SUMMARY OF PROCEEDINGS

of: Working party on Intellectual Property (Designs)
on: 24 June 1996

No. prev. doc.: 7489/96 PI 34 CODEC 320
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 examined Articles 1 to 10 of the draft consolidated text of the amended proposal (7489/96 PI 34 CODEC 320) and held an exchange of views on the repair clause (Articles 14, 14a and 15).

Article 1

2. The French delegation withdrew its reservation on subparagraph (a).

3. The Working Party agreed to insert the words "in particular" after "including" in subparagraph (b). This insertion enabled the French delegation to withdraw its reservation on this subparagraph.
4. In the context of Article 1, the Swedish delegation withdrew its reservation on recital 12a.

**Article 2**

5. In the context of paragraph 1, the Working Party agreed to delete footnote 17.

6. The Working Party confirmed its agreement on paragraph 2 and agreed to delete footnote 18.

7. The Irish delegation withdrew its reservation on paragraph 1 on the understanding that the new Article 18a extended the review clause to the whole of the Directive.

8. The Working Party agreed to redraft paragraph 1:

"Member States shall protect designs by registration. They shall confer exclusive rights upon their holders in accordance with the provisions of this Directive."

9. The Italian, Belgian and Netherlands delegations withdrew their scrutiny reservations on paragraph 2.

10. The Danish, Spanish, Finnish, Portuguese and Swedish delegations maintained their reservations on paragraph 3(a) and the Austrian delegation entered a scrutiny reservation.

The Finnish delegation submitted the paper reproduced in the Annex in this context.

11. The French delegation maintained its reservation on paragraph 3(b).
12. The Chairman suggested redrafting paragraph 4:

"Normal use" within the meaning of paragraph 3(a) shall mean any use other than maintenance, servicing or repair."

Delegations and the Commission representatives agreed to examine this redraft.

13. The delegations mentioned under points 10 and 11 above maintained reservations on this paragraph in conjunction with paragraph 3.

14. The United Kingdom delegation withdrew its scrutiny reservation on paragraph 4.

Article 4

15. The Danish delegation withdrew its reservation on this Article.

Article 5

16. The Danish, Spanish, Finnish, Portuguese and Swedish delegations maintained their reservations on paragraph 1.

17. The Irish delegation withdrew its reservation on this paragraph.

18. The Italian delegation maintained its scrutiny reservation on the deletion of paragraph 2 of the Commission's original proposal. The Danish delegation withdrew its scrutiny reservation on this point.
Article 6

19. The Danish delegation withdrew its scrutiny reservation on paragraph 1.

20. The Spanish, Portuguese, Finnish and Swedish delegations maintained a reservation on this paragraph, as they wished to retain absolute novelty.

The French delegation stated that it was prepared to withdraw its reservation on this paragraph, provided that the words "operating within the Community" were deleted.

The Finnish and Swedish delegations indicated that, in the absence of a sufficient majority in favour of absolute novelty, they would prefer the deletion of these words to their retention.

The German and Austrian delegations were also prepared to consider the suggestion that these words be deleted.

21. The French delegation maintained its scrutiny reservation on paragraphs 2 and 3.

Article 7

22. The Netherlands delegation withdrew its reservations on paragraphs 2 and 3.

The French delegation maintained its reservations on these paragraphs, pending further discussion of Article 11 paragraph 4.

23. The Working Party agreed, subject to the reservation by the French delegation, on the deletion of the words in both sets of square brackets in paragraph 3.
Article 8

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

Article 9

25. The Spanish, French, Netherlands and Austrian delegations expressed a preference for a positive formulation of paragraph 1, as in the European Parliament’s amendment 8 ("... any design which produces on the informed user a similar overall impression"). The French delegation pointed in particular to the difficulty for the right holder to prove a negative.

The Danish, Swedish and United Kingdom delegations expressed a preference for the negative formulation of the Commission’s proposal (reproduced in the consolidated text), considering that this gave a broader scope of protection than the European Parliament’s amendment.

The German delegation was prepared to accept either formulation.

26. The Swedish delegation maintained its reservation on the deletion of "significantly" from the Commission’s original proposal.

27. The Commission representatives mentioned the possibility of merging the contents of paragraph 2 into paragraph 1.

Article 10

28. The Swedish delegation withdrew its scrutiny reservation on this Article.
29. The Working Party approved the text of this Article as set out on page 15 of the consolidated text, and agreed to delete the alternative text suggested on page 16.

30. In reply to a query from the Austrian delegation, the Working Party agreed that payment of the appropriate fee would be sufficient to convey the "request of the right holder", whether or not this payment was accompanied by an explicit request. The Commission representatives were invited to consider whether or not an addition to recital 7 on this point would be appropriate.

Articles 14, 14a and 15

31. The Presidency reminded the Working Party that there was neither a qualified majority in favour of the Commission's amended proposal for Article 14, nor unanimity for amending (or deleting) this proposal. Moreover, failure to take sufficient account in the Council's common position of the European Parliament's opinion on this Article (on which the Commission's amended proposal was based) was likely to result in conflict between the European Parliament and the Council. The temporary option contained in Article 14a was intended to provide a compromise which would enable the solution advocated by the European Parliament to be provided for in the Directive, while allowing those Member States which had difficulties with this solution to continue to apply their present national law during a transitional period. This approach sought to prevent a problem specific to the car sector standing in the way of the adoption of a directive and a regulation applicable to all sectors. While this approach had the disadvantage of failing to complete the internal market in respect of car spare parts for the duration of the transitional period, it prevented the creation of new discrepancies between the laws of Member States in this respect, by limiting the option to implementation of Article 14 or maintaining in force present law on this matter.
Moreover, to avoid distortion of competition between those Member States which implemented Article 14 and those which did not, Article 15(2) provided that where a product was used under Article 14 during the transitional period, exhaustion of the design right would concern only those Member States which had chosen to implement Article 14.

32. The delegations mentioned in footnote 51 maintained their reservation on Article 14. The French delegation doubted whether this Article was compatible with Member States' obligations under the TRIPS Agreement.

The German delegation continued to reserve its position on this Article.

33. The Belgian, Spanish, French and Netherlands delegations also entered a reservation on Article 14a, which they saw as only a temporary derogation from a provision which they considered to be unacceptable in principle.

The German and Portuguese delegations reserved their positions on this Article.

34. The Spanish, French and Netherlands delegations expressed reservations on the reference to Article 14 in Article 15(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 that product with the consent of the right holder.

35. The Belgian delegation also expressed reservations in respect of Article 15(2), questioning whether it was compatible with the case-law of the Court of Justice to provide for a derogation from the principle of exhaustion of rights on the grounds of differences between national laws.
THE FINNISH DELEGATION

Helsinki 20.6.1996

Subject: Amended proposal for a Directive of the European Parliament and of the Council on the legal protection of designs: paragraph 3 (a) of Article 3

The Finnish delegation has reservations against the proposed new version of paragraph 3 (a) of Article 3. At the moment according to the Finnish Designs Act all designs whether visible or not, can be protected during the normal use of the design. The Commission's proposal would limit this principle. Many of those products are mentioned as title words and hence as protectable goods in the international Locarno Agreement Establishing an International Classification for Industrial Designs (Locarno Agreement). The Finnish delegation would like to ask the Commission's view on the following two points.

1) What is actually meant by the word "complex product" in paragraph 3 (a) of Article 3?

If paragraph 3 (a) of Article 3 is to be implemented as suggested in the Commission's amended proposal, could products, such as building materials (class 25-01), fluid distribution equipments (class 23-01), ventilation and air-conditioning equipments (class 23-04) still be protected by the design right? These products are typically intended to be incorporated as a part into buildings and when incorporated they are usually invisible or only partly visible. Is a building a complex product in the sense of paragraph 3 (a) of Article 3?

2) What is meant by the term "component part" in paragraph 3 (a) of Article 3?

For example, is a hinge (class 8-06) a component part of a complex product and protectable only to the extent of its partial visibility when incorporated into a door or window construction? Are spikes or screws (class 8-08) component parts of a product into which they are driven?

The Finnish delegation would like to draw the other delegations' and the Commission's attention to these interpretation problems which may rise for the examining national Design Offices - like for example in Finland. Paragraph 3 (a) of Article 3 as it stands in the Commission's amended proposal may cause special difficulties in interpretation before the national Office. Member States whose Design legislation requires examination of a design application will face problems when assessing whether some feature of the design remains visible or invisible during its normal use.

The Finnish delegation proposes the following addition to be made to paragraph 4 of Article 3:

4. "Normal use" within the meaning of paragraph (3) (a) shall mean use by the end user and marketing of a design by an economic operator and shall not include maintenance, servicing or repair.