invalidity of a Community Design may only be based on the grounds for invalidity mentioned in Article 23.
- (2) In the case specified in Article 23 par. (1) c) the action or the counterclaim may be brought only by the person or persons entitled to the Community Design.
- (3) If the counterclaim is brought in a legal action to which the proprietor of the Community Design is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law.

Article 87

Counterclaim for a declaration of invalidity
of a Registered Community Design

- (1) Subject to the provision of Article 88 the Registered Community Design shall be treated by the Community Design Courts as valid unless its validity is put in issue by the defendant with a counterclaim for a declaration of invalidity.
- (2) The validity of a Registered Community Design may not be put in issue in an action for a declaration of non-infringement.
- (3) The Community Design Court with which a counterclaim for a declaration of invalidity of a Registered Community Design has been filed shall inform the Office of the date on which the counterclaim was filed. The latter shall record this fact in the Community Design Register.
- (4) Where a Community Design Court has given a judgment which has become final on a counterclaim for a declaration of invalidity of a Registered Community Design, a copy of the judgment shall be sent to the Office. Any party may request information about such

transmission. The Office shall mention the judgment in the Community Design Register in accordance with the provisions of the Implementing Regulation.

- (5) The Community Design Court hearing a counterclaim for a declaration of invalidity of a Registered Community Design may, on application by the proprietor of the Registered Community Design and after hearing the other parties, stay the proceedings and request the defendant to submit an application for a declaration of invalidity to the Office within a time limit which it shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn. Article 92 par. (3) shall apply.
- (6) No counterclaim for a declaration of invalidity of a Registered Community Design may be made if an application relating to the same subject-matter and cause of action, and involving the same parties, has already been determined by the Office in a decision which has become final.

Article 88

Defense as to the merits

If a plea relating to the invalidity of a Community Design is submitted to a Community Design Court otherwise than by way of counterclaim as a defense as to the merits, the Court shall admit it only insofar as the defendant claims that the Community Design could be declared invalid on account of an earlier design or an earlier right of the defendant.

Article 89

Applicable law

- (1) The Community Design Courts shall apply the provisions of this Regulation.

- (2) On all matters not covered by this Regulation a Community Design Court shall apply its national law, including its private international law.
- (3) Unless otherwise provided in this Regulation, a Community Design Court shall apply the rules of procedure governing the same type of action relating to a national design in the Member State where it has its seat.

Article 90

Sanctions in actions for infringement

- (1) Where in an action for infringement or for threatened infringement a Community Design Court finds that the defendant has infringed or threatened to infringe a Community Design, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community Design. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.
- (2) In all other respects the Community Design Court shall apply the law of the Member State in which the acts of infringement or threatened infringement were committed.

Article 91

Provisional, including protective, measures

- (1) Application may be made to the courts of a Member State, including Community Design Courts, for such provisional, including protective, measures in respect of a Community Design as may be available under the law of that State in respect of national designs, even if, under this Regulation, a Community Design Court of another Member State has jurisdiction as to the substance of the matter.

- (2) A Community Design Court whose jurisdiction is based on Article 84 par. (1), (2), (3) or (4) shall have jurisdiction to grant provisional, including protective, measures which, subject to any necessary procedure for recognition and enforcement pursuant to Title III. of the Convention on Jurisdiction and Enforcement, are applicable in the territory of any Member State. No other court shall have such jurisdiction.

Article 92

Specific rules on related actions

- (1) A Community Design Court hearing an action referred to in Article 83, other than an action for a declaration of non-infringement, shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community Design is already in issue before another Community Design Court, including the case of a Registered Community Design where an application for a declaration of invalidity has already been filed at the Office.
- (2) The Office, when hearing an application for a declaration of invalidity of a Registered Community Design, shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Registered Community Design is already in issue on account of a counterclaim before a Community Design Court. However, if one of the parties to the proceedings before the Community Design Court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.
- (3) Where the Community Design Court stays the proceedings it may order provisional, including protective, measures for the duration of the stay.

Article 93
Jurisdiction of Community Design Courts of
second Instance - Further appeal

- (1) An appeal to the Community Design Courts of second Instance shall lie from judgments of the Community Design Courts of first Instance in respect of proceedings arising from the actions and claims referred to in Article 83.
- (2) The conditions under which an appeal may be lodged with a Community Design Court of second Instance shall be determined by the national law of the Member State in which that court is located.
- (3) The national rules concerning further appeal shall be applicable in respect of judgments of Community Design Courts of second Instance.

Section 3
Other disputes concerning Community Designs

Article 94
Supplementary provisions on the jurisdiction of
national courts other than Community Design Courts

- (1) Within the Member State whose courts have jurisdiction under Article 80 par. (1) those courts shall have jurisdiction for actions relating to Community Designs other than those referred to in Article 83, which would have jurisdiction ratione loci and ratione materiae in the case of actions relating to a national design in that State.
- (2) Actions relating to Community Designs other than those referred to in Article 83, for which no court has jurisdiction under Article 80 par. (1) and par. (1) of this Article may be heard before the courts of the Member State in which the Office has its seat.

Article 95

Obligation of the national court

A national court which is dealing with an action relating to a Registered Community Design other than the actions referred to in Article 83 shall treat the design as valid. Article 88 shall however apply.

TITLE XII.
EFFECTS ON THE LAWS OF THE MEMBER STATES

Article 96
Simultaneous protection

- (1) If a designer or his successor in title has a Registered Community Design identical or substantially similar to a design registered in his name in a Member State or at the Benelux Design Office or under an international arrangement having effect in that State, the latter design shall be ineffective from the date of registration of the Registered Community Design in the Community Design Register.
- (2) The subsequent lapse or declaration of invalidity of the Registered Community Design shall not affect the provisions of par. (1).
- (3) Each Member State may prescribe the procedure whereby the loss of effect of the national design is determined when the requirements under par. (1) are met.
- (4) Simultaneous protection shall exist, unless any Member State provides otherwise, if a designer or his successor in title has
 - a) a Registered Community Design identical or substantially similar to an unregistered design of a Member State to which he is entitled under the relevant national law, or
 - b) an Unregistered Community Design identical or substantially similar to a design referred to in par. (1).

Article 97
Parallel actions on the basis of
Community Designs and national designs

- (1) Where actions for infringement or for threatened infringement

Involving the same cause of action between the same parties are brought before the courts of different Member States, one seized on the basis of a Community Design and the other seized on the basis of a design enjoying simultaneous protection under Article 96 par (4), the court other than the court first seized shall of its own motion decline jurisdiction in favour of that court. The court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested.

- (2) The Community Design Court hearing an action for infringement or threatened infringement on the basis of a Community Design shall reject the action if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of a design enjoying simultaneous protection under Article 96 par. (4).
- (3) The court hearing an action for infringement or for threatened infringement on the basis of a national design referred to in Article 96 par. (1) or par. (4) a) shall reject the action if a final judgement on the merits has been given on the same cause of action and between the same parties on the basis of a Community Design enjoying simultaneous protection under Article 96 par. (4).
- (4) The preceding paragraphs shall not apply in respect of provisional, including protective, measures.

Article 98

Relationship to other forms of protection

- (1) Nothing in this Regulation shall prevent actions concerning designs protected as Community Designs from being brought under any legal provision of a Member State relating to trade-marks, patent and utility model rights, civil liability and unfair competition.

- (2) Pending further harmonization of the laws of copyright of the Member States, Community Designs shall also be eligible for protection under such laws as from the date the design was created or fixed in any form, irrespective of the number of products produced to which such design is applied or intended to be applied and irrespective of whether the design can be dissociated from the products to which it is applied or intended to be applied. The extent and the conditions under which such a protection is conferred, including the level of originality required, shall be determined by each Member State.
- (3) Each Member State shall admit to the protection under its law of copyright a Community Design which fulfils the conditions required by such law, even if in another Member State which is the country of origin of the design, the latter does not fulfil the conditions for protection under the law of copyright of that State.

TITLE XIII.
THE COMMUNITY DESIGN OFFICE

Section 1
General provisions

Article 99
Legal status

- (1) The Office shall be a body of the Community and shall have legal personality.
- (2) In each of the Member States the Office shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.-
- (3) The Office shall be represented by its President.

Article 100
Seat

The seat of the Office shall be located at

Article 101
Staff

- (1) The Staff Regulations of officials of the European Communities, the Conditions of Employment of other servants or the European Communities, and the rules adopted by agreement between the Institutions of the European Communities for giving effect to those Staff Regulations and Conditions of Employment shall apply to the staff of the Office, without prejudice to the application of Article 117 to the members of the Boards of Appeal.

- (2) Without prejudice to Article 117, the powers conferred on each Institution by the Staff Regulations and by the Conditions of Employment of other servants shall be exercised by the Office in respect of its staff.

Article 102
Privileges and Immunities

The Protocol on the Privileges and Immunities of the European Communities shall apply to the Office.

Article 103
Liability

- (1) The contractual liability of the Office shall be governed by the law applicable to the contract in question.
- (2) The Court of Justice of the European Communities shall be competent to give judgment pursuant to any arbitration clause contained in a contract concluded by the Office.
- (3) In the case of non-contractual liability, the Office shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its departments or by its servants in the performance of their duties.
- (4) The Court of Justice shall have jurisdiction in disputes relating to compensation for the damage referred to in par. (3).
- (5) The personal liability of its servants towards the Office shall be governed by the provisions laid down in their Staff Regulations or in the Conditions of Employment applicable to them.

Article 104

Language(s)

The language(s) of the Office for procedural purposes shall be

Section 2

Management of the Office

Article 105

Powers of the President

- (1) The Office shall be managed by the President.
- (2) To this end the President shall have in particular the following functions and powers:
 - a) he shall take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office;
 - b) he may, after consulting the Administrative Board, place before the Commission any proposal to amend this Regulation, the Implementing Regulation, the rules of procedure of the Boards of Appeal, the fees Regulation or the financial rules, and any other relevant rule, to the extent that such instruments apply to Registered Community Designs;
 - c) he shall draw up the estimates of the revenue and expenditure of the Office and shall implement the budget;
 - d) he shall submit a management report to the Commission and the Administrative Board each year;
 - e) he shall exercise in respect of the staff the powers laid down in Article 101 par. (2);
 - f) he may delegate his powers.
- (3) The President shall be assisted by one or more Vice-Presidents. If the President is absent or indisposed, the Vice-President or one of the Vice-Presidents shall take his place in accordance with the procedure laid down by the Administrative Board.

Article 106

Appointment of senior officials

- (1) The President of the Office shall be appointed by the Commission from a list of at most three candidates, which shall be prepared by the Administrative Board. Power to dismiss the President shall lie with the Commission, acting on a proposal by the Administrative Board.
- (2) The term of office of the President shall not exceed five years. This term of office shall be renewable.
- (3) The Vice-President or Vice-Presidents of the Office shall be appointed or dismissed as in par. (1), after consultation of the President.
- (4) The Commission shall exercise disciplinary authority over the officials referred to in par. (1) and (3) of this Article.

Article 107

Control of legality

- (1) The Commission shall check the legality of those acts of the president in respect of which Community law does not provide for any check on legality by another body.
- (2) It shall require that any unlawful act of the President be altered or annulled.
- (3) Member States, members of the Administrative Board and any person directly and personally involved may refer to the Commission any act of the President as referred to in par. (1), whether express or implied, for the Commission to examine the legality of that act. Referral shall be made to the Commission within 15 days of the day on which the party concerned first became aware of the act in question. The Commission shall take a decision within one month. If no decision has been taken within this period, the case shall be deemed to have been dismissed.

Section 3
Administrative Board

Article 108
Creation and powers

- (1) An Administrative Board is hereby established. Without prejudice to the powers attributed to it in Section 5 - budget and financial control - the Administrative Board shall have the powers defined below.
- (2) It shall draw up the list of candidates provided for in Article 106.
- (3) It shall advise the President on matters for which the Office is responsible.
- (4) It shall be consulted before adoption of the guide-lines for preliminary examination and invalidity proceedings in the Office.
- (5) It may deliver opinions and requests for information to the President and to the Commission where it considers that this is necessary.

Article 109
Composition

- (1) The Administrative Board shall be composed of one representative of each Member State and one representative of the Commission and their alternates.
- (2) The members of the Administrative Board may, subject to the provisions of its Rules of procedure, be assisted by advisers or experts.

Article 110
Chairmanship

- (1) The Administrative Board shall elect a Chairman and a Deputy Chairman from among its members. The Deputy Chairman shall ex officio replace the Chairman in the event of his being prevented from attending to his duties.
- (2) The duration of the terms of office of the Chairman and the Deputy Chairman shall be three years. The terms of office shall be renewable.

Article 111
Meetings

- (1) Meetings of the Administrative Board shall be convened by its Chairman.
- (2) The President of the Office shall take part in the deliberations, unless the Administrative Board decides otherwise. He shall not have the right to vote.
- (3) The Administrative Board shall hold an ordinary meeting once a year; in addition, it shall meet on the initiative of its Chairman or at the request of the Commission or of one-third of the Member States.
- (4) It shall adopt Rules of procedure.
- (5) The Administrative Board shall take its decisions by a simple majority of the representatives of the Member States. However a majority of three-quarters of the representatives of the Member States shall be required for the decisions which the Administrative Board is empowered to take under Article 106 par. (1) or (3) or Articles ... (in budgetary matters). In both cases each Member State shall have one vote.
- (6) The Administrative Board may invite observers to attend its meetings.
- (7) The Secretariat for the Administrative Board shall be provided by the Office.

Section 4
Implementation of procedures

Article 112
The departments

The following departments shall be competent for taking decisions in connection with the procedures laid down in this Regulation:

- a) Preliminary Examining Divisions;
- b) a Design Administration and Legal Division;
- c) Invalidity Divisions;
- d) Boards of Appeal.

Article 113
Preliminary Examining Divisions

A Preliminary Examining Division shall be responsible for taking decisions in relation to an application for a Registered Community Design.

Article 114
Design Administration and Legal Division

- (1) The Design Administration and Legal Division shall be responsible for those decisions required by this Regulation which do not fall within the competence of a Preliminary Examining Division or an Invalidity Division. It shall in particular be responsible for decisions in respect of entries in the Community Design Register and for keeping the list of professional representatives referred to in Article 76.
- (2) A decision of the Division shall be taken by one member.

Article 115
Invalidity Divisions

- (1) An Invalidity Division shall be responsible for taking decisions in relation to an application for a declaration of invalidity of a Registered Community Design.
- (2) An Invalidity Division shall consist of three members. At least two of these members must be legally qualified.

Article 116
Boards of Appeal

- (1) A Board of Appeal shall be responsible for deciding on appeals from decisions of the Preliminary Examining Divisions, Design Administration and Legal Division and Invalidity Divisions.
- (2) A Board of Appeal shall consist of three members. At least two of these members must be legally qualified.

Article 117
Independence of the members of the Boards of Appeal

- (1) The members, including the Chairmen, of the Boards of Appeal shall be appointed in accordance with the procedure laid down in Article 106 for the appointment of the President of the Office, for a term of five years. They may not be removed from office during this term, unless there are serious grounds for such removal and the Court of Justice, on application by the body which appointed them, has decided accordingly.
- (2) The members of the Boards of Appeal shall be independent. In their decisions they shall not be bound by any instructions.
- (3) The members of the Boards of Appeal may not be members of any other department of the Office.

Article 118
Exclusion and objection

- (1) Members of the departments of the Office may not take part in any proceedings if they have any personal interest therein, or if they have been previously involved as representatives of one of the parties. Members of the Boards of Appeal may not take part in appeal proceedings if they participated in the decision under appeal.
- (2) If, for one of the reasons mentioned in par. (1) or for any other reason, a member of a department of the Office considers that he should not take part in any proceedings, he shall inform the department accordingly.
- (3) Members of a department of the Office may be objected to by any party for one of the reasons mentioned in par. (1), or if suspected of partiality. An objection shall not be admissible if, while being aware of a reason for objection, the party has taken a procedural step. No objection may be based upon the nationality of members of the department.

Section 5
Budget and financial control

Articles 119 to 125

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Article 126
Fees Regulation

- (1) The Fees Regulation shall determine in particular the amounts of the fees and the ways in which they are to be paid.
- (2) The amounts of the fees shall be fixed in such a manner that the Office's revenue in respect thereof in principle covers its expenditure.

- (3) The Fees Regulation shall be adopted by the Council, acting by a qualified majority on a proposal from the Commission, after consulting the European Parliament.

TITLE XIV.
FINAL PROVISIONS

Article 127
Implementing Regulation

- (1) The rules implementing this Regulation shall be adopted in an Implementing Regulation.
- (2) The Implementing Regulation shall be adopted in accordance with the provisions set out in the Council Decision of 13 July 1987 laying down the procedures of implementing powers conferred on the Commission. They shall be amended in accordance with the same provisions.

Article 128
Entry into force

- (1) This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities.
- (2) The Member States shall within two years following the entry into force of this Regulation take the necessary measures for the purpose of implementing Article 79 and Article 82 hereof and shall forthwith inform the Commission of these measures.
- (3) Applications for Registered Community Designs may be filed at the Office from 1.1.1993.
- (4) Applications for Registered Community Designs filed within three months before the date referred to in par. (3) shall be deemed to have been filed on that date.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

PRELIMINARY DRAFT
OF A PROPOSAL FOR A DIRECTIVE
ON THE APPROXIMATION OF THE LEGISLATIONS OF THE MEMBER STATES
ON THE LEGAL PROTECTION OF DESIGN

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Article 1

For the purposes of this Directive :

- a) "design" shall mean the two-dimensional or three-dimensional features of the appearance of a product, which are capable of being perceived by the human senses as regards form and/or colour and which are not dictated solely by the technical function of the product;
- b) a "computer program" or a "semi-conductor product" shall not be a "product".

Article 2

This Directive shall apply to:

- a) designs registered with the central industrial property offices of the Member States,
- b) designs registered at the Benelux Design Office,
- c) designs registered under international arrangements which have effect in a Member State,
- d) applications for designs referred to under a) to c).

Article 3

- (1) The Member States shall, upon registration, protect the designs by conferring on them exclusive rights in accordance with the provisions of this Directive.

- (2) A design shall be protected insofar as it satisfies the condition that it has a distinctive character.
- (3) A design shall have a distinctive character if, at the date on which the application for registration is filed or at the earlier priority date, if a priority has been claimed,
 - it is not known to the circles specialised in the sector concerned operating within the Community and,
 - through the overall impression it displays in the eyes of the relevant public, it distinguishes itself from any other design known to such circles.

Article 4

Member States shall provide that in order to assess whether a design fulfils the condition under Article 3 par. (2) no account shall be taken of any disclosure to the public made within a period of twelve months prior to the date of filing the application for registration or, if priority is claimed, prior to the priority date,

- by the designer or his successor in title, or,
- by third parties on the basis of information provided by the designer or as a result of action taken by him.

Article 5

- (1) The protection conferred by a design shall extend to any other design which in the eyes of the relevant public displays an overall impression of substantial similarity. In order to assess the similarity of the overall impression common features shall be given more weight than differences.
- (2) When deciding on the scope of protection, the degree of distinctive character of the design shall be taken into consideration.

Article 6

The protection conferred by the design shall not extend to 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.

Article 7

A design which meets the requirements under Articles 1 and 3 shall be protected for a period of five years as from the date of filing the application for registration. The term of protection may be renewed for periods of five years up to a maximum of 25 years as from the date of filing the first application.

Article 8

- (1) A design is only excluded from registration or, if registered, may only be declared invalid if
 - a) it does not fulfil the requirements under Articles 1, 3 and 4, or
 - b) its exploitation or publication is contrary to public order or to established principles of morality, or
 - c) the applicant for registration or the proprietor of the design is not entitled in accordance with the law of the Member State concerned, or
 - d) an earlier design or an earlier right is a hindrance to the design.
- (2) An "earlier design" within the meaning of paragraph 1 d) is a design which
 - a) is identical to or does not substantially differ from the subsequent design in respect of the overall impression it displays in the eyes of the relevant public, but is not known, at the date of filing the application for registration of the subsequent design, to the circles specialised in the sector concerned operating within the Community and

b) belongs to one of the following categories:

- i) Registered Community Designs,
 - ii) designs registered in the Member State or, for Belgium, the Netherlands and Luxembourg, at the Benelux Design Office,
 - iii) designs registered under international arrangements which have effect in the Member State,
 - iv) applications for designs referred to under i) to iii),
- or

c) belongs to one of the following categories:

Unregistered Community Designs, or any unregistered design of a Member State, and has been copied in the subsequent design.

- (3) An "earlier right" within the meaning of paragraph (1) d) is an exclusive right of the Member State other than a design right, which has been copied in the subsequent design and which, pursuant to the law governing it, confers on its proprietor the right to prohibit the use of a subsequent design.
- (4) Any Member State may provide that, by derogation from the preceding paragraphs, the grounds for refusal of registration or invalidity in force in that State prior to the date on which the provisions necessary to comply with this Directive enter into force, shall apply to designs for which application has been made prior to that date.

Article 9

- (1) Upon registration a design shall confer on 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 design which displays in the eyes of the relevant public an overall impression of substantial similarity is applied, or from importing, exporting or stocking such a product for these purposes.
- (2) To the extent that, under the law of a Member State, acts referred to in par. (1) could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force, the rights conferred by the design may not be relied on to prevent continuation of such acts.

Article 10

- (1) The rights conferred by a design upon registration shall not extend to:
 - a) acts done privately and for non-commercial purposes,
 - b) acts done for experimental purposes,
 - c) to reproducing the design for the purpose of teaching design.
- (2) In addition, the rights conferred by a design upon registration shall not extend to:
 - a) equipments on ships and aircraft registered in a country not belonging to the European Communities, when these temporarily enter the territory of the Member State concerned,
 - b) the importation in the Member State concerned of spare parts and accessories for the purpose of repairing such vehicles,
 - c) the execution of repairs on such vehicles.

Article 11

The rights conferred by a design upon registration shall not extend to acts relating to products covered by the scope of protection of the design which have been put on the market in the Community by the proprietor of the design or with his consent.

Article 12

A design may be declared invalid even after it has lapsed.

Article 13

The provisions of this Directive shall be without prejudice to any existing legal provisions concerning unregistered designs, as well as to any legal provisions concerning trade marks, patent and utility model rights, civil liability and unfair competition.

Article 14

- (1) Pending further harmonization of the laws of copyright of the Member States, designs registered in or for a Member State in accordance with this Directive shall also be eligible for protection under the law of copyright of this State as from the date the design was created or fixed in any form, irrespective of the number of products to which such design is applied or intended to be applied and irrespective of whether the design can be dissociated from the products to which it is applied or intended to be applied. The extent and the conditions under which such a protection is conferred, including the level of originality required, shall be determined by each Member State.
- (2) Pending further harmonization of the laws of copyright of the Member States each Member State shall admit a design registered in or for this State and which fulfils the conditions required by its law of copyright, to the protection under this law, even if, in another Member State which is the country of origin of the design, the latter does not fulfil the conditions for protection under the law of copyright of that State.

Article 15

- (1) Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive.
When Member States adopt these measures, the latter shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such a reference shall be laid down by the Member States.
- (2) Member States shall communicate to the Commission the provisions of national law which they adopt in the field governed by this Directive.

Article 16

This Directive is addressed to the Member States.

Done at Brussels,

For the Council
The President