

16: Industrial Designs

Article 25 Requirements for Protection

1. Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.
2. Each Member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.

Article 26 Protection

1. The owner of a protected industrial design shall have the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.
2. Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.
3. The duration of protection available shall amount to at least 10 years.

1. Introduction: terminology, definition and scope

The term “design” can be applied to almost any product or work. Yet, in traditional legal terms, the concept of industrial design concentrates on the appearance of a product. Thus, a “design” connotes an element or characteristic completely separate from the object it enhances or to which it is applied. It is something often added to an object, having no relation to its overall form or function, sometimes by an artist not even remotely connected with its design. Examples of such behaviour

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are plentiful: antique coffee mills or porcelain statues made into lamps, ashtrays with varied ornamentation and animals.

This difficulty of definition explains, in part, the complexity faced by legislators in classifying design protection. The ambiguity of “design” results in overlap with other intellectual property laws, such as copyright, unfair competition, utility model, and trademark laws. For example, the European Union legislators have determined that the more modern concept of “design”, espoused by the current EU design laws, means any aspect of a product which promotes the marketability of that product. However, within the European Union, the adoption of a *sui generis* design law for the protection of designs leaves unanswered the adjacent anomaly posed by the possibility of protection under other IPRs, especially copyright law.

This problem is not alleviated by the ambivalent attitude of TRIPS to designs. TRIPS simultaneously adopts both the Paris and Berne positions and obliges Members to provide for a minimum standard of protection without specifying the nature of protection. In relation to textile designs, however, Members must protect textile designs either through design law or through copyright law.⁴³² Thus, Members have much flexibility in drafting local laws with local objectives in mind,⁴³³ as long as certain elements are incorporated into the local design laws. Conversely, where Members’ interests lie in protecting the domestic design industry from domestic and international piracy, it should be noted that the two provisions on designs in the Agreement do not offer much in terms of mandatory rules. Thus, this introductory section expands on broad definitional questions and comparative legal approaches to industrial designs.

1.1 Definitions

This section briefly explains terms commonly employed throughout this chapter.

Copyright: the term copyright is used here in the wider context to include both the Anglo-US concept of copyright and the European civil law concept of author’s rights.

Design (*dessins et modèles*): the specific term under French and Benelux law is “*dessins et modèles*”, which roughly translates as “two-dimensional drawings or patterns and three-dimensional models” in the English language. For our purposes, we use the single term of “design”. The notion of design is used widely, and can include protectable subject matter under both copyright and design laws, as well as other supplementary protection.

***Sui generis* design law:** all references to “design law” are in relation to the *sui generis* or to the specific design law in countries which offers protection to designs either on a registration-based system or a deposit-based system.

Utility model law (petty patents, *certificat d’utilité*, *Gebrauchsmuster*, etc.): this usually refers to a second and additional type of patent protection for minor or

⁴³² Article 25.2 of the TRIPS Agreement.

⁴³³ J.H. Reichman, *Symposium: Uruguay Round-GATT/WTO Universal Minimum Standards of Intellectual Property Protection under the TRIPS Component of the WTO Agreement*, (1995) 29 *International Lawyer* 345, at p. 375 [hereinafter Reichman, Symposium].

incremental inventions, with a shorter duration of protection, with little or no examination process, and a lowered threshold of protection. There is no universal consensus as to what constitutes a utility model law, and the lack of international harmonisation means that most countries refer to such protection under different names: petty patent, the small patent, utility certificates, innovation certificate and utility innovation. Other than designs, utility models concern the technical novelty of a product, and not its ornamental aspects.⁴³⁴

Work of applied art (*œuvre des arts appliqués*): this term is applied under copyright law, especially in civil law jurisdictions. Although no definition is offered under any Member's law, the term "work of applied art" is generally intended to refer to artistic works, often three-dimensional designs, which have been industrially applied to an article, which is subsequently commercially exploited. On many occasions, the term is treated as being equivalent to the notion of "industrial design", albeit in the context of copyright law. It can be analogous with the notion of "works of artistic craftsmanship", as employed under common law jurisdictions.

1.2 Terminology

As explained above, the nature of design lends itself as being considered as being protectable either as an industrial property or as a copyright work: this has led to the *sui generis* design approach versus copyright approach. This section lists the characteristics of protection under both these approaches.

1.2.1 Essential characteristics of the copyright approach

The common elements present in the copyright approach to design protection are:

- copyright is accorded automatically; thus, there are no formalities nor registration procedures;
- an anti-copying right is proffered, as opposed to an exclusive right;⁴³⁵
- the main criterion of protection is originality, which is easier to fulfil than that of novelty;⁴³⁶
- the duration of protection is much longer than under the design approach: most countries offer 50 years *post mortem auctoris*.

⁴³⁴ See Section 3.7.4, below.

⁴³⁵ This means that, if a third party *independently* creates a design that by chance resembles the protected design, the copyright in the protected design does not provide for the right to prevent the third party from making or selling his original design. Such right is only offered in case third parties *copy* the protected design. Thus, copyright provides no absolute protection, as opposed to exclusive rights (see under the following paragraph).

⁴³⁶ The originality criterion is met where a piece of work is the result of independent human intellect and creativity, even if a similar product has been known to the public before. Conversely, the novelty criterion requires that no identical design must have been made available to the public prior to the date of filing of the application for registration of the design for which protection is claimed (see Article 5.1 (b) of the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1, concerning the registered Community design).

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1.2.2 Essential characteristics of the *sui generis* design approach

Most *sui generis* design laws in the world are fashioned upon patent law. The common denominator in this approach is that protection is accorded upon registration or deposit of the design. Furthermore, the following features regularly appear in most *sui generis* systems:

- where protection is granted upon registration, publication usually follows registration though some countries provide for secret or deferred publication;
- upon registration, most countries confer an exclusive right. The proprietor of the design right is thus given the right to sue any person who produces an identical or similar design for infringement, even if the latter design arises from an independent creation;
- the usual criterion for protection is novelty, though the standard of novelty required varies from country to country (ranging from domestic novelty to universal novelty);
- a duration of protection shorter than copyright is usually conferred (for example, the European Community Registered Design Right confers a maximum 25-year term of protection).⁴³⁷

1.2.3 Essential characteristics of the unregistered *sui generis* design approach

A third possibility is the unregistered design right system, which has been adopted by the United Kingdom, Hong Kong-China, the European Union⁴³⁸ and New Zealand. However, since this is a new type of right, there are no international conventions which govern this area, though it is arguable that TRIPS may be applicable, as long as the criteria for protection as spelled out in Article 25.1 and the minimum term of protection in Article 26.3 (10 years) are respected.⁴³⁹ Note the particular characteristics:

- all unregistered design right systems confer automatic protection, without the need for registration or deposit;
- the term of protection is short (3 years in the European Union,⁴⁴⁰ and 10–15 years in the United Kingdom);
- the criterion of protection under the United Kingdom and Hong Kong system is an objective standard of originality, which is lower than novelty under its patent and *sui generis* design laws;

⁴³⁷ Article 12 of the EC Design Regulation.

⁴³⁸ Note that the EC Design Regulation provides both options, i.e. a registered and an unregistered design rights system. See below, Box 5.

⁴³⁹ On the other hand, note that in *Azrak-Hamway International Inc. v. Meccano SA* (1997) RPC 134 (United Kingdom), the tribunal considered the UK unregistered design rights regime as a supplementary regime of protection outside the ambit of the TRIPS Agreement.

⁴⁴⁰ Note that this alone would not meet the TRIPS minimum term of protection of 10 years. However, the EC equally provides a registered design right with a term of protection of 25 years from the date of filing (subject to renewal by the right owner every five years, see Article 12 of the EC Design Regulation).

- the criterion of protection under the European Union system is novelty and individual character.⁴⁴¹

2. History of the provision

2.1 Situation pre-TRIPS

There has always been a lack of international consensus as to the proper means of protecting designs.⁴⁴² The Berne Convention⁴⁴³ and the Paris Convention⁴⁴⁴ have both avoided the issue of the nature of design by accepting designs as being appropriate subject matter for both copyright and industrial property protection. With respect to the Hague Agreement on the international registration of industrial designs and its Geneva Act (1999), see discussions below (Section 5.2.1).

2.2 Negotiating history

2.2.1 Article 25 TRIPS

2.2.1.1 The Anell Draft⁴⁴⁵

“SECTION 4: INDUSTRIAL DESIGNS

1. Requirements for Protection

1.1 PARTIES shall provide for protection for industrial designs which are new [and] [or] original [, ornamental and non-obvious].

1.2 PARTIES [may] [shall] condition such protection on registration [or other formality].

1.3 PARTIES may provide that protection shall not extend to features required by technical reasons.

1.4 Such protection shall be provided without affecting any protection under copyright law [or other law].

2. Textiles Designs

2A The acquisition of industrial design rights in textiles or clothing shall not be encumbered by any special requirements such as ex officio examination of novelty before registration, compulsory publication of the design itself or disproportionate fees for multiple users of the registration.”

⁴⁴¹ See Articles 5.1(a) and 6 of the EC Design Regulation. The novelty requirement is met if no identical design has been made available to the public before the date on which the design for which protection is claimed has first been made available to the public.

⁴⁴² See AIPPI Annuaire 1982/III, p. 27; 1984/I, p. 79; 1985/III, pp. 19 and 271; 1991/VIII, pp. XI–XIII. For an international perspective, L. Duncan, *Improvement of international protection of designs and models.*, (1993) AIPJ 32; U. Suthersanen, *Design Law in Europe*, Sweet & Maxwell 2000, Chapter 22 [hereinafter Suthersanen, *Design Law in Europe*]. See also the Australian Law Reform Commission on Designs, Report No. 74, 1995.

⁴⁴³ Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886, Paris (1971) version. See Article 2(7).

⁴⁴⁴ Paris Convention for the Protection of Industrial Property of March 20, 1883, Stockholm version (October 2, 1979). See Articles 1(2), and 5*quinquies*.

⁴⁴⁵ Document MTN.GNG/NG11/W/76, of 23 July 1990.

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2.2.1.2 The Brussels Draft⁴⁴⁶

“1. PARTIES shall provide for the protection of industrial designs which are new [and] [or] original. PARTIES may provide that designs are not new [and] [or] original if they do not significantly differ from known designs or combinations of known design features. PARTIES may provide that such protection shall not extend to designs dictated essentially by technical or functional or technical considerations.

2. Each PARTY shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. PARTIES shall be free to meet this obligation through industrial design law or through copyright.”

As these draft texts illustrate, the main issue was whether the standard of protection of industrial designs should be based on the narrow United States approach or the wide European approach. The above drafts reflect the respective prior proposals made by the EC and the USA. The United States draft was narrow, and provided for protection for industrial designs which are “new, original, ornamental and non-obvious”. Subsequently the term “original” was also advocated by the EC, developing countries and Japan. Delegations disagreed as to whether it should be “new or original” (EC) or “new and/or original” (Japan) or “new and original” (developing countries), with the United States still insisting on the criteria of “ornamental and non-obvious”.

The main reason why the EC was eager to include the issue of designs in the TRIPS negotiations was to attempt to make the United States align its design protection with that of other developed countries, and thus expand its coverage. A major contention from the United States perspective was that design protection should not be widened to such an extent so as to protect “functional designs” such as designs for motor vehicle spare parts or “crash parts”. Spare or “crash” parts manufacturers, together with consumer groups, lobbied hard to reject the EC approach.⁴⁴⁷

2.2.2 Article 26 TRIPS

2.2.2.1 The Anell Draft

“3. Industrial Design Rights

3. The owner of a [protected] [registered] industrial design shall have the right to prevent third parties not having his consent from:
manufacturing;
[selling] [offering, putting on the market];
using;

⁴⁴⁶ Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Revision, Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, MTN.TNC/W/35/Rev. 1, 3 Dec. 1990.

⁴⁴⁷ See J. C. Ross and J. Wasserman, *Trade-Related Aspects of Intellectual Property Rights*, 1993, pp. 55–56.

or importing for commercial purposes;

[an object which is the subject matter of the industrial design right] [their industrial designs] [articles the appearance of which does not differ substantially from that of the protected design] [articles bearing a design which is a copy or substantially a copy of the protected design].

4. Obligations of Industrial Design Owners

4B With respect to the obligations of an industrial design owner, the requirements for patent inventions under point 3 of Section 5 below shall apply.

5. Term of Protection and Renewal

5A.1 The term of protection available shall be at least ten years.

5A.2 PARTIES shall provide for an initial term of protection of registered industrial designs of at least five years [from the date of application], with a possibility of renewal for [at least another period] [two consecutive periods] of five years.

5B The term of protection shall be provided under national legislation.

6. Remedial Measures under National Legislations; Compulsory Licensing of Industrial Designs

6A.1 [PARTIES shall not issue compulsory licences for industrial designs except to remedy adjudicated violations of competition law to which the conditions set out at point 3 of Section 5 below shall apply *mutatis mutandis*.] [The compulsory licensing of an industrial design shall not be permitted.]

6A.2 The protection of industrial designs shall not be subject to any forfeiture by reason of failure to exploit.

6B (See Section 8 below)”

2.2.2.2 The Brussels Draft. The first two paragraphs and the fourth paragraph of the Brussels Draft were essentially identical to the final version of Article 26.1–3. In addition, the Brussels Draft contained a developing country proposal providing that:

“3B With respect to the obligations of the owner of a protected industrial design, the provisions set forth in paragraph 3 (b) of Article [29] below shall apply.”

A comparable reference to certain obligations of patent holders was already included in the Anell Draft (paragraph 4B as quoted above). Article 29.3(b) of the Brussels Draft provided:

“3. PARTIES may provide that a patent owner shall have the following obligations:

[...]

[(b) In respect of licensing contracts and contracts assigning patents, to refrain from engaging in abusive or anti-competitive practices adversely affecting the transfer of technology.]”

This draft obligation corresponded to some developing countries’ concerns that exclusive intellectual property rights might actually have a negative impact on technology transfer. The reference to abusive or anti-competitive licensing practices was however not retained in the final version of Article 29 TRIPS on the obligations of patent holders, nor under the current Article 26 concerning the rights

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of industrial design owners. Instead, there is now Article 40 dealing specifically with the control of anti-competitive practices in contractual licences.⁴⁴⁸

A concession to the flexibility in design protection is reflected by the fact that the reference to “registered” industrial designs in the first paragraph of the Anell Draft was not maintained in the subsequent Brussels Draft and the final version of the Agreement. Such conditioning of protection to a registration system would have eliminated the other two available systems, i.e. the copyright system and the unregistered *sui generis* protection.

A further particularity in the Anell Draft provision is the express reference to forfeiture and compulsory licences (paragraphs 6A.1 and 6A.2, as quoted above). Such reference appears neither in the Brussels Draft nor in the final version of TRIPS. Instead, Article 26.2 TRIPS contains a general exception clause similar to the one under Article 30 concerning patent rights.⁴⁴⁹

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TRIPS stipulates that Members must provide the following:

- (a) independently created new or independently created original industrial designs must be protected – Article 25.1;
- (b) proprietors of textile designs should not face obstacles arising from costs, examinations or publications in gaining protection – Article 25.2;
- (c) design proprietors should have the right to stop third parties making, selling and importing articles which incorporate a design which is identical or substantially similar to the protected design, for commercial purposes – Article 26.1;
- (d) the minimum term of protection is 10 years – Article 26.3.

3.1 Concept of industrial design

Although TRIPS states that all industrial designs must be protected, there has been no attempt to provide guidelines as to the type of subject matter which constitutes industrial designs. The concept “industrial design” in Article 25.1 can refer to all types of aesthetic, useful and functional designs including subject matter protected as “works of applied art” or “works of artistic craftsmanship” under copyright law, or as utility models. Importantly, there is no guidance as to the relationship between works of applied art (specifically referred to in Article 12) and industrial designs. Moreover, “industrial design” can be taken to include indigenous and folkloric icons, symbols and designs.

3.2 Nature of protection – copyright or *sui generis* design right (registered or unregistered)

To the extent they comply with the protection requirements under Article 25.1, Members can opt for either protection through copyright or *sui generis* design

⁴⁴⁸ For more details on Article 40, see Chapter 29.

⁴⁴⁹ See below, under Section 3 (in relation to the Annex to the Berne Convention, which applies to developing countries only).

protection, depending on the local industrial needs. Note that TRIPS follows and supplements the Berne and Paris Conventions.⁴⁵⁰

The major difference between the copyright approach on the one hand (including copyright proper and unregistered design right, see above, Section 1) and the *sui generis* registered design right on the other hand is the scope of protection: the registered design right protects against both deliberate copying and the independent development of a similar design. Under the copyright approach, protection is offered against deliberate copying only. Independent creations of similar designs may not be prevented.⁴⁵¹ Finally, the unregistered design right has characteristics similar to copyright (see above, Section 1). The main difference is the term of protection, which is usually much shorter than under copyright.⁴⁵²

A WTO Member is also free to adopt both ways of *sui generis* protection, as illustrated by the Japanese example: in addition to its registered design law, Japan now protects unregistered designs under an unfair competition regime, based on liability principles.⁴⁵³

3.2.1 Berne Convention on designs

Should WTO Members adopt copyright law as the preferred vehicle of protection for designs, Articles 1–21 of the Berne Convention must be complied with.⁴⁵⁴ The key provision under the Berne Convention is Article 2(7), which basically leaves it to Berne Union/WTO Members to decide whether works of applied art and industrial designs should qualify for protection under copyright law, and if so, the conditions of protection. Union/WTO Members are free to expressly exclude copyright protection for works of applied art or industrial designs, and they

⁴⁵⁰ One should further note that works of applied art and industrial designs are exempted from the national treatment and MFN requirements under Articles 3 and 4 of the TRIPS Agreement. See Section 3.6, below.

⁴⁵¹ See, for example, Article 19 of the EC Design Regulation on the rights conferred by the Community design: “1. A **registered** Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.

2. An **unregistered** Community design shall, however, confer on its holder the right to prevent the acts referred to in paragraph 1 only if the contested use results from copying the protected design. The contested use shall not be deemed to result from copying the protected design if it results from an independent work of creation by a designer who may be reasonably thought not to be familiar with the design made available to the public by the holder. [...]” (emphasis added).

⁴⁵² The usual minimum term of copyright protection is the author’s life plus 50 years, Article 7(1), Berne Convention, Article 9.1, TRIPS Agreement. By contrast, the EC Design Regulation provides a term of three years for the protection of unregistered designs.

⁴⁵³ See UNCTAD, *The TRIPS Agreement and Developing Countries*, Geneva, 1996, para. 251 [hereinafter UNCTAD 1996]. The term of protection for unregistered designs in Japan is three years (ibid.). Note that this alone would not be consistent with TRIPS Article 26.3 (term of protection of at least 10 years).

⁴⁵⁴ See Article 9.1 of the TRIPS Agreement, which by way of reference incorporates these provisions of the Berne Convention. See also Chapter 7.

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may do so by employing a variety of statutory or judicial exclusionary devices to proscribe the following: industrially manufactured articles; non-aesthetic designs; patentable subject matter; designs where the aesthetic element cannot be separated from the utilitarian aspect (see Boxes 1 and 5, below). Nevertheless, irrespective of the mode of protection, Union/WTO Members must provide some sort of protection to works of applied art and industrial designs: where there is no *sui generis* design law, the provision clearly stipulates that such works must be protected under copyright law.⁴⁵⁵ This corresponds to a similar obligation under the Paris Convention.

3.2.2 Paris Convention on designs

All WTO Members are subject to Articles 1–12, and Article 19 of the Paris Convention.⁴⁵⁶ While Article 1(2) of the Paris Convention promulgates the notion that designs are to be categorised as industrial property, the Convention does not offer any guidance as to the nature or conditions of protection. Thus, industrial designs can either benefit from *sui generis* design protection (registered, unregistered, or both), copyright protection or some other sort of quasi-copyright or design protection.⁴⁵⁷

3.3 Conditions of protection (Article 25.1)

1. Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

3.3.1 Independently created

It is a mandatory requirement that independently created designs must be protected. The question then is whether this is to be interpreted in the sense that the design must not be copied or whether it means the design must have some minimal amount of creativity or individuality. The more persuasive view is that the TRIPS drafters clearly intended the criterion of originality to entail more of a creative contribution than mere independent creation, due to the fact that two terms are employed to convey different meanings in the same sentence.⁴⁵⁸ One commentator, however, suggests that it probably is meant to exclude copied or imitated

⁴⁵⁵ Articles 2(7) *in fine*, and 2(1) of the Berne Convention.

⁴⁵⁶ See Article 2.1 of the TRIPS Agreement.

⁴⁵⁷ See Article 5 *quinquies* of the Paris Convention; also see G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, BIRPI, Geneva, 1968, p. 86 [hereinafter Bodenhausen].

⁴⁵⁸ Reichman, Symposium, at p. 376. According to this view, the requirements of originality and of independent creation would not be one and the same criterion, but would constitute two separate requirements.

designs, in part to assuage those Members who had argued unsuccessfully for cumulative criteria of new and original.⁴⁵⁹ Members may define this concept in local legislation to adopt either meaning.

Box 1: The U.S. regime

In the United States, protection is available under patent law for “any new, original and ornamental design for an article of manufacture.” Furthermore, in order for a design to qualify for design patent protection, it must present an aesthetically pleasing appearance that is not dictated by function, and it must satisfy the general criteria of patentability i.e. full novelty and non-obviousness (§§102, 103, 171, U.S. Patents Act).

In brief, the law does not give protection to “new designs” or “original designs”, but rather to designs which fulfil both criteria and requires candidates to fulfil a higher threshold of protection by requiring non-obviousness as well, a term more identified with the patent criterion of “inventive step”.

Note, however, that designs are also protected in U.S. law by copyright and trade dress protection (a branch of trademark protection), so that the relatively strict criteria for design patent are mainly relevant to this strongest of the several forms of protection.

3.3.2 New or original

Members are left with the option of either implementing the criterion of novelty or originality. The history of the final formulation of “new or original” says much for the nebulous nature of “industrial design law”.⁴⁶⁰ Can Members go further and adopt both criteria of protection, i.e. that a design must be new *and* original? This is highly unlikely due to the history of the provision, and the express usage of “or”, rather than “and/or”, as proposed by some delegations. Are Members allowed to adopt more criteria of protection? This is apparently the case under the current U.S. design patent regime (see Box 1) and arguably also under the European Community Design Right⁴⁶¹ (see Box 2).

⁴⁵⁹ See Gervais, para. 2.125. According to this author, those Members were concerned about the possibility that a design which was not new could still be protected on the basis of its originality. In order to prevent such possibility, those Members would have pushed, towards the end of the negotiations, for the additional criterion that the designs must have been created independently. Thus, the criterion of independent creation would not be apart from the originality criterion, but would qualify it.

⁴⁶⁰ The concept of “new” stemmed from the compromise reached between the United States and Switzerland (new) and the EC, Japan and a group of developing countries (novel); subsequently the term “original” was advocated by the EC, the United States, developing countries and Japan. A slight tussle ensued as to whether it should be “new or original” (EC) or “new and/or original” (Japan) or “new and original” (developing countries, with the United States adding the criteria of “ornamental and non-obvious”).

⁴⁶¹ Council Regulation EC No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1.

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Box 2: The EC design regime

The EC design regime accords protection to designs which fulfil the twin criteria of novelty and individual character. The latter could arguably constitute an additional requirement to the ones listed under Article 25.1 of TRIPS. However, the concept of "individual character" under the EC design laws may also be a reformulation of the "independently created" criterion under Article 25.1 TRIPS. A design shall be considered to have individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public before the date of filing of the application for registration or, if priority is claimed, the date of priority. In assessing individual character, the degree of freedom of the designer in developing the design shall be taken into consideration.⁴⁶²

Members are offered the opportunity of anchoring their chosen criterion of protection (i.e. originality or novelty) to a prior art base constituting "known designs or combinations of known design features" (Article 25.1, second sentence). This may allow a Member to opt for an originality requirement which adopts an objective standard, rather than a copyright law standard (as under the United Kingdom unregistered design right system – see Box 3).⁴⁶³

Box 3: The UK unregistered design regime

The United Kingdom unregistered design right resembles a hybrid quasi-copyright. The right fulfils a perceived need for an automatic, short-term, quasi-copyright protection regime which would be available to both functional and non-functional three-dimensional designs. The design must be original, in the sense that it is not commonplace in the design field in question, and it must not fall foul of the exclusion provisions which bar protection to certain types of features, mainly in relation to design features of spare parts (see ss. 213 *et seq*, U.K. Copyright, Designs and Patents Act 1988).⁴⁶⁴ Hong Kong-China has also adopted the British unregistered design right system.

⁴⁶² Articles 3–5, Directive 98/71/EC on the legal protection of designs, OJ L 289, 28.10.98, p. 28; Articles 4–6, Council Regulation EC No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1.

⁴⁶³ Under copyright law, the standard of originality is not an objective, but a subjective one: any product which is the result of *independent* human intellect and creativity is offered protection, even if it resembles another product. Thus, the reason for the grant of protection is the independence of the creation, rather than the difference of the resulting product from other products. Contrary to this subjective approach, the second sentence of Article 25.1 TRIPS (as quoted above) enables Members to base design protection on the difference between the resulting product and other products. Thus, an independently created design which does not significantly differ from a known design may be denied protection.

⁴⁶⁴ For an account of the British system, see Suthersanen, *Design Law in Europe*, chapter 16.

The British unregistered design right was partly based on the EC Directive 87/54/EEC on topography protection⁴⁶⁵ which, in turn, was based on the United States Semiconductor Chip Protection Act 1984.

Members are also free to adopt local/regional/universal novelty, and to implement grace periods (see Box 4).

Box 4: Grace period

There is provision for a grace period for exhibition purposes under Article 11 of the Paris Convention. Union Members must grant temporary protection to patentable inventions, utility models and industrial designs in respect of goods exhibited at official or officially recognized international exhibitions held in the territory of any of them.⁴⁶⁶ The grace period provided must not extend beyond the priority period: 12 months for utility models, and 6 months for industrial designs.

Within the European Union, both national and Community design laws offer a 12-month grace period in respect of registered designs.⁴⁶⁷ During this period, the design proprietor will be able to claim the Community *unregistered* design right.

3.3.3 Registration

Registration or deposit is not a requirement of protection.⁴⁶⁸ Therefore, Members have the option of adopting one or all of the following three alternative regimes:

- a) copyright;
- b) registered *sui generis* design right;
- c) unregistered *sui generis* design right.

⁴⁶⁵ Council Directive 87/54/EEC on the legal protection of topographies of semiconductor products, OJ L 24, 24.1.87, p. 36.

⁴⁶⁶ The reason for this provision is that under the Paris Convention, the protection of the covered industrial property rights in one member State is independent of such protection in another member State (i.e. the principle of territoriality). Thus, an invention which is patented in country A, but not yet in countries B and C, could arguably lose its novelty in countries B and C when displayed to the public at an international exhibition. Subsequent patent applications in countries B and C would then have to be refused. Such approach would obviously prevent holders of a national patent to make available to international exhibitions their inventions. For this reason, Article 11 of the Paris Convention obligates member States to grant protection to exhibited goods for a limited period of time. Note that such protection may be provided through various means: by stipulating in domestic law that such exhibition will not destroy the novelty of the invention, or by granting to the right holder a temporary right of priority for subsequent applications in other States of the Paris Union (see Bodenhausen, p. 150, sub-paragraph (c)).

⁴⁶⁷ Article 6(2), Directive 98/71/EC on the legal protection of designs, OJ L 289, 28.10.98, p. 28; Article 12, Council Regulation EC No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1.

⁴⁶⁸ By contrast, the Anell Draft provided that Members had the option of providing protection either upon registration or on other formalities. See above, Section 2.2.

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Option c) offers an anti-copying regime, and examples of it are the United Kingdom unregistered design right (see Box 3) and the European Community Unregistered Design Right (see Box 5).⁴⁶⁹ The United Kingdom further offers the example of a country which has all three alternative types of protection, i.e. copyright, registered design right and unregistered design right.

Box 5: Community design right

The European Community Design Regulation offers a Community Design Right (CDR). The CDR offers the design owner a two-tier system of rights. The proprietor will be entitled to quasi-copyright protection under the Unregistered CDR automatically upon the first marketing of his/her design; in the alternative, the design holder can opt for stronger, exclusive protection under the Registered CDR. The criteria of protection for both the unregistered and registered CDR will be the same: novelty and individual character. Furthermore, no protection will be accorded to certain types of design features including features solely dictated by its technical function.⁴⁷⁰

3.4 Textile designs (Article 25.2)

2. Each Member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.

TRIPS added Article 25.2 in response for rapid and cheap protection given by a non-registration regime, but only in the field of the textiles industry. The provision calls for a protection regime that does not “unreasonably impair the opportunity to seek and obtain such protection”, and this may be hard to comply with unless a non-examination, non-registration/deposit system is adopted; the option available to Members appears to be to either allow copyright protection for textiles or to introduce a quasi-copyright, short term regime such as the unregistered design right (see Boxes 3 and 5).⁴⁷¹

A final issue is whether textile designs would be classified as works of applied art or industrial designs under Article 2(7), Berne Convention, in which case Members are free to provide for a *sui generis* design protection or for copyright protection.⁴⁷²

⁴⁶⁹ For more details on the different forms of protection available under Articles 25, 26, TRIPS Agreement, see above, Section 3.2 of this chapter.

⁴⁷⁰ See Articles 4–12, Council Regulation EC No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1.

⁴⁷¹ In this respect, see also Article 62.2, TRIPS Agreement, calling for Members to ensure that procedures for grant or registration permit the granting or registration of the right within a reasonable period of time.

⁴⁷² See above, Section 3.2.1.

3.5 Scope of protection (Article 26.1)

1. The owner of a protected industrial design shall have the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

All WTO Members' legislation must ensure that the owner of a protected industrial design has the minimum right to prevent unauthorised third parties from making, selling or importing articles bearing or embodying the protected design, for commercial purposes. The provision should not affect a Member's right to award either a registration-based monopoly right or a mere anti-copying right. Nevertheless, irrespective of the nature of the right, the scope of the right must extend to designs which are either identical or are substantial copies of the protected design.

As with all rights to prevent importation under TRIPS, the right under Article 26.1 is subject to Article 6 that permits each WTO Member to adopt its own regime for exhaustion (see Chapter 5). It is therefore permissible to adopt a regime of international exhaustion for industrial design rights.

3.6 National treatment and reciprocity of protection (Article 26.1, Article 3)

It should be noted that the rules on national treatment and MFN treatment, under Articles 3 and 4, are subject to the exceptions under the Berne Convention. Works of applied art and industrial designs occupy a privileged position in being exempted from both these basic TRIPS provisions,⁴⁷³ as national treatment in relation to these types of works is qualified under the Berne Convention. Works of applied art or designs are entitled to protection in other Members of the Union only to the extent of the nature of protection they are granted in the country of origin – if no such special protection is granted in that country, such works shall be protected as artistic works.⁴⁷⁴

Therefore, if a design is protected in State A solely under its *sui generis* design law, then such a work will only be granted similar *sui generis* protection in another Union/WTO Member State (State B), and need not be entitled to full copyright protection; the exception being that if State B does not offer special *sui generis* protection for works of applied art, such works will be entitled to full copyright protection. The wording of the provision only covers situations where a work in its country of origin is *solely* protected under design legislation; if other forms of protection are available in that country, the national treatment and MFN treatment obligations do apply. Thus, where a work of applied art in State A is protectable under both copyright and design laws, the exception under Article 2(7) of the Berne Convention does not apply. State B has no option but to offer to the work in question the same protection it offers to works of domestic right holders (be it copyright or design law or both).

⁴⁷³ Articles 3.1 and 4(b) of the TRIPS Agreement. See discussion on these provisions in Chapter 4.

⁴⁷⁴ Article 2(7) of the Berne Convention.

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The applicability of the national treatment obligation in this context is related to the issue of cumulative protection countries versus partial protection countries. Consider the situation where the country of origin, for example, the USA, restricts copyright protection of works of applied art to such works which fulfil the separability criterion (see Box 6); can another Union/WTO state, for example, France, apply a similar restrictive approach, despite its liberal attitude to works of applied art? This would only seem possible if the other country (France, in the example) did not have to respect the national treatment obligation. This again would only be the case if the second sentence of Article 2(7) of the Berne Convention applied (i.e. if the country of origin of the works in question would provide protection solely under design law.). But since in the given example, the country of origin does provide copyright protection, Article 2(7) does not apply. Consequently, France in the above example would have to respect the national treatment obligation and thus afford copyright protection to such works in accordance with its own jurisprudence.⁴⁷⁵

Thus, as Reichman notes,

“exporters in both developed and developing countries should note that compliance with the requirements of domestic design laws provides no guarantees against infringements of foreign rights based on different criteria. For example, designs legally created or copied under current U.S. law, if exported, could sometimes violate the United Kingdom’s unregistered design right, which protects both functional and appearance designs, as well as, say, the French copyright law, or the new Japanese unfair competition law.”⁴⁷⁶

3.7 Functional designs – exceptions and limitations (Articles 25.1 and 26.2)

Article 25.1

1. Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

Article 26.2

2. Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

⁴⁷⁵ See also Ricketson, para. 52.

⁴⁷⁶ Reichman, Symposium, p. 377.

There are no compulsory provisions as to excluded subject matter or limitations/exceptions to protection, though Articles 25.1 and 26.2 offer Members an optional mandate. The difference between the two provisions is the following: designs under Article 25.1 do not qualify for design protection in the first place, whereas under Article 26.2, works would normally be protectable, but are excluded for some exceptional reasons (as will be analysed below). Article 25.1 contains two different sets of exclusions: under the second sentence, and on certain conditions, Members may exclude the novelty or originality of designs, thus denying to such designs the basic prerequisites for protection.⁴⁷⁷ Under the third sentence, the reason for excluding designs from protection is the works' essentially technical or functional character (as will be analysed in the following Subsection).

3.7.1 Functional exclusions, Article 25.1, third sentence TRIPS

The third sentence of Article 25.1 allows Members, if they wish, to exclude designs dictated essentially by technical or functional considerations: since the reference to functional designs is an optional requirement, Members may also omit this provision from their domestic laws. In other words, Members can also choose the alternative of granting *sui generis* protection to both aesthetic and functional designs (for example, the United Kingdom unregistered design right system protects certain types of functional designs – see Box 3).

Since these exclusions/limitations are optional, it is up to the Member to limit the protection of designs according to the conditions and demands of its local industry. Thus, the European Union's design laws have adopted a specific "inter-connections" exclusion clause, whilst the British/Hong Kong copyright laws limit copyright protection of functional design drawings and works of applied art.⁴⁷⁸ Another example of a Member limiting its copyright protection of industrial designs is the U.S. copyright law (Box 6).

3.7.2 Article 26.2 TRIPS, analogue to Article 30

While it is not compulsory for Members to introduce exceptions to protection, Article 26.2, TRIPS places an obligation on those Members which do introduce exceptions or limitations under their domestic law; such Members must ensure that the exceptions do not conflict with the following rules:

- the exceptions have to be limited;
- the exceptions should not unreasonably conflict with the normal exploitation of protected industrial designs;
- the exceptions should not unreasonably prejudice the legitimate interests of the owners of protected industrial designs, taking into account the legitimate interests of third parties (i.e. there must be a balance between the rights of owners, on the one hand, and the rights of consumers/users/competitors, on the other hand).

⁴⁷⁷ See above, concerning the conditions of protection under Article 25.1 (Section 3.3).

⁴⁷⁸ See ss. 51 and 52, United Kingdom Copyright, Designs and Patents Act 1988.

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Article 26.2 is essentially identical to Article 30 regarding exceptions to the rights of patent holders.⁴⁷⁹ Article 13, on limitations and exceptions to copyright, which derives from Article 9(2) of the Berne Convention, uses different and more restrictive language (referring to “certain special cases” and eliminating references to “unreasonable”-ness and “interests of third parties”). In line with the Appellate Body’s frequent admonition that the precise words of TRIPS were selected for a reason, it is apparent that the negotiators intended exceptions to industrial design protection to be regulated under the more flexible standards of Article 26.2 (and its analogue Article 30).

The panel in the *Canada – Generic Pharmaceuticals* case has interpreted the language of Article 30, and that decision is reviewed in Chapter 23 below. Design protection might act as an unreasonable impediment to the achievement of economic and social objectives in developing Members, for example, if used to prevent the interface of mechanical or electrical equipment of different manufacturers. It is therefore foreseeable that developing Members may wish to provide legal mechanisms for allowing the use of protected designs in such cases.

Moreover, since Article 26.2 is the only provision dealing with exceptions to industrial designs, the issuance of compulsory licenses for such designs would be encompassed by its rules. Where TRIPS intends to preclude compulsory licensing of an IPR, such a restriction (see, e.g., Article 21 on trademarks) is generally stated. Since compulsory licensing of copyrights is a fairly common practice and permitted under Article 13 in conjunction with Article 9(2), Berne, it would be anomalous if such licensing were not permitted under Article 26.2. Also, Article 5.B, Paris Convention, prevents the forfeiture of industrial designs based on non-working or importation, but does not preclude compulsory licensing.

Box 6: Designs under U.S. copyright law

Designs can be protected under the United States copyright law as “pictorial, graphic and sculptural works”. These are defined as follows:

“Pictorial, graphic, and sculptural works include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” (s. 101, U.S. Copyright Act)

⁴⁷⁹ Article 30 provides: “Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.” See Chapter 23.

The "separability" criterion applies only to a "useful article", which is:

"an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." (s. 101, U.S. Copyright Act)

3.7.4 Utility models

Utility models ("petty patents") differ from industrial designs in that the latter typically concern *ornamental aspects* of an industrial article, whereas utility models are granted for the *technical novelty* of such article.⁴⁸⁰ Therefore, it has been observed that utility models and industrial designs rarely concern the same subject.⁴⁸¹ However, in the case of *functional* designs, such overlapping is possible, considering that those designs are dictated essentially by technical or functional considerations (Article 25.1). Thus, an increasing number of jurisdictions have chosen to provide for the protection of functional designs under a utility model regime as an alternative to an industrial designs system. TRIPS does not discuss utility models.⁴⁸² The relationship between industrial designs and utility models is accentuated by the Paris Convention, recognising the interdependency of priority periods between utility models and industrial designs. A period of priority can be secured for an application for an industrial design based on the filing date of a utility model.⁴⁸³

Utility model protection is said to be of great importance to developing countries. A main goal of the industrial property system is the promotion of innovation within industrial society; it is thought that a cheap and rapid utility model regime would improve the legal environment for small and medium sized companies, especially those which are engaged in an ongoing process of innovation and adaptation. This is more so in relation to certain types of product sectors which are

⁴⁸⁰ Bodenhausen, p. 52. This does not mean that the outward appearance of an industrial article cannot be protected by a utility model: if besides the *ornamental* function, the outward appearance fulfils a *technical* function, it is eligible for utility model protection.

⁴⁸¹ Ibid.

⁴⁸² While there is no specific reference to utility model protection under the TRIPS Agreement, it is arguable that by reference in Article 2.1 TRIPS, the relevant provisions of the Paris Convention provisions (including Article 1(2) of the Convention) are extended to all WTO Members. Article 1(2) of the Paris Convention provides in relevant part: "The protection of industrial property has as its object patents, utility models, [...]"

⁴⁸³ See Article 4E(1) of the Paris Convention. This means that once an application for a utility model has been filed, subsequent applications by the same person in other countries benefit from a priority right even if they do not concern a utility model, but an industrial design. However, the period of priority accorded to utility models amounts to twelve months, whereas the period for industrial designs is only six months, see Article 4C(1) of the Convention. Article 4E(1) clarifies that the priority period for applications for industrial designs that are based on a prior application for a utility model shall not benefit from the longer period for utility models. This provision applies only to the case in which the first application is filed with respect to a utility model and subsequently priority is claimed on the basis of that application for a second application concerning an industrial design. It has been observed, however, that the reverse case may be assumed to be covered as well (Bodenhausen, p. 52). In that case, a first application for an industrial design would determine the date as of which the priority period for any subsequent applications for a utility model would commence. Those later applications would then benefit from the longer term accorded to utility models (i.e. one year instead of six months as for industrial designs).

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concerned not so much with revolutionary technological breakthroughs, but more so with incremental or improvement innovation.⁴⁸⁴ For example, one cited reason for the need for a European utility model law is the need for a rapid and cheap protective regime for such minor innovations in the following industries: toy manufacturing, clock and watchmaking, optics, microtechnology and micromechanics.⁴⁸⁵

3.8 Term of protection (Article 26.3)

3. The duration of protection available shall amount to at least 10 years.

The minimum term of protection is ten years. TRIPS does not specify whether this term is to be computed from the date of filing (if any) or the date of issue. This provision is taken to refer only to situations where *sui generis* design law is the *only* means of protection. If a WTO Member opts for copyright protection of industrial designs, the duration of protection must be governed by Article 7 of the Berne Convention.⁴⁸⁶ The general rule for copyright is that the duration of protection must be 50 years *post mortem auctoris*. The exceptions to this general rule include works of applied art – Members remain free to provide for a shorter duration of protection, as long as a minimum term of 25 years from the making of the work is granted.⁴⁸⁷

There are several issues which arise.

First, will all intellectual property regimes which provide for protection of designs have to confer a minimum duration of 10 years? For example, should the proposed 3-year European Unregistered Community Design Right be amended to 10 years?⁴⁸⁸ It is submitted that Article 26.3 merely requires Members to offer at least one regime of protection which offers a minimum ten-year period of protection, whether that regime is copyright, registered design right or unregistered design right.⁴⁸⁹ Secondly, is Article 26.3 in conflict with the 25-year minimum term secured for works of applied art under Article 7(4) of the Berne Convention? The

⁴⁸⁴ U. Suthersanen, *Incremental Inventions in Europe: A Legal and Economic Appraisal of Second Tier Patents*, Journal of Business Law 2001, 319; U. Suthersanen, *The Economic Efficacy Of Utility Model Protection: A Comparative Review Of European Union, Asia-Pacific And U.S. Policy And Practice*, in: *Industrial Property Rights in the Bio-tech Age – Challenges for Asia* (eds. Christopher Heath and A. Kamperman Sanders), Kluwer International, 2002 (discussing the different questions policy makers need to ask prior to implementing utility model protection).

⁴⁸⁵ EC Commission Green Paper on the Protection of Utility Models in the Single Market, COM(95) 370 final, July 19, 1995, at p. 16.

⁴⁸⁶ Article 12 of the TRIPS Agreement does not affect works of applied art, which we must assume refer to industrial designs, as well.

⁴⁸⁷ Article 7(4) of the Berne Convention. For the history of this provision, see Ricketson, paras. 6.33-6.43.

⁴⁸⁸ Article 12, Council Regulation EC No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.02, p. 1.

⁴⁸⁹ See *Azrak-Hamway International Inc. v. Meccano SA* (1997) RPC 134 (United Kingdom), where it was argued that the provision relating to licenses of right under the United Kingdom unregistered design right was contrary to the minimum requirements under the TRIPS Agreement; the tribunal,

argument that the TRIPS provision only urges Members to introduce at least one 10-year protective regime falters in light of the fact that Members may choose to protect industrial designs under a copyright-only regime or the fact that there is a strong suggestion that textile designs, at least, should benefit from copyright protection. In light of this, it is submitted that where a Member opts to protect designs under an industrial property regime such as a *sui generis* design law, the minimum term of protection must be 10 years, if this is the only means of protection; however, where designs are only protected under copyright law, the minimum term of protection must be 25 years, in accordance with the Berne Convention. In cases where both copyright and *sui generis* design law protection are offered, the term applying to the copyright protection has to be 25 years. The term applying at the same time to the *sui generis* protection can be less than 10 years: the minimum term of 10 years as required under Article 26.3 is already more than respected by the 25-year copyright term.

4. WTO jurisprudence

To date, there has been no panel or Appellate Body decision concerning Article 25 or 26.

5. Relationship with other international instruments

5.1 WTO Agreements

5.2 Other international instruments

5.2.1 The Geneva Act (1999) of the Hague Agreement Concerning the International Registration of Industrial Designs⁴⁹⁰

If the registration approach is adopted, the registered design right is limited to the country in which protection is granted. If multi-regional protection is required, multiple filing is necessary. Under the WIPO-administered Hague Agreement Concerning the International Deposit of Industrial Designs, a procedure for an international registration is offered.

The Hague Agreement was concluded in 1925, and has been subject to two revisions: 1934 (London) and 1960 (The Hague). The objective of the Agreement is to facilitate the application for design protection in several countries by providing a mechanism for a centralised international deposit system, similar to the international registration of trademarks under the Madrid Agreement. A design proprietor can, with one application filed with WIPO, obtain protection in one or more or all the States adhering to the Agreement. The applicant is not required to obtain national registration in the country of origin. The protection accorded is strictly national and is subject to national laws and conditions in the countries

however, held that the United Kingdom unregistered design right was outside the ambit of the TRIPS Agreement, being a supplementary regime of protection.

⁴⁹⁰ The Hague Agreement Concerning the International Deposit of Industrial Designs of November 6, 1925, as revised by the Hague Act of November 28, 1960; Regulations Under the Hague Agreement Concerning the International Deposit of Industrial Designs, January 1, 1998.

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designated in the application. Individual countries designated in the application may refuse protection if requirements for protection of national law are not fulfilled.

The main problem arises from the fact that many major countries are not parties to the Hague Agreement. Only 29 countries are signatory to this treaty. Noticeably absent from the membership list are all the South American countries, Japan, Canada, the United States and most Asian countries.⁴⁹¹ A second related problem with the Hague Agreement is the fact that contracting states are either parties to the 1934 Act or the 1960 Act, and different and difficult procedural rules are applicable.

The Geneva Act 1999 has a twofold objective, namely: on the one hand, to extend the Hague system to new members by allowing or facilitating the accession of states whose legislation provides for a novelty examination;⁴⁹² on the other hand, to preserve the fundamental simplicity of the Hague system and make it more attractive to applicants. The Geneva Act also provides for the establishment of a link between the international registration system and regional systems, such as the European Community Design Office or the African Intellectual Property Organization (OAPI), by providing that intergovernmental organizations may become party to the Act.⁴⁹³

6. New developments

6.1 National laws⁴⁹⁴

6.1.1 Ownership of copyright and design protection

Neither TRIPS nor the Hague Agreement contains any provisions on ownership and whether local laws may make provision for authorship and/or ownership to vest in natural or legal persons. Once again, the vagueness of the provisions can work for the benefit of developing countries, should they wish to extend design protection to traditional/indigenous works of arts or local innovations. For example, under the British unregistered design right, a person can qualify for protection either as the author, employer, commissioner or the first marketer of the design work.⁴⁹⁵

6.1.2 Artistic designs and moral rights, including *droit de suite* (resale right)

The Berne Convention provides for certain moral rights: the right to claim authorship of the work and the right to object to any mutilation or deformation or other

⁴⁹¹ Among Asian countries, only the Democratic People's Republic of Korea (North Korea), Indonesia and Mongolia have signed the Agreement.

⁴⁹² This is so because some domestic laws subject design protection to the patentability criteria of novelty and inventive step. For an example, see above, Box 1.

⁴⁹³ To date, however, no intergovernmental organization has actually adhered to the Geneva Act. For a list of the Contracting Parties see <<http://www.wipo.org/treaties/documents/english/pdf/h-hague.pdf>>.

⁴⁹⁴ For the USA, the United Kingdom and the European Union, see Boxes 1 to 6, above. For Japan, see Section 3.2, above.

⁴⁹⁵ Ss. 215, 217 *et seq.*, Copyright, Designs and Patents Act 1988 (U.K.).

modification of, or other derogatory action in relation to, the work which would be prejudicial to the author's honour or reputation.⁴⁹⁶ Such rights may be of importance to certain Members which wish to see a cessation of works of traditional or indigenous arts being exported and exploited in other countries. Of course, one problem has always been ownership issues; however, international agreements and treaties are traditionally reluctant to offer rules on ownership of intellectual property rights.⁴⁹⁷ Some national laws have been more explicit on this issue (see Boxes 7 and 8 below).

Box 7: The French *droit d'auteur* regime

Under the French *droit d'auteur*, there is a clear exception to the rule that an author can only be a natural person: where a work qualifies as a "collective work", authorship can vest in both natural and legal persons.⁴⁹⁸ The category of "collective work" can arise in respect of all types of created works, including works of applied art and industrial designs. Furthermore, it has been held that technically, there is nothing in law which prevents a legal entity from claiming moral rights in a work created by a legal entity as in the case of collective works. Where a legal person is the promoter and owner of copyright in the collective work, it has the right to make modifications to the work as long as such changes are for the purpose of harmonising the work as a whole and are subject to the moral rights of individual authors who contribute to the collective work. Nonetheless, the legal owner's rights can extend further and in one decision, it was held that the publication of a design made by designers at a Citroën firm was in violation of the firm's moral right of disclosure.⁴⁹⁹

Moreover, certain types of works are entitled to a *droit de suite* or resale royalty right: the right is reserved for original works of art and original manuscripts of writers and composers.⁵⁰⁰ The pre-condition of "original" refers to the uniqueness of the work, as opposed to the copyright sense of originality or creativity. The Berne Convention stipulates a proviso in respect of this right: an author can claim the *droit de suite* or resale royalty right in a Berne Union country only if the

⁴⁹⁶ Article 6bis of the Berne Convention.

⁴⁹⁷ As to the TRIPS Agreement, a U.S. proposal during the TRIPS negotiations to *expressly* recognize corporate authorship was unsuccessful. Instead, Article 12 TRIPS provides for a special term of copyright protection in cases where the term of protection is calculated on a basis other than the life of a natural person. This includes works of corporate authorship and thus constitutes an *implicit* recognition of the concept of a non-natural author. See Chapter 11.

⁴⁹⁸ Articles L. 113-2, 113-5, French Intellectual Property Code 1992. See Suthersanen, *Design Law in Europe*, pp. 147–148. Another example of an express recognition of (corporate) ownership are sound recordings and films under U.S. law, see Chapter 11.

⁴⁹⁹ Suthersanen, *ibid*, p. 157.

⁵⁰⁰ See Article 14ter (1) of the Berne Convention: "The author, or after his death the persons or institutions authorized by national legislation, shall, with respect to original works of art and original manuscripts of writers and composers, enjoy the inalienable right to an interest in any sale of the work subsequent to the first transfer by the author of the work."

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legislation in the country to which the author belongs so permits, and only to the extent permitted by the country where this protection is claimed.⁵⁰¹

Developing countries producing highly original indigenous or folkloric art may wish to argue as to the inclusion of the *droit de suite*. Currently, several countries, including Bolivia, Chile, Kenya, Indonesia and Panama protect folkloric work under national copyright laws.⁵⁰² The provision is probably of more utility to countries which experience only few imports of foreign art or design works, but instead increasing exports of local or domestic art works or designs due to foreign interest in indigenous or folkloric art. It should be noted that many countries do deny the *droit de suite* to works of applied art or three-dimensional designs meant for industrial use.

6.2 International instruments

6.3 Regional and bilateral contexts

For the EC Directive of 2001 on the resale right for the benefit of the author of an original work of art, see Box 8.

Box 8: The EC resale right directive

Article 1(1) of the EC Resale Right Directive provides:⁵⁰³

“Member States shall provide, for the benefit of the author of an original work of art, a resale right, to be defined as an inalienable right, which cannot be waived, even in advance, to receive a royalty based on the sale price obtained for any resale of the work, subsequent to the first transfer of the work by the author.”

Article 2, *ibid*, provides:

“(1) For the purposes of this Directive, ‘original work of art’ means works of graphic or plastic art such as pictures, collages, paintings, drawings, engravings, prints, lithographs, sculptures, tapestries, ceramics, glassware and photographs, provided they are made by the artist himself or are copies considered to be original works of art.

(2) Copies of works of art covered by this Directive, which have been made in limited numbers by the artist himself or under his authority, shall be considered to be original works of art for the purposes of this Directive. Such copies will normally have been numbered, signed or otherwise duly authorised by the artist.”

⁵⁰¹ See Article 14*ter* (2) of the Berne Convention: “The protection provided by the preceding paragraph may be claimed in a country of the Union only if legislation in the country to which the author belongs so permits, and to the extent permitted by the country where this protection is claimed.”

⁵⁰² See UNESCO/WIPO *Model Provisions for National Laws for Protection of Expressions of Folklore Against Illicit Exploitation and other Prejudicial Actions*, 1982.

⁵⁰³ EC Directive 2001/84/EC of 27 September 2001 on the resale right for the benefit of the author of an original work of art, OJ L 272, 13.10.2001, p. 32.

6.4 Proposals for review

There is no formal proposal for review before the Council for TRIPS.

7. Comments, including economic and social implications

The discussion above illustrates the difficult task which legislators face in implementing the TRIPS provisions on industrial designs. The conclusion is that the different approaches are suited to different product sectors. It is, thus, important for any developing country to note which industries contribute the most to the economic development of the country, and the type of protection those industries require.

The discussion below highlights the different issues arising from such analysis.

7.1 Industries which benefit from the copyright approach

The availability of immediate and automatic protection is particularly useful for short-lived products. The lower threshold of originality (in comparison to novelty) is advantageous for industries which customarily rely on the prior state of art, for example, cultural or folkloric art. The criterion of originality allows industries to embark on market testing for their products without any loss of protection,⁵⁰⁴ industries require a right to forestall piracy during the early and sensitive stages of market-testing. There are no application or registration costs, thus making the approach more suited for small and medium-sized enterprises. Copyright protection is not product specific, and will encompass the entire class or range of goods for which the design is used, giving a much wider scope of protection. The long duration of copyright protection corresponds to the need of some industries where product manufacture and consumer tastes are cyclical in nature. Copyright laws are increasingly being utilised to protect industrial subject matter such as computer programs and electronic databases. From the above, one can discern that copyright protection is extremely attractive to short-lived industries such as the toy, fashion and textile industries which are fast moving, quickly imitated and in need of immediate protection.

7.2 Industries which are disadvantaged under the copyright approach

Some industries, however, object to the copyright system due to the legal uncertainty which ensues from a non-registration system. Since copyright protection can arise automatically, there is no indication as to the duration of copyright protection. The absence of any examination process or public record or source of information leaves it impossible to determine which features of a product can be safely imitated. This is especially important in heavy and light manufacturing industries where new designs rely heavily on prior art or where the design is an improvement of an older design, or drawing which leaves competitors in doubt as to which elements are still in protection and which are not. The lack of registration

⁵⁰⁴ This is so because a design that has been created independently will be qualified as original in the copyright sense even after the design has been made available to the public through market testing. This would be different under the *sui generis* approach, due to the novelty requirement, see below.

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and public records creates problems in identifying the rights owners and their successors/licensees, and can hinder the transferability of rights. Since independent creations are outside the scope of copyright or anti-copying laws, there can be simultaneous protection of identical designs by different designers, which is not conducive to a climate of legal predictability. A low threshold of originality may lead to an erosion of the scope of protection which would provide ineffective protection. The converse argument is that some copyright laws provide over-wide protection due to their low originality threshold, their non-requirement of artistic merit, and their long duration of protection. This may lead to the protection of functional drawings and products, which is anti-competitive and would force many competitors out of the relevant product market. The protection criteria may be difficult to meet due to their subjectivity: many countries require an artistic or aesthetic element to be present in three-dimensional designs. Copyright law does not usually allow for a general compulsory licensing provision to counter anti-competitive effects.⁵⁰⁵ Copyright only offers protection against imitation rather than an exclusive right, thus entailing evidentiary difficulties during infringement proceedings.

7.3 Industries which benefit from the *sui generis* design approach

The main advantage of this approach revolves on the single fact of registration, and the legal certainty which ensues. The registration system functions as a source of information, especially in relation to ownership, date of registration, priority applications, and the protected features (via a statement of novelty). Upon registration, competitors are placed on notice as to the existence of protection – this is a favoured factor by large manufacturing organisations and trade associations, especially in the engineering industry. There is no need to prove copying which can be difficult and often relies on circumstantial evidence such as access to works. The twin benefits of registration and an exclusive right enhances the registered design proprietor's ability to obtain remuneration either through licensing opportunities or by offering his right as a security interest or charge. The short duration conferred can be advantageous and pro-competitive, especially in relation to more utilitarian designs. Furthermore, most systems employ a renewal system thereby enabling the design proprietor the option of claiming the maximum term of protection, only when required, while ensuring that a steady number of designs will fall into the public domain before their maximum term of protection expires save for the commercially viable designs.

An illustration of how the registration of designs may be utilized for developing country concerns is the move by indigenous communities in Argentina to press for the creation of a register for their traditional knowledge.⁵⁰⁶ Such register could include, *inter alia*, a list of traditional designs of indigenous people in South America

⁵⁰⁵ As explained above (see Section 2.2), the Anell Draft did contain such a general provision, which, however, does not appear in the TRIPS final version.

⁵⁰⁶ See "Call for Argentine register of local knowledge", at <<http://www.scidev.net/frame3.asp?id=2103200311090739&dt=Nandauthors=Valeria%20Romanandposted=21%20Mar%202003&dc=1andr=1>>. The Argentine National Institute of Industrial Property (INPI) is currently examining such a request submitted by 44 indigenous leaders.

and thus prevent third parties from using these designs without the consent of the indigenous creators.⁵⁰⁷

7.4 Industries which are disadvantaged under the *sui generis* design approach

However, one should also note that the apparent advantages conferred by registration may be illusory if national industrial property offices do not carry out detailed examinations. Moreover, the registration formalities can be complex and difficult to comply with, especially in respect of details as to the dimensions of the drawings, type of photographs, etc. Small and medium-sized firms are either unaware of the registration system in respect of their creations, or do not feel that the registration system applies to their work. This can lead to premature disclosure of the design through prior use or publication in the market. The registration process is an especial burden for industries such as the toy, clothes, fashion and furniture industries where a product's life cycle is short. The concept of novelty imposes an unrealistically high threshold for designs which are, by their nature, based on the prior state of art; no allowance is given for incremental creativity. The criterion of novelty and the corresponding lack of grace period mean that market testing of products is usually denied.⁵⁰⁸ In many industries, the product design may revolve around several basic design themes, and market testing is needed to decide which specific design collections deserve registration. The cost of registration, especially in respect of multiple design applications, can be exorbitant. This is especially difficult for small firms with no trained personnel in industrial property matters. The publication of designs can be used by imitators in producing rival or pirate products. This has been cited as an especial problem in the textile and ceramics industries. There is a decline in the rate of increase in international registration, thus proving its unpopularity with industry.

7.5 Implementation costs

As the costs of implementation are concerned, it is important to note that they will vary with the type of regime adopted.⁵⁰⁹ Any system depending on the registration of a right (i.e. the registered *sui generis* design right approach) requires some prior examination of the submitted design with a view to deciding if it meets the conditions for protection (i.e. independent creation, novelty, or originality, Article 25.1). Such examination will entail certain costs,⁵¹⁰ but is justified in view of the fact that the applicant seeks to be granted an exclusive right. In case of non-registration systems (i.e. the copyright and unregistered *sui generis* design right approach), the right conferred is usually non-exclusive, and it comes into existence

⁵⁰⁷ Ibid, reporting that a multitude of sandals, belts and other handicrafts sold in Buenos Aires bear the traditional designs of South American indigenous people, but are sold without the consent of those having developed the designs.

⁵⁰⁸ This is so because once tested, the product arguably cannot be considered as novel anymore. For details on the novelty requirement, see Chapter 17.

⁵⁰⁹ UNCTAD, 1996, para. 256.

⁵¹⁰ Ibid.

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automatically with the creation of the design. Therefore, there is no examination, nor registration, and related costs will thus be avoided.

It is up to each government to decide how much weight will be given to the cost factor, and how much importance will be attached to the other criteria referred to above.

7.6 Summation

- TRIPS provisions on industrial designs are minimal, thus leaving Members room for implementation of any type of protective regime, including unregistered design right (see Sections 3.2 and 3.3.3 as well as Box 5).
- Members must either adopt copyright protection or *sui generis* design protection or both. Nothing under TRIPS forbids cumulative protection of industrial designs under design and copyright laws (see Section 3.2).
- The criterion of protection must include either originality or novelty (see Section 3.3.2, and Boxes 2 and 4).
- Most Members implementing TRIPS maintain the minimum standards; however, many developed Members, such as the European Community and the USA have opted for higher criteria of protection. It is unclear whether Members can opt for further more onerous criteria unless Members offer more than one type of protection for industrial designs (i.e. copyright and design laws) (see Section 3.3 and Boxes 1-3).
- At all times the mandatory requirement as to textile designs should be taken into account (see Section 3.4).
- The main problems with Articles 25 and 26 is that these provisions are not clear as to the exceptions incorporated under copyright and industrial design laws. For example, it is difficult to gain protection under U.S. and British copyright laws for three-dimensional industrial designs. Can Members go further and limit/curtail copyright protection to such an extent that no copyright protection is accorded to works of applied art, whereas the *sui generis* system requires more than novelty/originality? (see Boxes 1, 6 and Section 3.3.2)
- National treatment or reciprocity – to what extent should the Berne exceptions still apply? (see Section 3.6)
- Articles 25 and 26 allow utility model protection (see Section 3.7.4).
- In respect of indigenous or folkloric artistic works, Members should consider whether increased moral rights protection is a worthwhile approach (see Boxes 7 and 8).

Ultimately, it will be up to Members to decide whether they wish to promote certain local industries engaged in incremental innovation or designs by either adopting an anti-intellectual property market regime (for example, by excluding functional and other types of designs), or a pro-intellectual property market regime (by strengthening design protection or introducing utility model laws). In respect of other Members' laws, particular regard must be had to whether other countries which apparently have more protectionist laws, by adopting wide exclusions and limitations, actually offer much less protection than is otherwise

perceived: the question for all Members is whether their laws actually diminish or neutralise the protection which must be granted under TRIPS.

In respect of Articles 25 and 26, it has been observed that developing countries should look to their own interests and view existing copyright and design regimes critically.⁵¹¹ However, in negotiations with developed country Members, it may well be to the advantage of developing countries to argue for strengthened design right, copyright or moral right protection of traditional designs as a negotiating tool in response to demands for increased protection in other industrial sectors.

⁵¹¹ UNCTAD, 1996, para. 252.