



ALLIANCE

FOR INTELLECTUAL PROPERTY

Alliance for IP response to Public Consultation

Evaluation of EU legislation on design protection

April 2019

The Alliance for Intellectual Property welcomes the opportunity to reply to the consultation and questionnaire on the European Industrial Design Protection System. Fifteen years since the introduction of the Registered Community Design and Unregistered Community Design Right, it is timely to consider whether it is fit for purpose from those who have the experience of registering designs both from a legal practitioners', design organisation as well as a designer perspective. We understand that this evaluation will guide future policy regarding improvements, modernisation and further harmonisation of the original acts. It may also lead to an impact assessment and legislative review.

The EU IPO should be proud of the heritage in the creation of an EU design system which, generally, operationally works well. But this is only part of the equation. The EU IPO stakeholders, many being practitioners, should also embrace its end users, designers. To promote registration, this must be matched with robust access to cost and time effective enforcement.

The Alliance for Intellectual Property is a unique association of 20 organisations representing businesses, small and large. Alliance members include representatives of the audio visual, branded, business software, design, games, image, music, publishing, retailing, sports rights and visual arts, sectors. They all share a collective interest in ensuring that IP rights are valued in the UK and that a legislative regime exists which enables the value and contribution of those rights to be fully realised in the UK and globally.

SPECIFIC COMMENTS ON QUESTIONNAIRE AND NUMBERED ACCORDINGLY

3. Evaluation of the harmonisation of national rules and of the creation of the Community design -

From an SME perspective, *'serving the needs of all industry sectors'*, *'allowing for simple registration of Community designs'*, *'allowing for affordable registration of Community designs'*, and *'making Community design registration readily accessible to small and medium-sized enterprises as well as to individual designers'* appear to be the most important factors.

'Allowing for simplified enforcement of Community designs' is a laudable aim – but difficult to achieve in practice. As well as no central EU design court and language issues, the advantages of a simple, low-cost registration regime (no validity examination, and a large number of registrations that are difficult to search) tends to make the risks of enforcement higher – as the validity of an enforced design may be liable to challenge.

6. Harmonization of national and EU design rules would significantly aid in certainty when providing advice – in particular, for any SMEs looking at distributing EU-wide. Expanding trading positive

relationships with EU countries from a position of IP consistency is paramount as future UK – EU partners.

9. Unregistered Community Design Right is useful for many sectors because it protects the individual character of a design rather than just its shape or configuration. And this means that the qualities which characterise a design such as its colour, texture, materials, contours and lines are respected and protected.

For many, the 3-year limit is too short to be of great use. Although it is probably enough to protect the ephemeral nature of designs in some sectors. It was originally introduced to offer protection in design sectors where designs last for a short period of time such as the fashion sector. However, given that, for example, most of those in the furniture and furnishing industry rely on unregistered rights where the “life” of a design is much longer this is considered too short a period of protection. For example, unregistered UK design last for 10 years after it was first sold or 15 years after it was created - whichever is earliest. It can be used to stop someone copying a design.

In addition, the 12-month grace period for converting an unregistered design into a registered design means that designers can focus their efforts and resources on successful designs and avert the loss of design protection at the end of the three-year period under the unregistered right. However, a longer period of protection of five years would be more representative of the average shelf-life of a product design than three years. For products with more longevity, registered design applications can be filed.

15. Extending the term of protection of a Registered Community Design - The term should be the same as copyright.

16/17 Spare Car Parts - In terms of providing clear advice at a reasonable cost, harmonization of the treatment of spare parts would be helpful.

31. Pre-registration examination – We do not see how pre-registration examination could be done effectively and efficiently. It would lead to increased costs, especially for micro and SME businesses. It would also lead to the EUIPO having a role in assessing issues such as who is the informed user, what is the same overall impression, etc. These are questions better left to courts that have the option of hearing expert evidence and witnesses.

32. Fees – After much lobbying by some of our members to make design registration more affordable to micro and SMEs, the UK IPO reduced its fees and, as evidence suggests, this has demonstrated a recent increase in registrations of 46%. Level of fees is understandable in the context of the geographical scope of protection but perhaps high if one thinks of the limited ‘work’ involved by the EUIPO in registering the application. For those SME/individuals wanting to self-file, it needs to be simplified to make it more user-friendly and accessible than the EUIPO filing system takes a bit of getting used to. However, once familiar with it, it is faster to use compared to a web-based form (see 33).

33. EU Performance in accessing the system - UK system is efficient in terms of turnaround speed. However, the online web-based filing software is clunky and slow to use – especially where filing multiple design applications.

39. Definition of a ‘design’ is satisfactory and covers most options for the appearance of a product. Adding further restrictions to what can be protected will likely only increase the complexity and cost

of pre-filing advice.

42. Do you think that lack of clarity and consistency in the representation should be an explicit ground for invalidity of a design? No. Unless using CAD models it can be very hard to achieve 100% consistency between views. For SMEs and individuals wanting to file designs not based on CAD this could be a harsh ground of invalidity. If the design is clear enough that should be enough.

43. Are the current requirements for the representation of Community designs under the Community Design Regulation and the respective Implementing Regulation (EC) No 2245/2002 (e.g., means of representation and their combination, states views, maximum number of views, neutral background) appropriate to show designs with sufficient clarity and precision, both for tangible products and non-tangible products (e.g., animated designs, graphical user interfaces)? No. It would be very helpful to remove the 7 representations per design limit. Designs first filed in other countries often have more than 7 views leading to a lack of consistency in what is filed in different countries.

Allowing video representations of a design would be helpful for some designs – e.g. GUIs and products that adopt multiple configurations. However, it is appreciated that video file formats would be difficult to maintain/expensive in a publicly available form.

46. Are there any provisions/requirements/conditions you consider to be inappropriately complex or rigid or unnecessary? Prohibition on use of symbols on representations can at times cause problems. There are times when the use of symbols on a representation would be useful, e.g. brackets or similar to show a product is of indeterminate length and would not lead to lack of clarity of the claimed design.

Prohibition on correction of representations. This can lead to harsh outcomes where, for example, a view is inconsistent with other views of a design. In some cases, it can be clear that there is an error and what should have been shown (e.g. the feature is shown in the other views) but there is no scope to correct.

48. Descriptions. The EUIPO view that these do not affect scope of protection does not always agree with how courts use the description.

Product indication and scope. In theory the product indication does not affect scope of protection. The EUIPO website says, “The classification serves administrative purposes only, allowing the registered Community design database to be searched. Neither the indication of products nor the classification affects the scope of protection of a Community design as such. In other words, the terminology that you use to describe your product will not play a role in determining the protection that you will obtain through your RCD”. However, courts may use the product indication in assessing who the informed user is, in assessing design freedom, etc. This then can lead to an effect on scope of protection. This is an area where harmonization would be helpful, so applicants know where they stand when listing product indications.

55. If you wish to register the same design in the EU and in other countries outside the EU, what are the main difficulties in achieving this? Different procedural rules, especially whether designers must be named.

ADDITIONAL POINTS AND GENERAL COMMENTS

Challenges to micro and SME's – In the UK the IP Act of 2014 introduced criminal provisions for the intentional infringement of a registered design. Harmonisation of criminal provisions across EU states would add a significant deterrent effect into EU design registrations and deter the intentional design infringement of a registered Community design. One of the reasons to press for criminal infringement was to add a real deterrence into the equation.

Hague – All EU states should be members of the Hague system for design registration and the EU IPO should use its negotiating and influencing power to ensure that the system which has the benefit of protection in 69 countries should be simple to use and affordable.

Creation of a Design Registration symbol - Just as copyright © has an internationally recognised symbol as do registered trademarks, ® so should designs. A suggestion of a d in a circle would give Designs more gravitas, recognition and would also, if widely used, act as a much-needed global deterrent against increasing design right infringement. Designs, despite their significant contribution to UK, EU and global added value are still the poor cousin, or “Cinderella” in the intellectual property world.

Novelty - If there is a hint of the EU introducing novelty examination, this would have a negative impact on cost, and it would take little to make EU design registration much less attractive to micro and SMEs. It could also cloud the issue of who is the “informed user” and make registration onerous.

Standardisation of publication deferment term – these should be extended from 12 months to 30 months to protect registrants from unfair advantage gained from competitors who can search registers before a product may reach readiness for market. The considerable investment in R & D, sweat equity and innovation takes time, as does the marketing and PR necessary to launch a new product. The journey from idea to marketplace needs to be supported to gain launch and market advantage with the benefit of support from a registered Community design. Critical is the choice of the right period of time between registration and publication.

Registered design – the application process

The application process is fast and generally error-free. The EUIPO platform provides a convenient way for applications to be filed electronically and obtain an instant receipt for the application with an application number. This benefits the applicant who may then make arrangements for its marketing collateral for the relevant designs to include the registration number, assuming successful registration of the design.

The current arrangements for obtaining registered design protection are satisfactory and should not be altered to introduce any form of formal examination on the grounds of novelty (absolute grounds for refusal) or individual character (relative grounds for refusal). To do so would alter the basis for design protection.

Design law is akin to copyright law, which explains the existence of unregistered, automatic, forms of design right such as the unregistered Community design right and unregistered UK design right which reward creativity and prize aesthetic or functional, useful creations. To introduce a detailed examination stage into the EU design registration process would change the basis of design protection to one more akin to the patent system.

Design is a vitally important industry both culturally and economically within the EU and anything which makes design protection more difficult to obtain will result in fewer design applications and a stifling of creativity – precisely the opposite of what the creation of the Community design right set out to achieve.

Experience of using the US system of design patents shows that such a system would result in time-consuming and expensive applications to protect designs. This is particularly true when advising small and medium-sized enterprises (some of them micro businesses) on design protection issues whether in response to design infringement or as a means of deterring infringement. For businesses who have filed US design patents, most small and medium-sized design businesses would not file design registration applications if they were as time-consuming and expensive as the US design patent system. Registered design protection would become the preserve of large design businesses with enough resources to file applications.

Furthermore, there is a defence for third parties who wish to challenge the validity of Community designs. They can apply to the EUIPO to invalidate registered designs or raise invalidity as a counterclaim in infringement proceedings.

Registered designs can be notified to customs authorities on an EU-wide basis which enables design owners to register and notify designs for logos, book jackets and other two-dimensional designs in addition to three-dimensional product designs.

Access to redress for Registered and Unregistered design infringement for micro and SMEs - IP enforcement, generally, is the luxury of the few. The majority of micro and SME designers find enforcement cost and time prohibitive. E.g., The average hourly earnings for UK designers is £16.43 and IP lawyers charge anything from between £200 and £500 per hour, it is no surprise.

ISSUES FOR FURTHER CLARIFICATION AND HARMONISATION

Whilst the essential features of the substantive law of registered designs within EU Member States have been harmonised by the Directive, and whilst the Regulation is directly applicable throughout the EU, certain aspects of EU design law are not covered by either the Directive or the Regulation and continue to be covered by differing national laws. There are therefore certain aspects of Council Regulation (EC) 6/2002 (the “Regulation”) and Directive 98/71/EC on the legal protection of designs (the “Directive”) which could do with clarification at EU level and further harmonisation. For example:

The award of compensation for infringement of is a matter of national law. This can lead to costly and time-consuming arguments about whether national laws provide for damages or other forms of financial compensation for infringement to be available in all cases. Some countries’ laws exclude the possibility of recovering compensation for infringement of intellectual property rights in certain circumstances. A typical example of this is the case of the alleged infringer which argues that it acted innocently in relation to the acquisition of and dealings with allegedly infringing articles and therefore should not be subject to an award of damages under national legal principles. However, the Regulation does not provide a defence of innocent infringement.

The definition of “design” by reference to “the appearance of the whole or a part of a product” arguably denies protection to certain design features of a product which are intended to have aesthetic appeal to the user in the course of normal use. For example, there have been arguments about whether the internal aspects of a chocolate-filled cookie should be protected (Biscuits Poul

SAS v OHIM – Banketbakkerij Merba (Biscuit) (T-494/12) 9 September 2014) when the design aspects in question are clearly part of the aesthetic appeal of the design intended by the designer and which the Community design right professes to protect.

The definition of “product” by reference to an “industrial or handicraft item” in Article 1(b) of the Directive is very broad and open to interpretation:

‘Product’ means any industrial or handicraft item, including inter alia parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs.

In many cases, there will be no difficulty in saying whether an article is an “industrial or handicraft item”, but in other cases, the borderline will not be clear. For example, it is unclear whether the Directive was intended to cover a building or structure. Contrast symbols and typefaces which are expressly included in the definition of “product”. They are not necessarily physical articles (when appearing on computer screens, for example) and it seems anomalous to define them as “products”.

There is no consistency at national level in relation to whether disclosure must take place within the territory of the EU to create an unregistered Community design right. Articles 7(1) and 11(2) of the Directive do not suggest this. However, there is German case law which concludes that only making available of a design within the geographical confines of the Community can give rise to unregistered Community design right whilst disclosure of the same design by its proprietor outside the Community in such a way that these events could reasonably have become known in the normal course of business to the circles specialised in the sector concerned would invalidate that unregistered design pursuant to Article 7. Such an approach discriminates against the principle in TRIPS of equal treatment of nationals of other member countries.

Article 8(1) of the Regulation excludes from protection design features which are “solely dictated by technical function”. There are numerous interpretations of this phrase, the two most popular of which are (i) that if the technical function can be achieved by any other configuration, the feature is not solely dictated by technical function and protection is available and (ii) that if the designer did not have anything in mind other than technical function when designing that feature, protection is not available”. We suggest that the second interpretation is the only logical interpretation of the wording of Article 8(1) of the Regulation based on the natural and ordinary meaning of the words. These two theories can lead to very different results. Clarification is therefore required so that there is a single, coherent interpretation.

CONCLUSION

The Community design system provides an effective and (in the case of the registered design) economical means of obtaining design protection for designers throughout the EU.

We would welcome “next steps” to be identified in a report and recommendations following which a detailed study is carried out to engage with broader design stakeholders, nationally, within the EU and globally. The design sector is a precious resource for innovation and growth. Design and design thinking and especially in British design and engineering should never be underestimated. It is about innovation, technology, creativity and craftsmanship. It influences our lives in more ways than we can imagine.

Contact details

For further information or clarification please contact Eddy Leviten or Sarah Higgins at eddy@allianceforip.co.uk or sarah@allianceforip.co.uk