

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(93) 344 final-COD 464

Brussels, 3 December 1993

Proposal for a  
EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE

on the legal protection of designs

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(presented by the Commission)

## EXPLANATORY MEMORANDUM

### Part One: General

#### 1. Introduction

- 1.1 The present Directive aims to ensure an effective legal protection for designs within the Member States of the Community. It seeks to reduce the legal obstacles to freedom of movement for design goods and to the establishment of a system of undistorted competition in the internal market.
- 1.2 Apart from the Benelux where a regional design protection system is in force, the legal protection of designs at the present time is on a national basis. Therefore, the legal effect of protection is limited to the territory of the Member State in question or the Benelux countries.

The territorial limitation of protection and the very different approaches of the national protection systems make it necessary for the functioning of the internal market that action is taken at a Community level. For the reasons explained in the Explanatory Memorandum for the Proposal for a Council Regulation on the Community Design<sup>(1)</sup>, a Regulation introducing a Community design is necessary.

- 1.3 Introducing a Community design protection system raises the question of what should become of the existing national or regional protection systems. The Community protection system to be created by the Regulation cannot supersede existing national protection systems overnight. A period of at least temporary co-existence will be necessary, as occurs in the approach adopted for trademarks, where national trademarks will co-exist with the Community trademark. This is because even when the Community Design enters into force and becomes the preferred means of protection for designers and their successors in title, national authorities must still maintain their registration systems to cater for acquired rights. Registrations already taken out by national right holders must continue to be renewable up to the maximum period of protection foreseen by the legislation of the country in question. For this reason, national authorities must be in a position to maintain registration systems. In addition, even after the Community Design has become the preferred protection system, it is inevitable that some national enterprises with only local markets (craftsmen, creators of works of applied art, producers of products adapted to the demands of local markets) will still wish to take out only national protection.

Also, it must be borne in mind that switching from a national market approach to a Community market approach could be a slow process for some design right holders because they may need some time to become accustomed to the Community system. Industry may also want to "test" on its merits the new Community instrument for a period before abandoning the familiar national protection systems. National filings may

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(1)

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.

- 1.4 The co-existence of national and Community systems presupposes, however, that national design protection laws are, at least in essential respects, harmonized to become mutually compatible as regards their most salient features and also compatible with the future Community protection system. Conflicting provisions would impede the creation of internal market conditions. If, for example, one Member State offered protection under more lenient conditions than the Regulation on the Community design, and for a longer period of time and with broader scope and contents, producers could seek to exploit these differences by relying exclusively on (different) national protections, thereby jeopardizing the existence of the Community design.

Therefore this proposal for a Directive on the legal protection of designs is an essential accompaniment to the Regulation on the Community design.

- 1.5 In accordance with the principle of subsidiarity the approximation need not extend to all aspects of the national specific protection laws, and it is sufficient to bring into line those features which are necessary for the co-existence of specific national and Community design protection. These concern the definition of "design", the requirement for obtaining protection including the grounds for exclusion, non-prejudicial disclosures as to the requirements' individual character and novelty, 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. There is no cause to interfere in matters such as existing national provisions relating to the official procedures and to the examination as to fulfilment of requirements for protection.

## 2. The legal basis

The proposed Directive pursues in respect of industrial designs and the goods embodying industrial designs the establishment and the functioning of a common market in design products and hence their free movement, undistorted competition in design products and the due protection of this form of industrial and commercial property.

There is therefore an exclusive competence for the Community to act.

Article 100a EEC empowers the Community, in order to achieve the objectives of the internal market, to adopt the necessary approximation measures in the form of a Directive harmonizing the substantive features of national design protection laws.

## Part Two: Commentary on the Articles

### Article 1

This Article defines "design" and "product" and is identical to Article 3 of the proposal for a Regulation except that semiconductor products are not excluded. This is because the Directive<sup>(2)</sup> on the legal protection of topographies of semiconductor products does not preclude implementation of its provisions by means of national designs legislation. Reference may otherwise be made to the commentary on that Article in the Explanatory Memorandum to the Regulation.

### Article 2

This Article defines the scope of application of the Directive. Its provisions apply only to registered design rights or to applications for such rights.

Unregistered design rights are not included. Most national specific design laws do not provide such a right and there appears to be no reason to make the introduction of unregistered design rights mandatory where they do not exist.

### Article 3

Paragraph 1 explicitly makes clear that Member States must protect designs by way of specific design protection law and may not rely exclusively upon copyright law for the protection of design.

Paragraph 2 sets out the requirements for protection: that the design is new and that it has an individual character.

### Articles 4, 5 and 6

These Articles define the requirements' "new" and "individual character". The provisions correspond to Articles 4, 5, 6 and 8 concerning registered designs of the proposal for a Regulation. Therefore, reference is made to the commentary on these Articles in the Explanatory Memorandum to the Regulation.

### Articles 7 and 8

Articles 7 and 8 set the limits to what is protectable under a design right and correspond to Articles 9 and 10 of the proposal for a Regulation. Reference is made to the commentary on these Articles in the Explanatory Memorandum to the Regulation.

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<sup>(2)</sup> OJ No L 24, 27.1.1987, p. 36.

## Articles 9 and 10

The scope of protection is defined in Article 9 which corresponds to Article 11 of the proposal for a Regulation. Commencement and term of protection in Article 10 correspond to those set out in Article 13 of the proposal for a Regulation. Reference is made to the comments in the Explanatory Memorandum to the Regulation.

## Article 11

Paragraph (1) and (2) enumerate the cases in which a design right can be declared invalid or be excluded from registration. This enumeration corresponds to Article 27 of the proposal for a Regulation.

Paragraph (3) leaves it to the national lawmaker by derogation from paragraphs (1) and (2) to determine how to handle those design rights and applications where the application for a design right has been made before the provisions necessary to comply with this Directive enter into force.

## Article 12

Paragraph (1) defines the right conferred by a registered design right and is in conformity with Article 21 of the proposal for a Regulation. Reference is therefore made to the commentary on that Article in the Explanatory Memorandum to the Regulation.

Paragraph (2) makes it clear that design rights that have come into existence before the day the provisions necessary to comply with this Directive enter into force, will continue to be treated according to the legal situation when the right came into existence.

## Articles 13 and 15

Article 13 contains a number of limitations of the rights conferred by the registered design right. Article 15 deals with the exhaustion of rights. They correspond to Articles 22 and 24 of the proposal for a Regulation. Reference is therefore made to the commentary on these Articles in the Explanatory Memorandum to the Regulation.

## Article 14

This provision is necessary to make national design rights compatible with the Community Design. Reference is made to the commentary on Article 23 of the Proposal for a Regulation.

## Article 16

In some cases a third party may have an interest in obtaining an invalidity decision even after the design right has expired or has been surrendered, for example if the design has been enforced against him and information obtained later proves that the design right was invalid from the outset. The provision corresponds to Article 26(2) of the proposal for a Regulation.

## Articles 17 and 18

The protection of the appearance of a product very often results not only from the specific design laws in the Member States, but from the concurrent application of a number of legal instruments, even though the measure of protection conferred by each of them and the frequency with 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 which is dealt with in Article 18. But protection might be granted as well under trademark, patent and utility model and unfair competition laws.

One Member State has introduced the protection of unregistered design rights, which to a certain extent could be claimed to replace copyright protection in that State.

Therefore it is necessary to set out in the Directive that the application of other national law is left untouched.

### Article 18

Article 18 sets out in accordance with the provisions of Article 100 of the proposal for a Regulation that the cumulative application of copyright law and specific design protection law is mandatory. This implies that national legislation needs to be amended where it foresees that copyright protection cannot or can only under certain conditions be cumulated with protection under specific design protection law.

The conditions of application of copyright protection and in particular the question relating to the level of originality required for the application of copyright protection is, however, pending a possible future harmonization of the originality requirement left to national law.

Provisions of national law setting out specific conditions for the application of copyright protection such as, for example, the condition relating to "scindibilità" in Italian law could more easily be removed, and such removal is therefore suggested by the provisions of Article 18.

To avoid in certain cases a violation of the principle of non-discrimination on the grounds of nationality enshrined in Article 7 EEC it is necessary not only to foresee that the principle of "cumulation" of specific design protection and copyright protection is applied by all Member States, but also to foresee that the derogation from the principle of national treatment authorized by virtue of Article 2(7) of the Berne Convention for the Protection of Literary and Artistic Works is not applied as regards nationals of Community Member States. The provision of Article 18(2) sets out this important principle.

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**THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,**

Having regard to the Treaty establishing the European Community and in particular Article 100a thereof,

Having regard to the proposal by the Commission<sup>(1)</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>(2)</sup>,

- (1) Whereas the objectives of the Community as laid down in the Treaty include establishing an ever closer union among the peoples of Europe, fostering closer relations between the States belonging to the Community, and ensuring the economic and social progress of the Community countries by common action to eliminate the barriers which divide Europe; whereas to that end the Treaty provides for the establishment of an internal market and includes the abolition of obstacles to the free movement of goods and the institution of a system ensuring that competition in the common market is not distorted; whereas an approximation of the laws of the Member States on the legal protection of designs would further those objectives;
- (2) whereas designs are not at present protected in all Member States by specific legislation and such protection, where it exists, has different attributes;
- (3) whereas such differences in the legal protection of designs offered by the legislations of the Member States have direct and negative effects on the establishment and functioning of the internal market as regards goods embodying designs and whereas such differences will distort competition within the internal market;
- (4) whereas it is therefore necessary for the proper functioning of the internal market to provide for specific design protection law in all Member States and to approximate the design protection laws of the Member States;
- (5) whereas in doing so it is important to take into consideration the solutions and the advantages with which the Community Design system will provide undertakings wishing to acquire design rights;
- (6) whereas it is unnecessary to undertake a full-scale approximation of the design laws of the Member States, and it will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market;

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<sup>(1)</sup> OJ No

<sup>(2)</sup> OJ No

- whereas the objectives of this limited approximation cannot be sufficiently achieved by the Member States acting alone;
- (7) whereas Member States should accordingly remain free to fix the procedural provisions concerning registration and invalidation of design rights and provisions concerning the effects of such invalidity;
  - (8) whereas this Directive does not exclude the application to designs of the legislation of the Member States other than that relating to the specific protection acquired by registration, such as the legislation relating to unregistered design rights, trademarks, patents and utility models, unfair competition or civil liability;
  - (9) whereas the attainment of the objectives of the internal market in the field of designs may only be fully realized following further harmonization of the relevant provisions of the copyright laws of Member States, in particular those relating to the criterion of originality; whereas, pending such further harmonization, it is important to establish the principle of cumulation of protection under specific registered design protection law and under copyright law, whilst leaving Member States free to establish the extent of copyright protection and the conditions under which such protection is conferred; whereas it is, however, necessary to abolish in the relationship between Member States the requirement that protection under copyright law shall be afforded only subject to reciprocity in the country of origin of the design, as such a requirement would run contrary to the principle of non-discrimination;
  - (10) whereas the attainment of the objectives of the internal market require that the conditions for obtaining a registered design right be not only identical in all the Member States but also identical to those required for obtaining a registered Community design; whereas to that end it is necessary to give a unitary definition of the notion of design and of the requirements as to novelty and individual character with which registered design rights must comply;
  - (11) whereas semiconductor products should not be excluded as products whose appearance could form the subject of a design right, since Member States may choose design legislation to implement the provisions of Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products<sup>(3)</sup>;
  - (12) whereas it is essential, in order to facilitate the free movement of goods, to ensure that registered design rights confer upon the right holder the same protection in all Member States and that this protection is identical to the protection afforded by the registered Community design;
  - (13) whereas, in conformity with the applicable provisions on the Community design, the interoperability of products of different makes should not be hindered by extending the protection to the design of mechanical fittings;
  - (14) whereas the mechanical fittings of modular products may nevertheless constitute an important element of the innovative characteristics of modular products and present a major marketing asset and therefore should be eligible for protection;

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<sup>(3)</sup> OJ No L 24, 27.1.1987, p. 36.



- (15) whereas it is fundamental for the functioning of the internal market to unify the term of protection afforded by registered design rights in conformity with the solution adopted for the registered Community design;
- (16) whereas the legal protection of design might in certain circumstances allow the creation of monopolies in generic products and captive markets by improperly binding consumers to a specific make of product, and thus the introduction of a provision is necessary in order to make the reproduction of designs applied to parts of complex products possible for repair purposes under very specific conditions;
- (17) whereas the provisions of this Directive are without prejudice to the application of the competition rules under Articles 85 and 86 of the Treaty;
- (18) whereas the grounds for refusal of registration in those Member States which provide for substantive examination of applications prior to registration, and the grounds for the invalidation of registered design rights in all the Member States, must be exhaustively enumerated,

**HAVE ADOPTED THIS DIRECTIVE:**

Article 1

For the purpose of this Directive:

- (a) "design" means the appearance of the whole or a part of a product resulting from the specific features of the lines, contours, colours, shape and/or materials of the product itself and/or its ornamentation;
- (b) "product" means any industrial or handicraft item, including parts intended to be assembled into a complex item, sets or compositions of items, packaging, get-ups, graphic symbols and typographic typefaces, but excluding a computer program.

Article 2

This Directive shall apply to:

- (a) design rights registered with the central industrial property offices of the Member States;
- (b) design rights registered at the Benelux Design Office;
- (c) design rights registered under international arrangements which have effect in a Member State;
- (d) applications for design rights referred to under (a) to (c).

### Article 3

- (1) Member States shall protect the designs upon registration, by conferring exclusive rights upon them in accordance with the provisions of the Directive.
- (2) A design shall be protected by a design right to the extent that it is new and has an individual character.
- (3) A design of a product which constitutes a part of a complex item shall only be considered to be new and to have an individual character in so far as the design applied to the part as such fulfils the requirement as to novelty and individual character.

### Article 4

- (1) A design shall be considered new if no identical design has been made available to the public before the date of filing the application for registration, or if a priority is claimed, the date of priority. designs shall be deemed to be identical if their specific features differ only in immaterial details.
- (2) A design shall be deemed to have been made available to the public if it has been published following registration or otherwise, exhibited, used in trade or otherwise disclosed. It shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality.

### Article 5

- (1) A design shall be considered to have an individual character if the overall impression it produces on the informed user differs significantly from the overall impression produced on such a user by any design referred to in paragraph (2).
- (2) To be considered for the purpose of application of paragraph (1) a design must be:
  - (a) commercialized in the market place, whether in the Community or elsewhere, at the date of the filing of the application for registration or, if a priority is claimed, at the date of priority; or
  - (b) published following registration as a registered Community design or a design right of the Member State in question, the protection of which has not expired at the date of filing the application or registration or, if a priority is claimed, at the date of priority.
- (3) In order to assess individual character, common features shall as a matter of principle be given more weight than differences and the degree of freedom of the designer in developing the design shall be taken into consideration.

#### Article 6

- (1) If a design for which protection is claimed under a registered design right of a Member State has been made available to the public by the designer or his successor in title or by a third person as a result of information provided or action taken by the designer or his successor in title or as a consequence of an abuse in relation to the designer or his successor in title during the twelve-month period preceding the date of the filing of the application or, if a priority is claimed, the date of priority, such a disclosure shall not be taken into consideration for the purpose of applying Articles 4 and 5.
- (2) The provisions of paragraph (1) shall not apply if the subject of the abusive disclosure is a design which has resulted in a registered Community design or a registered design right of the Member State concerned.

#### Article 7

- (1) A design right shall not subsist in a design to the extent that the realization of a technical function leaves no freedom as regards arbitrary features of appearance.
- (2) A design right shall not subsist in a design to the extent that it must necessarily be reproduced in its exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically assembled or connected with another product.
- (3) Notwithstanding paragraph (2), a design right shall under the conditions set out in Articles 4 and 5 subsist in a design serving the purpose of allowing simultaneous and infinite or multiple assembly or connection of identical or mutually interchangeable products within a modular system.

#### Article 8

A design right shall not subsist in a design the exploitation or publication of which is contrary to public policy or to the accepted principles of morality.

#### Article 9

- (1) The scope of the protection conferred by a design right shall include any design which produces on the informed user a significantly similar overall impression.
- (2) In order to assess the scope of protection, common features shall as a matter of principle be given more weight than differences and the degree of freedom of the designer in developing his design shall be taken into consideration.

## Article 10

Upon registration a design which meets the requirements under Article 3(2) shall be protected by a design right for a period of five years from the date of filing the application. The term of protection may be renewed for periods of five years each, up to a total term of 25 years from the date of filing.

## Article 11

- (1) A design is excluded from registration, or if registered may be declared invalid, only in the following cases:
  - (a) if the design does not fulfil the requirements under Article 3(2), or
  - (b) where its specific technical and/or interconnecting features are not eligible for protection under Article 7(1) or (2), or
  - (c) to the extent that its exploitation or publication is contrary to public policy or to accepted principles or morality, or
  - (d) if the applicant for or the holder of the design right is not entitled to it under the law of the Member State concerned.
- (2) A design right may also be declared invalid if a conflicting design which has been made available to the public after the date of the filing of the application or, if a priority is claimed, the date of priority, is protected from a date prior to the said date by a registered Community design or a design right of the Member State concerned, or by an application for such a right.
- (3) Any Member State may provide that, by way of derogation from the preceding paragraphs, the grounds for refusal of registration or for invalidation 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 design rights for which application has been made prior to that date.

## Article 12

- (1) Upon registration a design right shall confer on its holder the exclusive right to use the design and to prevent any third party not having his consent from using a design included within the scope of protection of the design right. The aforementioned use shall cover, in particular, the making, offering, putting on the market or using of a product in which such a design is incorporated or to which it is applied, or from importing, exporting or stocking such a product for those purposes.
- (2) Where, under the law of a Member State, acts referred to in paragraph (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 right may not be relied on to prevent continuation of such acts.

### Article 13

- (1) The rights conferred by a design right upon registration shall not extend to:
  - (a) acts done privately and for non-commercial purposes;
  - (b) acts done for experimental purposes;
  - (c) acts of reproduction for the purposes of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source.
- (2) In addition, the rights conferred by a design right upon registration shall not extend to:
  - (a) the equipment on ships and aircraft registered in another country 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 craft;
  - (c) the execution of repairs on such craft.

### Article 14

The rights conferred by a design right shall not be exercised against third parties who, after three years from the first putting on the market of a product incorporating the design or to which the design is applied, use the design under Article 12, provided that:

- (a) the product incorporating the design or to which the design is applied is a part of a complex product upon whose appearance the protected design is dependent;
- (b) the purpose of such a use is to permit the repair of the complex product so as to restore its original appearance; and
- (c) the public is not misled as to the origin of the product used for the repair.

### Article 15

The rights conferred by a design right upon registration shall not extend to acts relating to a product in which a design included within the scope of protection of the design right is incorporated or to which it is applied, when the product has been put on the market in the Community by the holder of the design right or with his consent.

### Article 16

A design right may be declared invalid even after it has lapsed or has been surrendered.

### Article 17

The provisions of this Directive shall be without prejudice to any legal provisions of the Community or of the Member State concerned relating to unregistered design rights, trademarks or other distinctive signs, patents and utility models, typefaces, civil liability, or unfair competition.

### Article 18

- (1) Pending further harmonization of the laws of copyright of the Member States, a design protected by a design right registered in or for a Member State in accordance with this Directive shall also be eligible for protection under the law of copyright of that State as from the date on which the design was created or fixed in any form, irrespective of the number of products in which such design is intended to be incorporated or to which it is intended to be applied and irrespective of whether the design can be dissociated from the products in which it is intended to be incorporated or to which it is intended to be applied. The extent to which, 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 to the protection under its law of copyright a design protected by a design right registered in or for this State which fulfils the conditions required under 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 in that State.

### Article 19

- (1) Member States shall bring into force the laws, regulations or administrative provisions necessary to comply with this Directive by 31 October 1996.

When Member States adopt these measures, these shall contain a reference to the Directive or shall be accompanied by such reference at the time of their official publication. The procedure for such reference shall be adopted by 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 20

This Directive is addressed to the Member States.

Done at Brussels,

For the European Parliament  
The President

For the Council  
The President

## **FINANCIAL STATEMENT**

### **Title**

**Proposal for a European Parliament and Council Directive on the legal protection of designs.**

### **Description of the measure**

**Its purpose is to harmonize national design protection laws in certain respects with provisions of the proposed Council Regulation on the Community Design.**

**It has no financial implications for the budget of the Community.**

**THE IMPACT OF THE PROPOSAL ON BUSINESS**  
(with special reference to SMEs)

**1. Why is Community legislation necessary?**

To harmonize in certain respects the relevant laws of the Member States with the Community Design system proposed in the draft Regulation for the legal protection of designs.

**2. Which business will be affected?**

- (a) Manufacturing businesses whose products have an appearance which embodies commercially valuable design features will be affected. For those preferring to continue to seek design protection under existing national laws, the latter will be made more consistent with the new Community system.
- (b) All sizes of business would have an interest, but the national route may be preferred by those not seeking Community-wide protection and may therefore appeal more to some SMEs than to multinationals.
- (c) There is no reason to suppose that particular geographical areas will predominate.

**3. What will businesses have to do to comply with the proposal?**

No specific action will be needed. Businesses in some Member States may find that the criteria which a design must meet for national protection to be given will change in certain respects as a result of harmonization. Businesses will continue to benefit from cumulative protection for designs under the relevant copyright law in each Member State.

On the other hand, it has been argued by several organizations representing small and medium-sized producers of automobile spare parts that, in contrast to the Commission's intentions, the interpretation which national offices and the courts may give to the criteria for individual character and novelty could lead to a lower protection threshold than envisaged. If this happened it could mean, it is claimed, that a large number of products of largely functional design with little or no aesthetic character and largely predetermined outward shape might fall into the scope of protection.



**4. What economic effects is the proposal likely to have?**

**(a) on employment?**

Harmonized Community design laws should stimulate the activities of designers both to innovate and to market more widely, with a positive impact on employment especially in smaller enterprises.

These rights must be observed by third parties, such as competing manufacturers, and those who trade in the design-protected products of others. However, the proposal contains measures which aim to avoid any unduly onerous effects on SMEs trading in replacement parts of complex products such as motor cars.

**(b) on investment and the creation of new businesses?**

Harmonized Community protection for designs should give businesses greater confidence in being able to recover their costs and will thereby encourage investment. It is difficult to judge exactly the impact for large manufacturing businesses where design may only represent one aspect of a product but industry has clearly indicated the importance it attaches to Community design protection. On the other hand, there should be an encouragement for creation of smaller businesses where the emphasis may lie in the design of a product. As regards enterprises who trade in design-protected products, there are provisions which limit to a certain extent the exercise of design rights against those whose business is in the replacement parts market, such as for example suppliers, repairers and insurers in the motorcar aftermarket. While providing protection to promote creation, therefore, the provisions permit a measure of competition from independent producers.

**(c) on the competitive position of businesses?**

It is in the nature of protectable designs that they do not exhaust the fields of opportunity for other designers in a given product area, and the enhanced competitiveness which results from this freedom should benefit all sizes of design-creating enterprises, without posing a severe threat even to very small ones. Moreover, competition will be encouraged in areas where designs will be made ineligible for protection - for example because fulfilment of a technical function leaves no design freedom, or because the design is constrained by the need to interconnect with another product.

## **5. Does the proposal contain measures to take account of the specific situation of SMEs?**

The measures contained in the proposal are not directed specifically at small and medium-sized enterprises, but these may benefit proportionately more than large firms, because the greater simplicity and lower costs of harmonized Community design protection should be of greater significance in SMEs. It is in some of the smaller SMEs that many of today's most innovative and original designers may tend to concentrate.

The proposal will harmonize exclusive rights for designers and their successors in title, and these rights must be respected by competitors. As for SMEs trading in the design-protected products of others, it is not appropriate that industrial property law should itself contain exemptions for specific industrial sectors. However, for the reasons given above, traders in and manufacturers of replacement parts are given certain relief from the exercise against them of such rights as may exist in these parts.

## **6. Consultation**

The Commission services published a green paper "The Legal Protection of Industrial Design" (III/F/5131/91). This was widely circulated to thousands of recipients. On the basis of a considerable number of submissions from major industrial organizations received, interested parties were invited to a hearing in Brussels on 25 and 26 February 1992. Reactions have been generally very favourable, and although many detailed aspects will need discussion there are only a few issues of difficulty to be resolved, mainly concerned with the criteria for protectability and what kinds of design should not be eligible for protection.

Some have expressed concerns that manufacture of certain functional products may be monopolized by the existence of design rights, these allegations being based upon the absence of a distinction between aesthetic and functional design. However, experience shows that this distinction is largely arbitrary and that protection for functional designs needs in any case to be provided for by some means. The design Directive makes protection dependent upon distinctive appearance, and in view of this, these concerns should not prove to be justified.

Some industries have expressed the view that the market for replacement parts would benefit if protection were denied for any design constrained wholly by the need for the product embodying it to interconnect mechanically with another product, and the proposal contains appropriate provisions to this end. These concerns have arisen notably in the motor and computer industries, with independent producers of replacement parts arguing against the perceived monopoly position of the original manufacturers. ACEA<sup>(1)</sup>, representing the original motor manufacturers, argue strongly that they deserve and require design protection for certain component parts of motor cars in order to be able to recover their design costs, and they consider therefore that they have made sufficient concession in accepting these provisions on the non-protectability of a product design dictated wholly by the way it has to fit mechanically with another product. On the other hand, EAPA<sup>(2)</sup>, CLEDIPA<sup>(3)</sup>, AIRC<sup>(4)</sup> and CLEPA<sup>(5)</sup> representing the component and replacement part manufacturers, continue to argue strongly not only against protection for those designs which must mechanically fit, but also against protection for other designs which must visually match, the remaining parts of a complex product such as a car. They have variously suggested solutions such as a "must-match" exception from protection, or a legal licence provision, declaring that they are not opposed to paying royalties, but objecting to being prohibited from manufacturing and dealing in spare parts. Representatives of the insurance industry and consumers also argue that design protection of such parts will raise the costs of repair work and of insurance premiums.

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(1) ACEA: Association des Constructeurs Européens d'Automobiles.

(2) EAPA: European Automotive Panel Association.

(3) CLEDIPA: Comité de Liaison Européen de la Distribution Indépendante de Pièces de rechange et Equipements pour Automobiles.

(4) AIRC: Association Internationale des Réparateurs en Carrosserie.

(5) CLEPA: Comité de Liaison de la Construction d'Equipements et de Pièces d'Automobiles.

ISSN 0254-1475

COM(93) 344 final

# DOCUMENTS

**EN**

**08 06**

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**Catalogue number : CB-CO-93-410-EN-C**

**ISBN 92-77-58339-8**

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Office for Official Publications of the European Communities  
L-2985 Luxembourg