

What's Proposed For EU Industrial Design Protection Reform

By **Robert Mallin and Sander Vogt** (July 10, 2023, 12:07 PM BST)

The European Commission adopted proposals for a revision of the 2001 Council Regulation on Community Designs[1] and the 1998 Directive on the Legal Protection of Designs in November 2022.[2]

Together, these two legal instruments form the main pillars of legal protection of designs in the European Union.

By revising these laws, the commission aims to modernize a legal framework that has remained in effect for more than 20 years and make the protection of industrial designs in the EU quicker, cheaper and more predictable.

The proposals have received mixed criticism, with the European Parliament and Council of the EU currently reviewing them.

This article explains the existing legal framework for design protection in the EU as the background for these proposals. We will summarize and analyze certain key proposed reforms and describe how the proposals have been received by various stakeholders in the past months, and what the next steps will be.

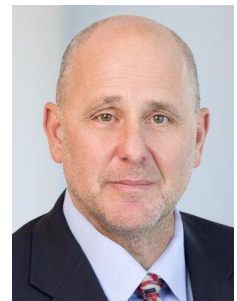
The Existing EU Legal Framework for Design Protection

Design rights are an often-underestimated form of intellectual property protection, despite their potential of being an integral part of a holistic intellectual property strategy in various industries, especially for companies with vast and fast-developing product lines.

With relatively smooth and low-cost registration processes, design rights can provide quick and effective protection against product imitation.

In the EU, the design directive first harmonized the disparate national laws of member states on design protection, to counter the distortion of trade and competition caused by differing legal protection for designs.

Conversely, the community design regulation later created a unified, stand-alone system for obtaining a registered community design, a unitary right given uniform protection with uniform effect throughout the entire EU territory, complementing the national design protection systems of member states.



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Design rights in the EU protect the appearance of a product, resulting from attributes such as its lines, contours, shape, colors, texture and materials of the product itself or its ornamentation, but not its functionality.

Legal protection is conditioned upon the design being new and having individual character. Design rights protect against other designs that are identical or do not produce a different overall impression on an informed user.

Overview of Proposed Reforms

The main strategic objective of the revision of the community design regulation[3] and the parallel proposal for recasting the design directive is to promote design excellence, innovation and competitiveness in the EU.[4]

Achieving this depends on ensuring that the overall design protection system is updated to meet the demands of the digital age.

It must also ensure that the system is substantially more accessible and efficient for individual designers, small and medium-sized enterprises, as well as design intensive industries in terms of lower costs and complexity, increased speed, greater predictability and legal certainty.

Proposed reforms common to both proposals include amending the definitions of "design" and "product" in response to technological advancements such as nonfungible tokens and the metaverse, and providing greater legal certainty and clarity as to the eligible subject matter of design protection.

In particular, a design will also extend to the movement, transition or any other sort of animation of the design's features.

The definition of product will also be updated to include products not embodied in physical objects and products that materialize in a digital form, as well as spatial arrangement of items intended to form an interior environment and graphical user interfaces.

A specific provision will be added whereby design protection is conferred only on those features of appearance, which are shown visibly in the application for registration.

The scope of rights conferred by a registered design will be adjusted to include 3D printing technologies. This will be achieved by subjecting the creation, downloading, copying and making available of any medium or software recording the design for the purpose of reproducing a product that infringes the design to the right holder for authorization.

Right holders will be permitted to prevent counterfeit products transiting through EU territory or being placed in another customs situation without being released for free circulation there.

The existing case law of the Court of Justice of the EU will be enshrined by adding permissible uses such as "referential use" and "critique and parody."

The formerly transitional repair clause will be aligned with the case law of the CJEU, and it will be included as a permanent provision. This will be achieved by excluding protection for a design that

constitutes a component part of a complex product for the purpose of the repair of that complex product so as to restore its original appearance.

This clause can be used as a defense against infringement claims only if consumers are duly informed of the origin of the product to be used for repairing the complex product.

The possibility of a design notice will be included, so that rights holders can inform the public that a design was registered.

Proposed Reforms

Proposed reforms specific to the community design regulation include:

- Replacing the old term "registered community design" with the new term "registered EU design";
- Including several amendments to further streamline registered design proceedings before the EU intellectual property office and ensure consistency with the EU trademark regime; and
- Reducing the level of application fees to make design registrations cheaper for individual designers and simplifying the schedule of registration fees to increase transparency.

Proposed reforms specific to the design directive include:

- Limiting design protection under national laws to registered design protection and revoking the earlier permission for member states to include protection for unregistered designs;
- Clarifying that design protection only commences with design registration, to avoid inconsistencies;
- Including a presumption of ownership, in alignment with the existing Articles 14, vestige of title and 17, presumption in favor of the registered design holder — of the community design regulation;
- Exhaustively listing the grounds for nonregistrability, to minimize costs and difficulties connected to procedures for the obtention of registered design rights;
- Including a presumption of validity, to bring the design directive in alignment with the community design regulation;
- Granting the formerly transitional repair clause unlimited instant legal effect only for the future, while safeguarding protection of existing rights for a transitional 10-year period;
- Including a right of prior use as a good faith defense against infringement, to bring the design directive in alignment with the community design regulation;
- Requiring national laws to provide for an administrative procedure for challenging the validity of a design registration to be handled by their intellectual property offices, instead of reserving invalidity proceedings to national courts.

Analysis of the Proposals

The existing EU regime for design protection has, overall, proved to perform well in the past two decades. However, a revision of this system is timely and appropriate, especially in light of fast-paced socioeconomic and technological transformations in the EU.

It is hoped that the proposals will achieve their goals of aligning the law with technological advancements and preserving the importance of design rights as a tool for protecting the creativity and innovation of businesses and designers in the EU.

In this sense, the update and clarification of definitions of certain central notions in EU design law, such as design and product, is to be welcomed.

Also, the widening of the scope of design rights is a step in the right direction, as making the enforcement of design rights more future-proof will benefit rights holders and make design protection more attractive.

Equally, enshrining existing case law of the CJEU and bringing the design directive into closer alignment with the community design regulation are positive developments, as these efforts to harmonize the law will definitely enhance legal certainty.

In addition, the proposals will redirect necessary attention to the EU design system and thus improve awareness about this traditionally underappreciated section of intellectual property rights.

Nevertheless, the effectiveness of some of the proposed reforms in achieving their intended goals will depend on their implementation in practice.

For example, it remains to be seen whether the adjustment of the fee schedule and abolition of the unity of class requirement will indeed amount to an increase in registered EU design applications by SMEs and individual designers.

Also, it is crucial that the transposition of the recast design directive into national laws does not become tainted by significantly disparate interpretations of the new provisions, which could lead to different implementations and thus limit the proper harmonization of the law.

Reception of the Proposals

The EU European Economic and Social Committee adopted its opinion on the commission's proposals on March 22.[5]

The committee's opinion was mixed, on the one hand welcoming the proposals' revision of the central definition of design, limiting the scope of protection to visible features in the design application and amendment of the repair clause.

On the other hand, the committee doubts that the fee schedule revision in the community design regulation will actually lower costs and would like to see lower fees for individual designers and SMEs.

On Feb. 21, BusinessEurope, the largest confederation of national industry and employer's organizations

in Europe, published its comments on the commission's proposals.[6]

The proposals were generally positively received, with BusinessEurope welcoming the efforts to align the EU design system with digital transformations and increase its accessibility for smaller businesses.

However, it commented that the design itself should not be separated from the product, referring to the "principle of specialty." Also, BusinessEurope voiced concerns about creating unnecessary difficulties for the enforcement of design rights by codifying certain permissible uses.

BusinessEurope also commented that allowing member states to implement administrative invalidity proceedings alongside parallel judicial procedures might cause confusion and lead to dissimilar transpositions of the design directive.

On April 13, the European association of crafts and SMEs, SMEUnited, and five sectorial business associations issued a joint statement on the European commission's proposals.[7]

The joint statement welcomed the proposal to fully implement the repair clause across the EU and exclude visible spare parts for the repair and replacement of complex product components from design right protection, thereby avoiding monopolies in after-sales markets on visible spare parts.

However, a transition period of three years was suggested for the implementation of the repair clause by member states, instead of the 10 years currently provided in the commission's proposal to recast the design directive.

In May, the European Parliament published its initial appraisal of the commission's impact assessment accompanying the proposals, which outlines the problems to be tackled by the reforms and how the proposals address these challenges.[8]

Its initial reaction to the impact assessment was generally positive, although it stated that a more detailed breakdown of stakeholder views on the proposals would have been beneficial.

Next Steps

The proposals themselves are currently being reviewed by the Committee on Legal Affairs in the European Parliament, with discussions on the proposals to continue under the Swedish presidency in the Council of the EU.

The final votes in the committee and in the plenary sitting of the European Parliament are expected in late October and early November, respectively.

Once adopted, most amendments to the community design regulation will become applicable three months after its entry into force, whilst the member states will have two years to transpose the design directive into national law.

The reforms will bring about much-needed change in the EU design system and, it is hoped, usher in a new era of design rights protection in the EU.

The package is a positive step toward further harmonizing the law and meeting the challenges of the

digital age. However, the true extent of the reforms will likely only become apparent once implemented in practice — a process that will take a number of years.

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[1] Council Regulation (EC) No 6/2002 of 12 December 2001.

[2] Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998.

[3] <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A666%3AFIN>.

[4] <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0667>.

[5] <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/revision-design-directive-and-regulation>.

[6] <https://www.businesseurope.eu/publications/eu-design-reform-businesseurope-comments>.

[7] <https://www.smeunited.eu/publications/joint-call-for-a-clear-unequivocal-and-immediately-applicable-eu-repair-clause>.

[8] [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/740254/EPRS_BRI\(2023\)740254_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/740254/EPRS_BRI(2023)740254_EN.pdf).