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REPORT

on the amended proposal for a Council Regulation (EC) on Community design
(COM(1999)310 – C5-0129/1999 – 1993/0463(CNS))

Committee on Legal Affairs and the Internal Market

Rapporteur: Enrico Ferri

<i>Symbols for procedures</i>	<i>Abbreviations for committees</i>
<p>* Consultation procedure <i>majority of the votes cast</i></p> <p>**I Cooperation procedure (first reading) <i>majority of the votes cast</i></p> <p>**II Cooperation procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>*** Assent procedure <i>majority of Parliament's component Members except in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty</i></p> <p>***I Codecision procedure (first reading) <i>majority of the votes cast</i></p> <p>***II Codecision procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>***III Codecision procedure (third reading) <i>majority of the votes cast, to approve the joint text</i></p> <p>(The type of procedure depends on the legal basis proposed by the Commission)</p>	<p>I. AFET Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy</p> <p>II. BUDG Committee on Budgets</p> <p>III. CONT Committee on Budgetary Control</p> <p>IV. LIBE Committee on Citizens' Freedoms and Rights, Justice and Home Affairs</p> <p>V. ECON Committee on Economic and Monetary Affairs</p> <p>VI. JURI Committee on Legal Affairs and the Internal Market</p> <p>VII. INDU Committee on Industry, External Trade, Research and Energy</p> <p>VIII. EMPL Committee on Employment and Social Affairs</p> <p>IX. ENVI Committee on the Environment, Public Health and Consumer Policy</p> <p>X. AGRI Committee on Agriculture and Rural Development</p> <p>XI. PECH Committee on Fisheries</p> <p>XII. REGI Committee on Regional Policy, Transport and Tourism</p> <p>XIII. CULT Committee on Culture, Youth, Education, the Media and Sport</p> <p>XIV. DEVE Committee on Development and Cooperation</p> <p>XV. AFCO Committee on Constitutional Affairs</p> <p>XVI. FEMM Committee on Women's Rights and Equal Opportunities</p> <p>XVII. PETI Committee on Petitions</p>

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PROCEDURAL PAGE

By letter of 9 September 1999 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the amended proposal for a Council Regulation (EC) on Community design (COM (1999) 310 – 1993/0463 (CNS)).

At the sitting of 13 September 1999 the President of Parliament announced that she had referred this proposal to the Committee on Legal Affairs and the Internal Market as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Industry, External Trade, Research and Industry for their opinions (C5-0129/1999).

At the sitting of 23 September 1999, the Committee on Legal Affairs and the Internal Market appointed Mr Ferri rapporteur.

It considered the Commission proposal and draft report at its meetings of 22 November 1999, 1 February 2000, 28 March 2000, 9 May 2000, 16 May 2000 and 25 May 2000.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Ana Palacio Vallelersundi, chairman; Ward Beysen, vice-chairman; Enrico Ferri, rapporteur; Luis Berenguer Fuster, Maria Berger, Bert Doorn, Janelly Fourtou, Marie-Françoise Garaud, Evelyne Gebhardt, Gerhard Hager, Heidi Anneli Hautala, The Lord Inglewood, Kurt Lechner, Klaus-Heiner Lehne, Donald Neil MacCormick, Arlene McCarthy, Bill Miller, Antonio Tajani, Felekna Uca, Diana Paulette Wallis, Stefano Zappalà, Paulo Casaca (for Enrico Boselli pursuant to Rule 153(2)), Mario Walter Mauro (for Felipe Camisón Asensio pursuant to Rule 153(2)) and Helmuth Markov (for Alain Krivine pursuant to Rule 153(2)).

The Committee on Economic and Monetary Affairs decided on 27 April 2000 and the Committee on Industry, External Trade, Research and Energy decided on 19 April 2000 not to deliver an opinion.

The report was tabled on 29 May 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

LEGISLATIVE PROPOSAL

Amended proposal for a Council Regulation (EC) on Community design (COM (1999) 310 – C5-0129/1999 – 1993/0463(CNS))

The proposal is amended as follows:

Text proposed by the Commission¹

Amendments by Parliament

(Amendment 1)

Does not affect the English version

(Amendment 2)

Recital 4

Whereas the effect of design protection being limited to the territory of the individual Member States, whether or not their laws are approximated, leads to a possible division of the internal market with respect to products incorporating a **particular design in areas with different right owners**, and hence constitutes an obstacle to the free movement of goods;

Whereas the effect of design protection being limited to the territory of the individual Member States, whether or not their laws are approximated, leads to a possible division of the internal market with respect to products incorporating a design **which is the subject of national rights held by different individuals**, and hence constitutes an obstacle to the free movement of goods;

Justification:

The purpose of the amendment is to clarify the meaning of the expression used, which in the Commission's version is obscure and ambiguous.

(Amendment 3)

Recital 5

Whereas this calls for the creation of a Community design right which is directly applicable in each Member State, **and of a Community design authority with Community-wide powers**, because only in this way will it be possible to obtain,

Whereas this calls for the creation of a Community design right which is directly applicable in each Member State, **(9 words deleted)** because only in this way will it be possible to obtain, through one application made to the Office for Harmonisation in the

¹ Not published in the OJ

through one application made to the Office for Harmonisation in the Internal Market (trade marks and design) in accordance with a single procedure under one law, one design right for one area encompassing all Member States;

Internal Market (trade marks and design) in accordance with a single procedure under one law, one design right for one area encompassing all Member States;

Justification:

A Community design authority already exists - namely, the Office for Harmonisation in the Internal Market which was set up in response to a Council of Ministers decision taken on 29 October 1993 and pursuant to Article 2 of the Regulation on the Community trademark. There is no need for the proposal for a regulation to call for something which already exists.

(Amendment 4)
Recital 10

Whereas technological innovation **should** not be hampered by granting design protection to features dictated solely by a technical function; whereas it is understood that this does not entail that a design must have an aesthetic quality; whereas, likewise, the interoperability of products of different makes **should** not be hindered by extending protection to the design of mechanical fittings; whereas features of a design which are excluded from protection for those reasons **should** not be taken into consideration for the purpose of assessing whether other features of the design fulfil the requirements for protection;

Whereas technological innovation **must** not be hampered by granting design protection to features dictated solely by a technical function; whereas it is understood that this does not entail that a design must have an aesthetic quality; whereas, likewise, the interoperability of products of different makes **must** not be hindered by extending protection to the design of mechanical fittings; whereas features of a design which are excluded from protection for those reasons **must** not be taken into consideration for the purpose of assessing whether other features of the design fulfil the requirements for protection;

Justification:

The purpose of the amendment is to emphasise that the objectives stated in Recital 10 are to be regarded as essential if the market is to operate satisfactorily.

(Amendment 5)
Recital 11

Whereas the mechanical fittings of modular products may nevertheless constitute an important element of the innovative characteristics of modular products and present a major marketing asset and therefore *should* be eligible for protection;

Whereas the mechanical fittings of modular products may nevertheless constitute an important element of the innovative characteristics of modular products and present a major marketing asset and therefore *must* be eligible for protection;

Justification:

The purpose of the amendment is to emphasise that the objectives stated in Recital 11 are to be regarded as essential if the market is to operate satisfactorily.

(Amendment 6)
Recital 12

Whereas full-scale approximation of the laws of the Member States on the use of protected design *of component parts of complex products for repair purposes* could not be achieved through Directive 98/71/EC on the legal protection of designs; whereas, within the framework of the Conciliation procedure on the said Directive, the Commission undertook to review the consequences of the provisions of the Directive three years after the implementation date of the Directive for, in particular, the industrial sectors which are most affected *by the ongoing discussions on the issue of a repair clause for component parts of complex products*; whereas, under these circumstances, it is appropriate to exclude the design *of component parts of complex products* from protection under this Regulation until the Council has decided its policy on this issue on the basis of a Commission proposal.

Whereas full-scale approximation of the laws of the Member States on the use of protected designs *that are applied to or incorporated in a product which constitutes a component part of a complex product upon whose appearance the design is dependent for the purpose of the repair of the complex product so as to restore its original appearance* could not be achieved through Directive 98/71/EC on the legal protection of designs; whereas, within the framework of the Conciliation procedure on the said Directive, the Commission undertook to review the consequences of the provisions of the Directive three years after the implementation date of the Directive for, in particular, the industrial sectors which are most affected; whereas, under these circumstances, it is appropriate to exclude the design *that is applied to or incorporated in a product which constitutes a component part of a complex product upon whose appearance the design is dependent and which is used for the purpose of the repair of a complex product so as to restore its original appearance* from protection under this Regulation until the Council has decided

its policy on this issue on the basis of a Commission proposal.

Justification:

To ensure consistency between this Regulation and Directive 98/71/EC on the legal protection of designs, with regard to design rights for motor vehicle parts and parts of other complex products.

(Amendment 7)

Article 1(1)

1. Designs which comply with the conditions contained in this Regulation, hereinafter referred to as 'Community designs', shall be protected by a Community system of rights.

Delete

Justification:

Article 1(1) is superfluous. The purpose of Community design law (the Regulation and whatever implementing rules are derived from it) is to provide a legal framework for Community design (covering not only the protection thereof but also the creation, modification, transmission, destruction, registration procedure, judicial framework, etc.). If reference is made to protection, all the other things covered by the Regulation would also have to be included here. They are not included because there is no need for them to be: that is what is to be expected from a law and that law is already contained elsewhere in the proposal. Proof that this paragraph is superfluous may be found in the fact that neither the existing regulation on the Community trademark nor the draft proposal on a Community patent contains equivalent rules (nor, either, does Spanish law).

(Amendment 8)

Article 3(a)

(a) 'design' means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape and/or materials of the product itself and/or its ornamentation;

(a) 'design' means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, ***texture*** and/or materials of the product itself and/or its ornamentation;

Justification:

This defining characteristic of a product's (or, rather, a design's) appearance does not appear in the text, although it does appear in Article 1(a) of the directive on models. Harmonisation will be difficult if the two Community laws do not agree on the substantive requirements for defining a design.

(Amendment 9)
Article 4(3)

3. 'Normal use' within the meaning of paragraph (2)(a) shall mean any use other than maintenance, servicing or repair.

3. 'Normal use' within the meaning of paragraph (2)(a) shall mean any use **by the end user** other than maintenance, servicing or repair.

Justification:

The purpose of this amendment is to bring the text into line with Article 3(4) of the Directive on models.

(Amendment 10)
Article 6(3)
Individual character

3. In assessing individual character, the degree of freedom of the designer in developing the design shall be taken into consideration.

3. **Individual character implies that the design is the result of independent creation.** In assessing individual character, the degree of freedom of the designer in developing the design shall be taken into consideration.

Justification:

The amendment spells out the requirement for independent creation which is imposed at international level by TRIPS and which is essential for preventing unlawful forms of patenting and unjustified duplication of protection which would have a detrimental effect on the smooth running of the market.

(Amendment 11)
Article 6(4)(new)

4. For the purposes of paragraph 1 of this article, 'informed user' should be understood to mean a regular user or one who has a knowledge of the sector in which products with a protected design are marketed.

Justification:

The purpose of this amendment is to make the concept of 'informed user' more specific.

(Amendment 12)
Article 10a(1)

1. Until such time as amendments to this Regulation are adopted on a proposal from the Commission on this subject, a Community design ***shall not exist in*** a design applied to or incorporated in a product, which constitutes a component part of a complex product upon whose appearance the design is dependent.

1. Until such time as amendments to this Regulation are adopted on a proposal from the Commission on this subject, ***protection as a Community design may not be enjoyed by*** a design applied to or incorporated in a product, which constitutes a component part of a complex product upon whose appearance the design is dependent ***and which may be used for the purpose of permitting the repair of that complex product so as to restore its original appearance.***

Justification:

The purpose of this amendment is, firstly, to make it clear that the design of the component part does not enjoy protection (thereby removing the ambiguity contained in the original text) and that it will not enjoy such protection even when the text is adopted, since the latter contains no provision for an examination procedure.

Secondly, it is made clear that the lack of protection relates solely to the use of the component part for the purposes of repair. This is in line with the 'freeze compromise' relating to the 'repair clause' and it uses the same terms (Recital 19 of the Directive).

(Amendment 13)
Article 12(2)

2. For the purpose of applying paragraph (1) a design shall be deemed to have been made available to the public within the Community if it has published **following registration or otherwise**, exhibited, used in trade or otherwise disclosed therein, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. The design 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.

2. For the purpose of applying paragraph (1) a design shall be deemed to have been made available to the public within the Community if it has published **in any way or been** exhibited, used in trade or otherwise disclosed therein, except where these events could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the Community. The design 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.

Justification:

This paragraph relates to unregistered designs, for which reason there is no point in referring to 'registration'.

(Amendment 14)
Article 20(2)

2. An unregistered Community design shall, however, confer on its holder the right to prevent the acts mentioned in paragraph (1) only if the use contested results from copying **in bad faith** the design protected.

2. An unregistered Community design shall, however, confer on its holder the right to prevent the acts mentioned in paragraph (1) only if the use contested results from copying the design protected.

Justification:

The purpose of the proposed amendment is to drop the distinction between intentional and unintentional copying and to ensure that the protection conferred by unregistered designs is not excessively restricted.

(Amendment 15)
Article 21(new)

1. The holder of a Community design shall have the right to obtain, without delay, all information relating to the origin of counterfeit products and of the networks by means of which such products are marketed from the third parties who use the design and enjoy Community protection. Such information shall include, in particular, data relating to the manufacture, supply, marketing and exploitation of the product into which the design has been incorporated or to which it is applied.

2. In the event of abuse, compensation for damages shall be paid to the party providing the information.

3. The exercise of this right to information may not contravene rules relating to data protection or the right of an individual not to testify against himself.

Justification:

Generally speaking, counterfeiting is discovered at the distribution rather than at the manufacturing stage, for which reason retailers are held responsible even though they normally act in good faith. Since fraudulent intent or bad faith on their part cannot be proved, action by the holder would be ineffectual. Without a right to information (which would enable the operator who is acting in bad faith to be traced) the holder will never be able to prevent copying.

(Amendment 16)
Article 27(5)

5. By derogation from Article 1 paragraph (3), where the design is in breach of Article 10 and in the cases specified in paragraph (1)(d), (e), (f) and (g) if the ground for invalidation obtains only in respect of one or some Member States, invalidity shall be declared only in respect of such a Member

Delete

State or State.

Justification:

Article 27(5) provides that, in certain cases, if the ground for invalidation of a design obtains only in respect of one or some Member States, invalidity shall be declared only in respect of such a Member State or States. The proposed wording is not acceptable since in certain cases of invalidity it weakens the unitary character of a Community design which is laid down in Article 1(3) of the proposal. This would result in the loss of an essential aspect of the quality which the proposal is intended to create, namely consistency. If the validity of a Community design is unitary, its 'pathology' (i.e. the shortcomings of that validity) must be so too. The proposed wording is also inconsistent as regards the ultimate effects it may have: taken to an extreme, the text of Article 27(5) would bring about the paradoxical situation in which a Community design could be invalid in fourteen Member States and valid in only one and would consequently be neither unitary, Community nor national. This is the paradox to which Article 27(5) may lead. The current regulation on the Community trademark does not contain any such provision for regulating the grounds for invalidity and Article 52 thereof does not make the distinctions made in Article 27(5) of the proposal in respect of the very same cases. This means that, if Article 27(5) were allowed to stand, invalidity would be partial in any contest between a national design or trademark or a copyright and some other Community design and the Community design would survive in the unaffected Member States, whilst a similar contest in respect of a Community trademark would produce indiscriminate, unitary invalidity which would render the Community trademark completely meaningless. The same grounds for invalidity would therefore produce different effects according to the nature of the industrial property involved, which does not seem justified. Nor does Article 40 of the Proposal for a Regulation on the Community patent contain a similar provision. In short, it would seem wiser to delete this paragraph, which is liable to become a breeding ground for legal conflicts.

(Amendment 17)

Article 67(1)

Examination of the facts by the Office of its own motion

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to a declaration of invalidity, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought, except to the extent that the grounds of invalidity specified in Articles 27(1)(a), 10 and 10a are involved.

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to a declaration of invalidity, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought, except to the extent that the grounds of invalidity specified in Articles 27(1)(a), 10 and 10a ***and Article 16 at the end of the two-year period referred to in paragraph 3*** are involved.

Justification:

This amendment is intended to coordinate the text of this article with the amended text of Article 16, which covers absolute invalidity.

(Amendment 18)

Article 89(2)

Presumption of validity defence as to the merits

2. In proceedings in respect of an infringement action or an action for threatened infringement of an unregistered Community design, the Community design Court shall, if the right holder **presents evidence to sustain his claim** that the design has an individual character, treat the design as valid, unless its validity is put in issue by the defendant with a counterclaim for a declaration of invalidity.

2. In proceedings in respect of an infringement action or an action for threatened infringement of an unregistered Community design, the Community design Court shall, if the right holder **establishes in detail** that the design has an individual character, treat the design as valid, unless its validity is put in issue by the defendant with a counterclaim for a declaration of invalidity.

Justification:

Individual character is demonstrated as soon as the holder establishes in detail that he has made a creative effort. On the other hand, to present ‘evidence to sustain his claim’ implies that the holder must prove that there are no other designs in existence which produce the same overall visual impression on an informed user as the impression produced on such a user by his design. That would be the equivalent of producing negative proof which is impossible to supply – in other words, proof that a similar design does not exist.

(Amendment 19)

Article 93(1)

Sanctions in actions for infringement

1. Where in an action for infringement or for threatened infringement a Community design Court finds that the defendant has infringed or threatened to infringe a Community design, it shall, unless there are special reasons for not doing so, issue the following **orders**:

a) **an order** prohibiting the defendant from proceeding with the acts which have infringed or would infringe the Community design;

1. Where in an action for infringement or for threatened infringement a Community design Court finds that the defendant has infringed or threatened to infringe a Community design, it shall, unless there are special reasons for not doing so, issue the following **decisions**:

a) **a decision** prohibiting the defendant from proceeding with the acts which have infringed or would infringe the Community design;

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| <p>b) an order to seize the infringing products;</p> <p>c) an order to seize materials and implements predominantly used in order to manufacture the infringing goods, if their owner knew the effect for which such use was intended or if such effect would have been obvious in the circumstances;</p> <p>d) any order imposing other sanctions appropriate under the circumstances which are provided by the law of the Member State in which the acts of infringement or threatened infringement are committed, including its private international law.</p> | <p>b) a decision to seize the infringing products;</p> <p>c) a decision assigning ownership of the products in question to the holder of the design;</p> <p>d) a decision to seize materials and implements predominantly used in order to manufacture the infringing goods, if their owner knew the effect for which such use was intended or if such effect would have been obvious in the circumstances;</p> <p>e) any decision imposing other sanctions appropriate under the circumstances which are provided by the law of the Member State in which the acts of infringement or threatened infringement are committed, including its private international law.</p> |
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Justification:

The amendment modifies some purely formal terms used in the text and includes an additional provision establishing recognition of ownership with a view to securing 'restitutio in integrum'.

(Amendment 20)
Article 100(1)

1. The provisions of this Regulation shall be without prejudice to any provisions of Community law or of the law of the Member States concerned relating to unregistered design rights, trade marks or other distinctive signs, patents and utility models, typefaces, civil liability and unfair competition.

1. The provisions of this Regulation shall be without prejudice to any provisions of Community law or of the law of the Member States concerned relating to unregistered design rights, **copyrights**, trade marks or other distinctive signs, patents and utility models, typefaces, civil liability and unfair competition.

Justification:

Pending further harmonisation or approximation of the laws of copyright of the Member States, each Member State shall be free, as it is with regard to other IPRs mentioned in

paragraph 1, whether at all and to what extent copyright protection is conferred on designs protected by a Community design.

(Amendment 21)
Article 100(2)

2. A design protected by a Community design shall also be eligible for protection under the law of copyright of Member States as from the date on which the design was created or fixed in any form. The extent to which, and the conditions under which, such a protection is conferred, including the level of originality required, shall be determined by each Member State. Deleted

Justification:

Pending further harmonisation or approximation of the laws of copyright of the Member States, each Member State shall be free, as it is with regard to other IPRs mentioned in paragraph 1, whether at all and to what extent copyright protection is conferred on designs protected by a Community design.

DRAFT LEGISLATIVE PROPOSAL

European Parliament legislative resolution on the proposal for a Council regulation on Community design (COM(1999)310 – C5-0129/1999 – 1993/0463(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission's amended proposal to the Council (COM(1999)310¹),
 - having been consulted by the Council pursuant to Article 308 of the EC Treaty (C5-0129/1999),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs and the Internal Market (A5-0150/2000),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
 5. Instructs its President to forward its position to the Council and Commission.

¹ Has not been published in the OJ.