SUMMARY OF PROCEEDINGS

of: Working Party on Intellectual Property (Designs)
on: 18 and 19 July 1996.

No. prev. doc.: 9415/96 PI 44 CODEC 499
No. Cion prop.: 5505/96 PI 11 CODEC 127

Subject: Amended proposal for a Directive of the European Parliament and of the Council on the legal protection of designs

1. The Working Party continued its examination of the draft consolidated text of the amended proposal (7489/96 PI 34 CODEC 320).

Article 1

2. Referring to the Working Party's agreement at its previous meeting to insert the words "in particular" after "including" in subparagraph (b) (8756/96 PI 41 CODEC 438, point 3), the Danish delegation considered that "in particular" gave too much emphasis to the items mentioned after these terms. It suggested that "in particular" be replaced by "inter alia". The Working Party agreed to this suggestion.
Article 3

3. The Netherlands delegation joined those delegations which have a reservation on paragraph 3(a), expressing a preference for the Commission's original proposal.

4. The French delegation maintained its reservation on paragraph 3(b).

5. The Belgian, Irish and United Kingdom delegations indicated their willingness to accept the redraft of paragraph 4 suggested by the Italian Presidency (8756/96, point 12). The Danish, German, Spanish, Portuguese, Finnish and Swedish delegations maintained a scrutiny reservation on this paragraph.

Article 4

6. See point 19 below.

Article 5

7. The Danish, Spanish, Finnish, Portuguese and Swedish delegations maintained their reservations on paragraph 1 (footnote 28 in 7489/96).

8. The Italian delegation maintained its scrutiny reservation on the deletion of paragraph 2 of the Commission's original proposal, indicating that it would review its position in the framework of an overall compromise.

Article 6

9. The positions in respect of paragraph 1 expressed at the previous meeting (8756/96, point 20) remained unchanged.
10. The French delegation maintained its scrutiny reservation on paragraphs 2 and 3.

Article 7

11. The French delegation maintained its reservation on paragraphs 2 and 3, pending further discussion of Article 11(4) (see point 22 below).

Article 8

12. The United Kingdom delegation maintained its reservation on this Article, pending an opinion from the Council Legal Service.

Article 9

13. Following the Working Party's discussions of paragraph 1 at its previous meeting (8756/96, point 25), the Commission representatives put forward for consideration the following positive formulation of this paragraph:

"The scope of the protection conferred by a design right shall include any design which produces on the informed user an overall impression of similarity."

The German, French, Italian, Netherlands and Austrian delegations were favourably inclined towards this formulation, but expressed a scrutiny reservation pending consideration of this wording in their own languages.

The Danish, Spanish and United Kingdom delegations, which considered that the wording of this provision and that of Article 5(1) should be as close as possible, expressed concern that the test under Article 5(1) would be one of difference, while the test under this formulation of this provision would be one of similarity.
The Commission representatives suggested that a new recital be drafted to explain the relationship between Articles 5(1) and 9(1).

The Swedish delegation expressed concern that this provision could be interpreted as giving too broad a scope of protection, referring in particular to the danger of a design being registered to prevent the use of similar designs by third parties, rather than to protect the use of the registered design by its holder.

14. The Commission representatives put forward the following redraft of paragraph 2 for consideration:

"In order to assess the similarity, the degree of freedom of the designer in developing his design shall be taken into consideration."

The general reaction to this redraft was positive.

Article 10

15. Following the discussion of this Article at the previous meeting, the Commission representatives suggested adding "renewal" after "registration" in recital 7.

The Working Party agreed to this addition.

Article 11

16. The Working Party agreed to simplify paragraph 1 by redrafting subparagraph (aa) to read "if it does not fulfill the requirements for protection", making it possible to delete subparagraphs (b) and (c) as superfluous in the light of this redraft of subparagraph (aa).
17. The German delegation continued to consider that the wording of paragraph 1(e) was unclear. With a view to clarification, the Working Party agreed to delete "(which has been registered with deferment of publication and)" and "therefore".

18. In this context, the German delegation considered that it should be made clear whether the holder of a design right could invoke this right against an infringing design from the date of filing of his application for a design right, or only from the date of publication of the application or of the design.

The Commission representatives explained that the proposal for a Directive did not seek to provide harmonization on this point, since it was not intended to harmonize the procedures for registration of designs in the Member States (recital 7).

The Danish, Irish, Swedish and United Kingdom delegations drew attention to the uncertainty which would arise from allowing the applicant for a design right to invoke his application from the date of filing in Member States which examine design applications, as it would not be certain whether or not the application would lead to the registration of a design right.

The French delegation pointed out that the question raised by the German delegation was a different question from that dealt with in paragraphe 1(e), namely that of the conflict between two designs where the later design is filed after the date of filing of the earlier design, but before the earlier design is made available to the public.
19. After reflection, the German delegation proposed replacing paragraph 1(e) of Article 11 by the insertion of the following sentence between the first and second sentences of Article 4:

"If an identical design is not made available to the public until after the date of filing the application or the date of priority, the design shall not be considered to be new if the identical design was applied for before the date of filing the application or the priority date, or claims a priority earlier than the date of filing the application or the priority date, and its filing has resulted in the registration of a Community design or a national design in or with effect for the Member State concerned.".

The Spanish, French, Netherlands and Austrian delegations gave an initial positive reaction to dealing with this question in Article 4 (novelty) rather than in Article 11, pointing out that in the European Patent Convention, the same question is dealt with in the article concerning novelty (Article 54).

The United Kingdom delegation and the Commission representatives expressed a preference for continuing to deal with this question in Article 11. The Commission representatives pointed out in particular that:

- Article 4 is restricted to identical designs, while Article 11(1)(e) covers conflicting designs which are not necessarily identical;

- under Article 4, the situation described would constitute an absolute ground for invalidity or refusal of registration, whereas under Article 11(1)(e) it would be a relative ground for invalidity or refusal of registration;
the situation under the European Patent Convention is not fully comparable, as that Convention does not provide for deferment of publication of European patent applications, whereas the national laws of some Member States provide for the deferment of publication of applications for design rights.

The Working Party invited the German delegation and the Commission representatives to reconsider this question bilaterally.

20. The Commission representatives suggested adding the following new paragraph 2A after paragraph 2 of Article 11:

"2A. In the cases specified in paragraph 1(d), (e) and paragraph 2(a) and (b), the grounds for refusal of registration or for invalidity may only be invoked by the applicant for or right holder of the conflicting right, or in the case of paragraph 2(c) by the person or persons or entities concerned by the use."

They explained that the purpose of this provision was to avoid the possibility of third parties invoking the grounds referred to, for instance as a counter-claim in infringement proceedings.

The United Kingdom delegation pointed out that the terms "applicant for or right holder of the conflicting right" were not appropriate in respect of the case covered by paragraph 1(d); it suggested that the terms "person entitled to the design right" might be more appropriate.

Several delegations reserved their position with regard to the reference in the new paragraph 2A to paragraph 1(e), pending further discussion of the latter.
The Danish delegation, supported by the Austrian, Finnish and Swedish delegations, considered that the Directive should not prevent the appropriate national authorities from invoking the ground provided for in paragraph 2(c) at least.

The Spanish and Italian delegations questioned whether there was any need for the Directive to take a position on the possibility of national authorities invoking any of the grounds for invalidity or refusal of registration, since the Directive does not seek to harmonize procedural provisions concerning registration and invalidation of design rights (recital 7).

The Commission representatives agreed that this possibility should be left open as far as national authorities are concerned; nevertheless, they considered it necessary to provide a harmonized solution with regard to the question whether or not third parties could invoke the existence of conflicting rights where these were not invoked by their holders. They offered to redraft paragraph 2A accordingly.


22. Following a proposal by the French delegation, which had previously expressed reservations on paragraph 4, the Working Party agreed to add the following second sentence to this paragraph:

"Registration or maintenance in an amended form may include registration accompanied by a partial disclaimer by the holder of the design right, or entry in the design Register of a court decision declaring the partial invalidity of the design right."
Article 12

23. The Working Party agreed to a proposal by the Netherlands delegation to transfer the terms "importing" and "exporting" in the second sentence of paragraph 1 to follow the words "putting on the market". It noted in this context that pursuant to Article 13(1)(a) importing or exporting privately and for non-commercial purposes would not constitute infringement of a design right.

24. The Danish delegation maintained a scrutiny reservation and the Swedish delegation maintained a reservation on the possibility of mere use constituting an infringement of the design right (footnote 49 in 7489/96).

25. The French delegation proposed that paragraph 2 be clarified by the addition of the words "by any person who had begun such acts prior to that date" at the end of this paragraph.

The Commission representatives expressed a scrutiny reservation on this addition.

Article 14

26. The Danish, Irish, Austrian and United Kingdom delegations stressed the need for all delegations to seek a reasonable compromise solution in respect of parts used for the repair of cars, rather than allow a problem which was limited to the car industry to jeopardize the adoption of the whole proposed directive, as well as the proposed regulation. These delegations were prepared to take Article 14 of the Commission's amended proposal as a starting-point for such a compromise solution. The Irish and United Kingdom delegations stressed that they considered this proposal as a compromise between the position of those who advocated no derogation for such parts from the general rule, and those whose national
laws provided for a full derogation for such parts, in the light of the remuneration element in this proposal.

27. The Italian delegation, supported by the Netherlands delegation, considered that, since no sufficient majority had been found for any of the proposals put forward so far in respect of parts used for the repair of cars, the best solution would be to delete Article 14. If, however, a consensus were to develop in favour of any solution that might be put forward, these delegations would be prepared to give positive consideration to that solution.

The United Kingdom delegation considered that a real problem existed in respect of parts used for the repair of cars, and that this problem could not be solved by deleting Article 14.

28. The Belgian, Spanish, French and Portuguese delegations stated that they too were prepared to seek a reasonable compromise solution to this problem. However, in their view, Article 14 as contained in the Commission's amended proposal constituted an unacceptable derogation from basic principles of intellectual property law. They considered that the proposal which had been made earlier to limit design protection for parts used for the repair of cars to ten years constituted a compromise between the preferred positions of the various delegations.

The Swedish delegation associated itself with those who were opposed to Article 14 in the Commission's amended proposal.

29. The Luxembourg delegation stated that it was not opposed in principle to a derogation in respect of parts used for the repair of cars, but it could not accept Article 14 as set out in the Commission's amended proposal, which it considered to be impracticable.
30. The German and Finnish delegations were unable to take a position at this stage.

31. The Commission representatives welcomed the statements made in favour of seeking a compromise solution. At this stage, they were not in a position to express a preference for any specific compromise solution, but were prepared to participate actively in resolving this problem.

32. The Chairman invited those who were unable to take a position at this stage to ensure that they would be able to do so at the Working Party's next meeting. He requested delegations to consider the following questions:

- Should the aim of parallel adoption of the Directive and of the Regulation be abandoned? If so, to which of the two instruments should priority be given?

- Would failure to reach a compromise in the near future signify that there would be no harmonization of design law in the Community for the next 15 to 20 years? Would such an outcome be in the interests of the design industry, or of the Community as a whole?

- Could a solution be envisaged whereby Article 14 would be deleted from the Directive and parts of complex products would be removed from the scope of the Directive?

**Article 14a**

33. The Belgian, Spanish, French, Netherlands, Portuguese and Swedish delegations expressed reservations on this Article, which implied that Article 14 should be the general rule in respect of parts used for the repair of cars.
34. The Netherlands delegation suggested deletion from paragraph 1 of the words "Until such time that amendments to the present Directive are adopted upon proposal by the Commission in accordance with the provisions of Article 18a". It considered these words to be superfluous in the light of Article 18a, and it considered them to be undesirable since they implied that Article 14 would be applicable to all Member States after the review provided for in Article 18a.

The Commission representatives pointed out that if these words were deleted, this Article would no longer be a transitional provision. However, a directive could allow a Member State to opt out from a harmonizing measure on a transitional basis only.

35. The Italian delegation stated that, as in the case of Article 14, if a sufficient majority emerged in favour of this Article, it would be prepared to give it positive consideration. However, it considered that a more acceptable optional solution would consist of deleting Article 14 and providing an option for those Member States which had provisions on the use of a design for repair purposes in force on 1 May 1996 to maintain those provisions during a transitional period.

36. The German and Finnish delegations were unable to take a position on this Article at this stage.

The United Kingdom delegation also reserved its position, considering that this Article might constitute one possible compromise solution, but foreseeing several difficulties.
Article 15

37. The Belgium, Spanish, French, Netherlands, Portuguese and Swedish delegations continued to express reservations and the Italian, Finnish and United Kingdom delegations continued to express scrutiny reservations on the reference to Article 14 in paragraph 1; they considered that the use of a product under Article 14 should not exhaust the design right, as such use did not constitute marketing the product with the consent of the right holder.

The Commission representatives considered that such use would not constitute marketing the product without the consent of the right holder, in view of the remuneration payable under Article 14.

38. The Belgian, Italian, Portuguese, Finnish and Swedish delegations expressed reservations on the reference to Article 14 and the implicit reference to Article 14a in paragraphe 2.

The Belgian delegation reiterated its doubts whether this paragraph was compatible with Article 30 of the Treaty and the case-law of the Court of Justice.

The Commission representatives considered that this paragraph was fully compatible with Article 36 of the Treaty and the case-law of the Court of Justice.

Article 16a

39. The Spanish and French delegations proposed deleting this Article since they feared its implications for possible subsequent criminal proceedings.

The Netherlands delegation expressed a reservation on this Article, considering that the obligation to provide
information should apply only once infringement had been established.

The United Kingdom delegation associated itself with those delegations which had expressed reservations on the legal basis for this Article (footnote 55 in 7489/96).

The United Kingdom delegation withdrew its scrutiny reservation on the compatibility of this Article with the European Human Rights Convention.

The Commission representatives stressed that the court would have discretion whether or not to order the supply of information under paragraph 1; they considered that the discretionary nature of this power should allay most of the fears expressed. They also pointed out that the European Parliament attached considerable importance to this Article as a measure to combat piracy.

40. The German delegation expressed a scrutiny reservation on paragraph 3, in particular subparagraphs (b) and (d).

Article 18

41. The French delegation maintained its reservation on this Article (footnote 64 in 7489/96). It indicated that it would review its position in the framework of an overall compromise.

Article 18a

42. The Working Party agreed not to specify which specific provisions of the Directive should be the subject of the review clause.
43. It also agreed to delete the words "after consulting the above-mentioned sectors", on the understanding that the relevant sectors would be consulted, but that any specific commitment to do so in the Directive should be avoided, as it might be invoked by any party not consulted to challenge the validity of the analysis and proposal provided for in this Article.