29 September 1995

REPORT

(COM(93)0344 - C3-0513/93 - 00/0464(COD))

Committee on Legal Affairs and Citizens' Rights

Rapporteur: Mr Manuel Medina Ortega
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By letter of 3 December 1993, confirmed by letter of 20 July 1994, the
Commission submitted to Parliament, pursuant to Articles 189b(2) and 100a of the
legal protection of designs.

At the sitting of 17 December 1993 the President of Parliament announced that
he had referred this proposal to the Committee on Legal Affairs and Citizens' Rights as the committee responsible and the Committee on Economic and Monetary Affairs and Industrial Policy for its opinion.

The Committee on Legal Affairs and Citizens' Rights appointed Mr Medina Ortega
rapporteur at its meeting of 26 July 1994.

It considered the Commission proposal and the draft report at its meetings of
1995.

At the last meeting it adopted the draft legislative resolution by 17 votes to
2, with 0 abstentions.

The following were present for the vote: Rothley, acting chairman; Barzanti,
vice-chairman; Medina Ortega, rapporteur; Alber, Añoveros Trias de Bes (for
Malangré), Cederschiöld (for Mosiek-Urbahn), Florio, García Arias (for Verde i
Aldea pursuant to Rule 138(2) of the Rules of Procedure), Gebhardt, Hlavac,
Janssen van Raay, Lehne (for McMillan-Scott), Oddy, Elisabeth Rehn, Ryttar (for
David W. Martin pursuant to Rule 138(2) of the Rules of Procedure), Schaffner,
Schlechter (for Cot), Ullmann and Weiler (for Green).

The explanatory statement will be presented orally in plenary sitting.

The opinion of the Committee on Economic and Monetary Affairs and Industrial
Policy is attached.

The report was tabled on 29 September 1995.

The deadline for tabling amendments will appear on the draft agenda for the
part-session concerned.
A

LEGISLATIVE PROPOSAL


The proposal is approved with the following amendments:

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(Amendment 1)
Recital 18a (new)

Whereas, as a matter of principle, each party bears the burden of proof for the actual requirements of the legal norm favourable to it; whereas the plaintiff would be required to prove the non-existence of facts if, in the event of legal action arising from a design, this principle continued to apply to the question of novelty; whereas, to that extent, statutory provision should therefore be made for the burden of proof to be reversed;

(Amendment 2)
Article 1(a)

(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;

(a) 'design' means the outwardly visible 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;
(Amendment 3)
Article 3(3)

(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.

(3) A design of a product which constitutes a part of a complex product shall only be considered to be new and to have an individual character to the extent that:

(i) the part when incorporated into the complex product, remains visible during normal use of the latter and

(ii) the visible features of the design of the part fulfil in themselves the requirement as to novelty and individual character.

(iii) "Normal use" within the meaning of paragraph 3(i) shall mean use by the end user and shall not include maintenance, servicing or repair.

(Amendment 4)
Article 4(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.

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 except where these events cannot reasonably be known to the specialized circles in the relevant sector operating within the European Union before the reference date. 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.
(Amendment 5)
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).

(Amendment 6)
Article 5(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.

(Amendment 7)
Article 7(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.

(Amendment 8)
Article 9(1)

(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.

(1) The scope of the protection conferred by a design right shall include any design which produces on the informed user a similar overall impression.
(Amendment 9)
Article 9(2)

(2) In order to assess the scope of protection, common features shall be given more weight than differences and the degree of freedom of the designer in developing his design shall be taken into consideration.

(2) In order to assess the scope of protection, common features shall be given the same weight as differences and the degree of freedom of the designer in developing his design shall be taken into consideration.

(Amendment 10)
Article 14

(1) 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;

(c) the public is not misled as to the origin of the product used for the repair.

(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;

(c) the public is informed as to the origin of the product used for the repair by the use of a trademark, or a tradename or in another appropriate form;

(d) The holder of the right has been notified of the intended use of the design and

(e) the holder of the right is offered fair and reasonable remuneration for the use of the design.
2. Save as otherwise agreed, the remuneration shall be paid by the manufacturer or, in the case of the import of a part manufactured outside the Community, by the importer of the part into which the design is to be incorporated or to which it is to be applied.

(Amendment 11)
Article 18a (new)

(1) Whosoever infringes a design in commercial dealings, by manufacturing or distributing copied products, may be required by the holder or holders of the right to provide information without delay on the origin of and marketing arrangements for such products unless, in individual cases, this is disproportionate.

(2) Whosoever is required under paragraph 1 to provide information shall give the name and address of the manufacturer, the supplier and other prior owners of the products, the commercial buyer or client and indicate the quantity of products manufactured, supplied, received or ordered.
(3) This shall be without prejudice to more far-reaching rights to information.

(Amendment 12)
Article 18b (new)

In the event of legal action arising from a design, the design shall be presumed to be new within the meaning of Article 4, in favour of the owner of the right, in the absence of proof to the contrary.

(Amendment 13)
Article 18c (new)

No later than five years after the entry into force of this Regulation, the Commission shall submit an analysis of the consequences of the provisions of this Article for the industrial sectors most affected, and in particular for manufacturers of complex products and spare parts. If necessary, it shall propose to Parliament and the Council changes to this Article, after consulting all the parties concerned.
DRAFT LEGISLATIVE RESOLUTION


(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council COM(93)0344 - COD 464¹,
- having regard to Articles 189b(2) and 100a of the EC Treaty, pursuant to which the proposal has been submitted to Parliament by the Commission (C3-0513/93),
- having regard to Rule 58 of its Rules of Procedure,
- having regard to the report of the Committee on Legal Affairs and Citizens' Rights and the opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (A4-0227/95),

1. Approves the Commission proposal, subject to Parliament's amendments;

2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 189a(2) of the EC Treaty;

3. Calls on the Council to incorporate Parliament's amendments in the common position that it adopts in accordance with Article 189b(2) of the EC Treaty;

4. Should the Council intend to depart from the text approved by Parliament, calls on the Council to notify Parliament and requests that the conciliation procedure be initiated;

5. Points out that the Commission is required to submit to Parliament any modification it may intend to make to its proposal as amended by Parliament;

6. Instructs its President to forward this opinion to the Council and Commission.

OPINION
(Rule 120 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs and Industrial Policy
for the Committee on Legal Affairs and Citizens' Rights

Draftsman: Mr Charles-Alfred GASOLIBA I BÖHM

At its meeting of 26/27 January 1994 the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Charles-Alfred Gasoliba I Böhm draftsman.

At its meetings of 15-17 and 28-30 March 1994 it considered the draft opinion.

At the latter meeting it adopted a first opinion unanimously.

At its meetings of 13 September and 3 October 1994 and 13 March, 22 March, 19 April, 31 May and 19 July 1995 it considered a revised opinion.

At the last of these meetings it adopted the conclusions as a whole unanimously.

The following were present for the vote: von Wogau, chairman; Metten, vice-chairman; Gasoliba i Böhm, draftsman; Areitio Toledo, Barton (for Billingham), Blokland (for de Rose), de Bremond d'Ars, Cassidy (for Christodoulou), Cox (for Riis-Jørgensen), Donnelly, Ewing, Falkmer, Furustrand (for Caudron), García-Margallo, Garosci, Garriga Polledo (for Hoppenstedt), Harrison, Hautala, Hendrick, Herman, Imaa San Miguel, Jarzembowski (for Friedrich), Kestelijn-Siersens, Kuckelkorn, Larive, Miller, Murphy, Peijs, Pérez Royo, Persson, Pompidou (for Gallagher), Randzio-Plath, Rapkay, Read, Rönnholm, Schreiner, Secchi, Skinner (for García Arias), Spindelegger, Starrin, Thyssen, Torres Couto (for Clante), Torres Marques, Trizza and Watson.
The Commission is submitting two proposals on designs:

- a proposal for a European Parliament and Council regulation on the Community Design (COM(93) 342 final)

- a proposal for a European Parliament and Council directive on the legal protection of designs (COM(93) 344 final).

The proposal for a regulation aims to establish a Community design protection system. As the Commission points out, this system 'cannot supersede 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 period will:

- allow national authorities to retain their registration systems in order to cater for acquired rights;

- enable holders of the rights to designs to accustom themselves gradually to the Community system;

- allow time for harmonization measures designed to make national laws mutually compatible and compatible with the future Community protection system.

The directive will bring about that harmonization in preparation for the introduction of the Community system. That system will continue alongside the national systems, but should come to be seen in practice as simpler and more effective. It will probably not come into operation before 1996 at the earliest - the Commission takes the view that some three years will be required after the adoption of the regulation to set up the Community Design Office.

The two texts are thus closely linked and they are also very similar in substance. For this reason, your draftsman proposes to deliver a single opinion on the two proposals.

The proposal for a directive and the proposal for a regulation are based on Article 100a of the Treaty and are thus governed by the co-decision procedure between Parliament and the Council.

1. Substance of the proposals

The arrangements proposed by the Commission are based largely on the provisions concerning the Community trademark.

1.1 Two types of design

The system distinguishes between:

- a registered design, which grants its rightholder a monopoly, i.e. exclusive rights to its use,

- an unregistered design, which grants its rightholder only protection against unauthorized reproduction, but no monopoly.
Designs will be registered with a Community Design Office set up by the regulation. The Brussels European Council of 29 October 1993 awarded the seat of the Office to Spain, along with that of the Trademark Office (the two forming the Office for Harmonization in the Internal Market). The Spanish Government has chosen Alicante as the seat of the Office.

1.2 Conditions for obtaining protection

These are twofold: the design must be new and have an individual character (the two concepts are defined in Articles 5 and 6 of the proposal for a regulation).

2. Assessment of the Commission proposals from an economic point of view

The proposals will have an economic impact in four areas:

- **Internal market:** they supplement Community legislation on industrial property by seeking to remove obstacles to the free movement of design products.

- **Competition:** they seek to foster free competition in respect of designs by striking a balance between the protection of designers' rights and freedom of access to the market.

- **Competitiveness:** since they enjoy greater legal protection, European firms will be more confident of recovering their costs, which might encourage them to invest more and strengthen the competitiveness of European industry, which has a good reputation as regards design.

- **International trade:** the Commission proposals are essentially consistent with the GATT/TRAIPS Agreement; the existence of a Community system should enable the EC to exert greater influence in the relevant international negotiations.

Although the value of a Community design protection system in establishing a 'comprehensive' internal market and fair competitive conditions for businessmen is hardly in dispute, the Commission proposals nevertheless prompt a number of comments.

It is regrettable that the Commission provides only a very sketchy analysis of the economic and industrial impact of these measures, both in macroeconomic and sectoral terms.

The most controversial aspect of the proposals is that concerning **spare parts**. Article 23 of the proposal for a regulation (Article 14 of the proposal for a directive) stipulates that after three years from the first putting on the market of a complex product (period during which the rightholder has exclusive rights) a part of that complex product would no longer be protected if used for repair purposes.

Here, two arguments clash: that of free competition and the interests of the manufacturers of spare parts, particularly in the automobile sector, and that of the protection of the rights of automobile manufacturers, who point to their investment costs and the economic and social difficulties facing their industry and therefore reject this derogation from the normal period of protection (the regulation offers protection for up to 25 years for registered designs).
In view of the respective interests involved, it might be prudent to make the first few years following the entry into force of the regulation a test period, at the end of which the effectiveness of the provisions laid down in Article 23 would be assessed. An amendment to that effect has been tabled.

3. Conclusions

The Committee on Economic and Monetary Affairs and Industrial Policy calls on the Committee on Legal Affairs and Citizens' Rights to take the following amendments into account:

To the proposal for a European Parliament and Council regulation on the Community Design (COM(93) 0342 final):

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<td>(Amendment 1)</td>
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<td>Article 5(1)</td>
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<td>1. A design shall be considered to be new if no identical design has been made available to the public before the date of reference. Designs shall be deemed to be identical if their specific features differ only in immaterial details.</td>
<td>1. A design shall be considered to be new if it has not been made available to experts active in the relevant sector of industry in the Community before the date of reference.</td>
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| (Amendment 2)   |           |
| Article 6(1)    |           |
| 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). | 1. A design shall be considered to have an individual character if it differs from any other design which has been made available to experts active in the relevant sector of industry in the Community before the date of reference by virtue of the fact that it produces a different overall impression. |
To be considered for the purpose of application of paragraph (1), a design must be:
(a) commercialized in the market place at the date of reference whether in the Community or elsewhere; or
(b) published following registration as a Registered Community Design or as a design right of a Member State, provided that protection has not expired at the date of reference.

(Amendment 4)
Article 23

Use of a Registered Community Design for repair purposes

The rights conferred by a Registered Community Design 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 21, 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.

Use of a Community Design for repair purposes

The rights conferred by a Registered Community Design shall not be exercised against third parties who use the design under Article 20 or Article 21, 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.

No later than five years after the entry into force of this Regulation, the Commission shall submit an analysis of the consequences of the provisions of this Article for the industrial sectors most affected, and in particular for manufacturers of complex products and spare parts. If necessary, it shall propose to Parliament and the Council changes to this Article, after consulting all the parties concerned.
The official languages and the languages of proceedings of the Office shall be the same as those for the Community Trade Mark Office. The official languages and the languages of proceedings of the Office shall be the official languages of the Community.

To the proposal for a European Parliament and Council directive on the legal protection of designs (COM(93) 0344 final):

**Commission text**

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.

**Amendment**

The rights conferred by a design right shall not be exercised against third parties who 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.

No later than five years after the entry into force of the European Parliament and Council Regulation on the Community Design the Commission shall submit an analysis of the consequences of the provisions of this Article for the industrial sectors most affected, and in particular for manufacturers of complex products and spare parts. If necessary, it shall propose to Parliament and the Council changes to this Article, after consulting all the parties concerned.