



Position Statement of the Max Planck Institute for Innovation and Competition of 23 January 2023 on the ‘Design Package’ (Amendment of the Design Regulation and Recast of the Design Directive)

Annette Kur,^{*} Tobias Endrich-Laimböck,^{**} Marc Huckschlag^{***}

The Max Planck Institute for Innovation and Competition is a research institute within the Max Planck Society for the Advancement of Science. The Max Planck Institute is committed to fundamental legal and economic research on processes of innovation and competition and their regulation. Its research focus is on the incentives, determinants and implications of innovation. The Institute informs and guides legal and economic discourse on an impartial basis. It hereby provides its opinion on the EU Commission’s proposals for amendment of the Community Design Regulation and for recast of the Design Directive.

I. Introduction

On 28 November 2022, the EU Commission published proposals¹ for amendment of the Community Design Regulation (CDR)² and for recast of the Design Directive (DDir)³. Both proposals (in the following: PEUDR⁴, PDDir) were preceded by reports and comprehensive consultations with interested circles. The aim of both proposals is to streamline and simplify the proceedings, enhance harmonisation, and improve the functioning of design legislation inter alia with regard to novel forms of designs and reproduction technologies, providing a more robust catalogue of limitations, liberalisation of the spare parts market, and clarifying the relationship with copyright.

The Max Planck Institute for Innovation and Competition (MPI) welcomes the aim of the proposals and endorses most of the proposed changes. In the following, issues are highlighted which are considered to be of particular importance, deserving further comments and clarifications. The focus of the following remarks lies on aspects of substantive law. The numerous changes in view of administrative proceedings which mainly serve to enhance the level of harmonisation among Member States and the EU design system, as well as between the latter and the EU trade mark system,⁵ are not addressed in these comments.⁵

^{*} Prof. Dr. Dr. hc., Affiliated Research Fellow.

^{**} Dr., Senior Research Fellow.

^{***} Doctoral student.

¹ COM(2022)667 – Proposal for a Directive of the European Parliament and of the Council on the legal protection of designs (recast) and COM(2022)666 – Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 6/2002 on Community designs and repealing Commission Regulation (EC) No 2246/2002.

² Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.2002, p. 1–24.

³ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, OJ L 289, 28.10.1998, p. 28–35.

⁴ Just as in case of trade marks, the nomenclature of the unitary title will change from “Community Design“ to “European Union Design“.

⁵ That also concerns the remarks on deferred publication (below III.7.) which address the scope of protection granted during the period of deferral, and thus an aspect of substantive rather than procedural law.



II. Key statements

Subject matter

- The explicit inclusion of animations and other virtual designs deepens the detachment of design protection from the concept of "product". The concept of product thus becomes unsuitable as a reference point for the legal effects of protection. Consequently, the proposals define the object of protection (in case of registered designs) exclusively as the design elements visible in the application. At the same time, case law developed or approved by the CJEU, according to which the "actual" visibility of design elements in the respective product is decisive, is no longer tenable. This clarification is also welcome insofar as the position of the CJEU had blurred the differences with respect to the design protection of component parts: (only) in case of the latter, visibility during normal use represents a legal requirement. Regarding Unregistered Community/Union Designs (UCDs/UUDs), features of appearance must be clear from the first publication giving rise to protection; this is in line with CJEU case law.
- The fact that the appearance of computer programs are still to be excluded from protection is neither factually nor legally justifiable. As the exclusion of protection does not apply to visual representations enabled by software anyway, the provision is ineffective and might even cause confusion.

Acquisition of Unregistered Designs

- The proposal to delete Article 110a(5), 2nd sentence CDR, according to which the making available of a (new and individual) design leads to the acquisition of a non-registered design only if it takes place "*within the territory*" of the EU, is to be welcomed. However, the wording of Article 11 CDR is still ambiguous; a clarification is strongly recommended.

Rights Conferred

- It is generally endorsed that the rights conferred by a protected design shall explicitly cover the creation and distribution of digital formats for purposes of physical reproduction. However, there is no mechanism that could serve to cover other types of indirect reproduction, such as a "making available" mechanism in copyright. It is, therefore, unclear whether and how this gap can be filled.
- Measures regarding infringing goods in transit shall be regulated in line with trademark law (Articles 9(4) EUTMR⁶, 10(4) TMD⁷). This is to be welcomed, including the fact that – in contrast to the regulation applicable to GIs since December 2021 – an option is provided for the responsible party to exculpate itself by establishing that placing the goods on the market in the country of destination cannot be prohibited by the EU right holder.

Limitations

- Referential use and use for the purpose of comment, critique or parody shall be added to the list of exceptions currently regulated in Articles 20(1) CDR and 13(1) DDir. In principle, this is to be welcomed. However, it is unclear how the elements of the exceptions

⁶ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, OJ L 154, 16.6.2017, p. 1–99.

⁷ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, OJ L 336, 23.12.2015, p. 1–26.



relate to each other, in particular whether the requirements for making citations are different (possibly stricter) than those for referential use. It is therefore proposed to restructure the provision by defining referential use as an overarching concept that includes citations and use for teaching purposes, as well as use in comparative advertising or for demonstrating the intended purpose of goods (etc.). In this context, the standard of "fairness in trade" as well as further requirements adapted from the 3-step test allow for a flexible assessment corresponding to the circumstances of the individual case.

- We welcome the Union-wide introduction of the repair clause. It is emphasised that the provision's wording is more appropriate than the currently applicable Article 110 CDR due to its restriction to form-dependent parts and the condition that full information must be rendered to consumers.
- Harmonisation of the prior user right in the PDDir is also welcomed, although a further alignment of the wording with the already existing provision of the CDR would be desirable.

Relationship with copyright

- With regard to the relationship to copyright, the Union legislator implements the approach already taken by the CJEU in *Cofemel* and *Brompton Bicycle*, namely that the assessment of copyright protection for designs is solely governed by the standards enunciated by the Court. This is consistent. However, uncertainties remain, as it is unclear how these standards will play out in practice. In particular, it is unclear whether and how it will still be possible to limit the cumulation of design and copyright law to "certain cases". To the extent that this does not succeed, consequential problems would arise, in particular if this leads to the circumvention of limitations enshrined in design law on the basis of copyright.
- Furthermore, it is criticised that the wording of the provision refers to "Union copyright law", which does not exist in the true sense of the term. It would therefore be more precise to retain the wording pursuant to which national copyright law applies. This corresponds to the respective status of legal harmonisation anyway. Only the further reference to a determination of the level of originality by the Member States would be omitted.

Deferred Publication

- The proposed Directive provides for an obligation of national law to introduce the possibility of a deferred publication. However, unlike the CDR, it does not oblige Member States to provide protection only against copying during the period of deferred publication. This could lead to inequitable results and should therefore be corrected.

Sanctions

- The provisions on seizure of infringing products and implements used for their manufacture currently found in Article 89(1)(b) and (c) CDR shall be deleted. Instead, in paragraph (2), the same wording as in Article 130(2) EUTMR shall be added ("*measures or orders available under the applicable law which it deems appropriate in the circumstances of the case*"). On the one hand, this is a setback with regard to the goal of providing unified sanctions at Union level, on the other hand, it opens the way for a horizontal regulation applying throughout all unitary intellectual property rights.



Registration Symbol

- The proposal to introduce a symbol to identify registered designs is criticised as potentially harmful to competition and as unclear in its legal consequences.

III. Individual Aspects

1. Object of protection (Articles 18a PEUDR, 15 PDDir)

According to Articles 18a PEUDR and 15 PDDir, protection shall be conferred for those features of appearance which are shown visibly in the application for registration. We welcome this clarification.⁸

The proposal makes clear that the object of protection is exclusively and exhaustively defined by the appearance as visibly shown in the register. This prevents any additional recourse to a (preconceived, real-life) product to ascertain the protected appearance of the design. It is not possible, by way of imagination or interpretation, to complete or contradict the design with a specific product in mind. It is irrelevant whether or which features of appearance are visible in such a product, as also stressed by Recital 10, 1st sentence, PDEUR and Recital 18, 2nd sentence, PDDir. Design features do not need to be visible at any particular time or in any particular situation to benefit from protection. An exception to this approach exists only for designs of component parts. Pursuant to Articles 4(2)(a) CDR and 3(3)(a) PDDir, such a design can only have individual character if the component part remains visible during normal use once it has been incorporated into the complex product. Only here, visibility of a feature in a specific product limits eligibility for and the object of protection.

This corresponds to the expanded definition of “product” in Articles 3(2) PEUDR and 2(4) PDDir. Already under the existing regime, defining graphic symbols as “products” conflated the notions of design (appearance) and product (separable item to which the appearance relates). The proposal now adds graphic works, logos, and graphical user interfaces to the list. In all these instances, the product is indiscernible from its appearance. There is nothing beyond appearance. As a general matter, this conflation is immanent in products materialising only in digital form, as now explicitly covered by the proposal. Such products only exist by means of their visual appearance. They do not possess any other dimension. We can encounter them only as purely visual signals. Here, preconceived notions of real-life objects cannot function as a reference point to define the object of protection.

The proposal also rectifies corresponding Union case law. In its *Biscuit Poult*-decision, the General Court (GC) stated that the CDR “*confers protection only on the visible parts of the product*” and that features which would only become visible as the result of an irreversible interference with this product could “*not relate to the appearance of [it]*.”⁹ This product-oriented approach led to a concept of “external visibility” which created dogmatic frictions and uncertainty, since the object of protection under this approach would not be identifiable from the registration itself.

⁸ On the procedural level, Articles 18a PEUDR and 15 PDDir create some friction with Arts. 36(1)(c) PEUDR and 25(1)(c) PDDir. The latter stipulate that an application for a registered design shall contain a representation of the design permitting all the details of the subject matter for which protection is sought to be clearly distinguished. Under the new and clear definition of the object of protection, it is questionable how any representation could fail this requirement, since protection will always (and only) be sought for what is visibly shown in the application.

⁹ GC, judgment of 9 September 2014, T-494/12 – *Biscuits Poult SAS*, ECLI:EU:T:2014:757, para. 25.



The clear stance of the proposal against a product-oriented definition of the object of protection, limited by “external visibility” when used in a specific product, can also guide the determination of the object of protection of unregistered Union designs (UUDs; now: Unregistered Community Designs [UCDs]). There is no reason to treat UCDs differently in that regard. Instead of the application, it is the appearance as made available to the public (Article 11 CDR) which is the only permissible reference point to establish the object of protection. This matches Union case law. When a UCD is made available via the publication of images, the object of protection is determined only by what is visibly shown in these pictures.¹⁰ Still, a clarification regarding the object of protection of UCDs in the text or at least the Preamble to the PEUDR would be expedient.

2. Computer programs excluded from the definition of “product” (Articles 3(2) PEUDR, 2(4) PDDir)

Computer programs remain excluded from the definition of “product” in Articles 3(2) PEUDR and 2(4) PDDir. There is no apparent reason to exclude the visual appearance of computer programs from design protection. First, from a public domain perspective, it is rather unlikely that the visual appearance of a code, just as that of any other form of text, will be new or have individual character. Second, the principle of partial cumulation, as now endorsed in Article 96(2) PEUDR (see below), allows for overlaps with potential copyright protection vesting in the code of a computer program itself.¹¹ While digital designs (Articles 3(2) PEUR and 2(4) PDDir) and use related to software (Articles 19(2)(d) PEUDR and 16(2)(d) PDDir) do not concern the visual appearance of a software code as such,¹² the exclusion of computer programs in Articles 3(2) PEURDR and 2(4) PDDir could lead to misunderstandings as to the meaning and scope of these provisions. To minimise confusion, the exclusion could be dropped from the definition.

3. Acquisition of an Unregistered EU Design (Article 11 CDR; Deletion of Article 110a(5) 2nd sentence CDR)

Under the current version of the CDR, Unregistered Community Designs (UCDs) are acquired by making the design available to the public “*within the Community*” (Art. 11(1) CDR). Furthermore, Article 110a(5), 2nd sentence, CDR stipulates that “[p]ursuant to Article 11, a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design”. According to paragraph (126) PEUDR, the latter sentence shall be deleted.

Nothing is said in the Explanatory Memorandum or in the Preamble about the reasons for the proposed change or its intended effect. The most straightforward interpretation of the proposed measure is that specific requirements as regards the place of disclosure shall be abandoned. This would take account of the increasing impracticality of localising acts of disclosure in the

¹⁰ CJEU, judgment of 28 October 2021, C-123/20 – *Ferrari*, ECLI:EU:C:2021:889, para. 44.

¹¹ Under copyright law, the code as a protected work is distinct from the enabled design, which could be a protected work of its own. See on graphical user interfaces CJEU, judgment of 22 December 2010, C-393/09 – *Bezpečnostní softwarová asociace*, ECLI:EU:C:2010:816, paras. 42, 46.

¹² Article 19(2)(d) PEUDR needs to fill a gap that exists precisely because the code recording, describing and enabling a design is separate from the enabled design itself.



age of the internet; in addition, it would prevent de facto discrimination of non-EU based industries, which might cause a violation of obligations incurred under Article 3 TRIPS.¹³

It is important to note in this context that claims are unfounded that renouncing the qualification imposed by Article 110a(5) CDR will result in “automatic” protection of designs published world-wide.¹⁴ UCD protection does not arise from publication as such, but only if the relevant information “*could reasonably have become known in the normal course of business to the circles specialised in the sector concerned which are operating in the EU*”. The place of publication matters little in that regard. Furthermore, in order to successfully invoke a UCD, the plaintiff must prove that the defendant has engaged in an act of copying, meaning that the alleged infringer was familiar with the prior design. Making that proof is not easy in practice, in particular in fields characterised by a high density of shapes and forms. In such circumstances, the plaintiff will typically only satisfy the burden of proof if the designs are near-identical, or if other indicia for copying exist, such as preceding negotiations between the parties.¹⁵ Withholding protection in such situations for the sole reason that the place of first publication lies in a non-EU country could appear to signal that even blatant acts of misappropriation are condoned as long as the detrimental effects resulting therefrom primarily affect non-EU based companies.

The proposed change is therefore welcome and overdue. However, in the absence of more guidance, the wording of Article 11(1) CDR remains ambiguous and may continue to cause misunderstandings. Thus, even before Article 110a(5), 2nd sentence, CDR was enacted, the notion of the design being made available to the public “within the Community” has been interpreted by national courts as excluding publications which were made in a non-EU country, even if the relevant events could have become known to the specialised circles in the EU, as prescribed in Article 11(2).¹⁶ In order to exclude such misinterpretations in the interest of legal certainty and compatibility with international norms, the words “within the Community” (or “within the Union”) should be deleted in Article 11(1) and (2), or at least it should be pointed out in the Preamble that the act of disclosure giving rise to an UCD/UUD should not be qualified as to the place where it occurred.

4. Prohibited acts (Articles 19 PEUDR, 16 PDDir)

a) Extension to digital reproduction and distribution

Articles 19(2)(d) PEUDR and 16(2)(d) PDDir expand the list of specifications to the exclusive rights of their holder. The Commission expressly addresses “*creating, downloading, copying and sharing or distributing to others [of] any medium or software recording the design for the purpose of enabling a product [in which the design is incorporated or to which it is applied] to be made*”. Pursuant to Recitals 28 PDDir and 11 PEUDR, as well as p. 9 and p. 8 of their respective Explanatory Memoranda, this serves to cover for a growing deployment of 3D

¹³ For more details see *Kur*, JIPLP 2023, available at <https://doi.org/10.1093/jiplp/jpac112>.

¹⁴ In that sense see Commission Staff Working Document – Evaluation of EU legislation on design protection, SWD(2020) 264 final, p. 28, 29.

¹⁵ For instance, if the parties were business partners abroad before imitations of the design were marketed in the EU. For an example see German Federal Supreme Court (Bundesgerichtshof, BGH), decision of 9 October 2008, I ZR 126/06 GRUR 2009, 71 – *Gebäckpresse*.

¹⁶ BGH, decision of 9 October 2008, I ZR 126/06, GRUR 2009, 71 – *Gebäckpresse*; see also District Court (Landgericht, LG) Frankfurt a.M., 17 March 2004, 3/12 O 5/04, GRUR 2005, 4 – *Ab Swing-Hometrainer (Thane)*.



printing technologies. These technologies allow for physical reproductions of a design via sharing software that encodes the design which is then processed and translated by a computer. As a consequence, the act of sharing does not itself display the design and, thus, arguably not amount to a direct infringement. The latter, in turn, will only occur as a result to the printout by the receiving party. For right holders, this means that they are not able to stop third parties from distributing their designs. Also, right holders might face limitations with respect to receiving parties, where they are able to resort to exceptions for private use pursuant to Articles 20(1)(a) CDR and 13(1)(a) DDir.

Both amendments address this gap. Explicitly adding both the sharing of any medium or software recording the design and their 3D printout provides the necessary answer. It should be noted, however, that there is still a need for further clarification. Besides 3D printing, the most common use case of indirect infringements represents the online sharing of files for display on computers or smart devices. Other cases of sharing a digital recording of the design, as for instance the more classical form of CD or USB-sticks, are structurally alike. This, indeed, shows that indirect infringement does not represent a substantially new question. Yet, this question is raised anew in the course of the explicit inclusion of animated features and digital products pursuant to Articles 3(1), (2) PEUDR and 2(3), (4) PDDir.

As per the current draft of Articles 19(2) PEUDR and 16(2) PDDir, as well as the legislative explanation, only the production (“making”) is covered by the prohibition. Mere representation or depiction, however, remains unmentioned. It might be questioned, therefore, whether indirect infringements by way of sharing any medium or software recording the design also fall within this provision (e.g. by way of an analogy) or if there is a legislative intent to leave it out. In case of the former, this should be clarified, e.g. by erasing the last half sentence (“*for the purpose of enabling a product [...] to be made*”) or by adding an explicit mentioning of design displays on screens. In case of the latter, a respective statement within Recitals 11 PEUDR and 28 PDDir would be advisable.

b) Extension to goods in transit

Pursuant to Articles 19(3) PEUDR and 16(3) PDDir, owners of registered designs may prevent third parties from bringing infringing goods into the relevant territory (of the Member State/of the EU), even if those goods are not intended for release on the internal market (transit goods). The proposal follows the one already implemented in trade mark law by the law reform of 2015/2016 (Articles 9(4) EUTMR, 14(4) TMD). The provision is qualified in two aspects. First, the prohibition only applies if the design “*is identically incorporated in or applied to those products, or the design cannot be distinguished in its essential aspects from such products, and an authorisation has not been given*”. This corresponds to the formulation in trade mark law which is based upon the definition of “counterfeit trade mark goods” in footnote 14 relating to Article 51 TRIPS. Second, the right to prevent transit lapses if in subsequent infringement proceedings the declarant or holder of the products establishes that the holder of the design right in the EU or the relevant Member State is not entitled to prohibit the placing of the product on the market in the country of final destination. The aim of that reservation is to ensure that freedom of transit as safeguarded by Article V of the General Agreement on Tariffs and Trade (GATT) is duly respected. It is important and welcome that the same goal is observed also in the design context. That marks a positive difference vis-à-vis the law protecting geographical



indications into which a transit rule was inserted in December 2021 without a corresponding safeguard.¹⁷

5. Limitations

a) “Fair use” (Articles 20 PEUDR, 18 PDDir)

The catalogue of limitations enshrined in the current version of EU design legislation (Articles 20(1) CDR and 13(1) DDir.¹⁸) is rather narrow. Apart from acts done privately and for non-commercial purposes, reproduction of designs is permitted for experimental purposes and “*for the purposes of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source*”. The wording dates from a time when the exact ambit of design protection – in particular the extension of protection vis-à-vis two-dimensional reproduction of design objects – was still somewhat unclear. The lack of clarity resulting therefrom became obvious in *Nintendo v BigBen*,¹⁹ concerning display of Nintendo’s design in advertising of accessories sold by BigBen. The issue was resolved by the CJEU endorsing a broad interpretation of “citation” which – subject to further precautions set forth in the law – covers the situation that images of protected products are shown for the purpose of demonstrating their use in connection with market novelties offered by the advertiser. Nevertheless, uncertainties still prevail. For instance, it is unclear whether the notion of citation also covers display of product design for the purpose of comparative advertising, or for illustration, or for artistic purposes.

It is a positive signal therefore that the Commission proposals contain specific limitations pertaining to referential use (“*acts carried out for the purpose of identifying or referring to a product as that of the design right holder*”; subparagraph (d)) and to “acts carried out for the purpose of comment, critique and parody” (subparagraph (e)). Providing for such limitations is a crucial element of the balancing exercise that courts have to undertake between the protection of the right-holder’s property, on the one hand, and the fundamental freedom to impart and receive truthful and relevant information, or freedom of art, on the other.²⁰

While the Commission’s initiative is commendable as such, it leaves a number of issues unsolved. Most importantly, it is doubtful how a meaningful distinction can be drawn between “citation” and “referential use”. For instance, would use in advertisement like that in *Nintendo*

¹⁷ See new Article 13(4) Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs, OJ L 343, 14.12.2012, p. 1–29 and Article 103(4) Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products, OJ L 347, 20.12.2013, p. 671–854. The discrepancy will even be enhanced if, according to pending proposals, the existing rules shall be extended to cover any kind of infringement instead of just being geared, as in trade mark and design law, to prevent transit of counterfeits. See COM(2022) 134 final/2, Article 27(4)(a); COM(2022) 174 Article 35(4)(a).

¹⁸ In addition to the acts permitted under the first paragraph in both provisions, paragraph 2 addresses the importation of spare parts used for repair, and the execution of repairs, with regard to ships and aircraft on transit in the relevant territories, which builds on Article 5ter of the Paris Convention.

¹⁹ CJEU, judgment of 27 November 2017, C-24/16, C-25/16, ECLI:EU:C:2017:724 – *Nintendo v. BigBen*, para. 86.

²⁰ This is all the more important as the CJEU has clarified that such balancing must occur within the relevant provisions of secondary law, without resort being taken to fundamental rights as external limitations; see CJEU, 29 July 2019, C-469/17, ECLI:EU:C:2019:623 – *Funke Medien v. BRD*; C-476/17, ECLI:EU:C:2021:624 – *Pelham v. Hütter and Esleben*; C-516/17, ECLI:EU:C:2019:625 – *Spiegel Online v. Volker Beck*.



still have to be judged under the notion of citation, or would it more adequately be subsumed under referential use? Would the allocation to one or the other subparagraph impact the outcome; in particular, are the requirements for citation stricter than those for referential use? In the same context: what, if any, is the difference between reference having to be made to the source (as in subparagraph (c)), and identification of the relevant product “as that of the design holder” (as in subparagraph (d))? What exactly would be the meaning of both terms, or any one of them, in a case like *Nintendo*, or in comparative advertising? Requesting that specific reference is made to the actual creator (as the original source of the design), or to the holder of the design (who may not be identical with the commercial source of the product) would obviously be overly burdensome, as both may be unknown to the advertiser. It must therefore suffice in the relevant cases²¹ that the product is identified by its trade mark or a trade name. Pursuant to the CJEU, that also means that the use must satisfy the criteria of trade mark law,²² which includes the final test of compliance with honest practices.²³ If that test has been cleared, what - if any - additional requirements are left to be established in order to also fulfil the criteria of design law?

Given the importance of a well-calibrated catalogue of limitations for the compatibility of exclusive rights with other fundamental rights enshrined in the EU Charter, the kind and number of unsolved questions give rise to concern. To arrive at clearer results, it would be necessary first to delineate the legal objectives pursuant to which permitted acts are distinguished from those that shall not be permitted. As announced by the CJEU in *Nintendo*, those objectives are found inter alia in the aim of design legislation to foster product innovation in relation to the existing design corpus.²⁴ In addition, the preparatory documents of EU design legislation indicate that protection is geared towards the “marketing effect” of the design, that is, its capacity of attracting customers.²⁵ The first one of these objectives implies that use of designs must be permitted where prohibition would hamper innovative activities, including the presentation or demonstration of their results.²⁶ The second objective, interpreted in the light of the fundamental freedom to conduct one’s business, signals that use by others should be tolerated unless it seriously affects, or without due cause takes unfair advantage of, the specific marketing effect of the design. More concretely this means that use of designs by way of reference should be permitted, provided that no explicit or implicit claim is made that the user has any rights to the design, whether directly or by connection to the right holder, and unless the power of attraction of the design is muted²⁷ or deflected to the user’s commercial advantage in a manner exceeding the purpose of information or illustration. As a general guideline for

²¹ The situation would be different for “classical” forms of citation (or teaching), such as display of design images in books about contemporary designs. In that case, reference must also be made to the designer and, where that applies, to the publication from which the image was taken.

²² CJEU, judgment of 27 November 2017, C-24/16, C-25/16, ECLI:EU:C:2017:724 – *Nintendo v. BigBen*, para. 85.

²³ As prescribed in Article 14(1) and (2) EUTMR and Article 14(1) and (2) TMD.

²⁴ CJEU, judgment of 27 November 2017, C-24/16, C-25/16, ECLI:EU:C:2017:724 – *Nintendo v. BigBen*, para. 73.

²⁵ Starting from Green Paper on the Legal Protection of Industrial Design (Working document of the services of the Commission, [1991] F/III/5131/91-EN).

²⁶ See CJEU, judgment of 27 November 2017, C-24/16, C-25/16, ECLI:EU:C:2017:724 – *Nintendo v. BigBen*, para. 76.

²⁷ That could happen if the design is presented anonymously, so that viewers attracted by the design cannot find it on the market.



interpretation, the relevant objectives and the conclusions to be drawn therefrom should be enunciated in the Preamble.

A provision built after that scheme would be based on permitting referential use as a general rule. An exemplary, non-exhaustive list of such uses could be added; it could include citation and teaching as well as comment and critique, which are currently enshrined in subparagraph (e). For clarification purposes, use in comparative advertising and use to demonstrate the purpose of a product, for instance to serve as part or accessory, should be added. Furthermore, permissibility should be made dependent on proper identification of the design in the manner appropriate under the circumstances,²⁸ and on compliance with fair trade practices, including avoidance of unreasonable conflicts with normal exploitation. For clarification purposes it should be pointed out that, where a product is properly identified by its trade mark, the prerequisites under design law are deemed to be fulfilled where the relevant criteria under trade mark law are satisfied.

Different from that, parody and other artistic uses should remain in a separate subparagraph. Subjecting such uses to a particular duty of identification of the product used for the purpose would be inappropriate. The only benchmark for parodies and other artistic uses should be compliance with honest (trade) practices, including the avoidance of reasonable conflicts with normal exploitation, and absence of unreasonable prejudice to the legitimate interests of the right holder.

b) Repair clause (Articles 20a PEUDR, 19 PDDir)

Enacting a repair clause in the Design Directive finally achieves full harmonisation of a practically highly important issue, putting an end to three decades of quarrel. The arguments in favour of a repair clause have been proffered multiple times;²⁹ they do not have to be repeated here. Suffice it to state that granting full exclusivity of design protection on the secondary market for form-dependent parts of complex products would be incompatible with the very purpose of design protection to foster the development of innovative design, which can only materialise on markets where a choice exists for the consumer.

The MPI positively notes that the text of Articles 20a PEUDR and 19 PDDir reflects the purpose and limits of the repair clause more appropriately than the current transitional provision enshrined in Article 110 CDR. Different from the latter, the proposed provisions make clear that in order to benefit from the limitation, the form of the relevant component parts must depend on the appearance of the complex product (“form-dependent parts”), in addition to limiting the permission for unauthorised reproduction of the part to use for repair purposes. Furthermore, by stipulating that the limitations cannot be invoked if the manufacturer or seller failed to duly inform the consumers about the origin of the product, the proposed repair clause effectively rebuts the argument brought forth by opponents of the repair clause that consumers might be exposed to risks that they are not aware of when buying a non-original part.

²⁸ This would allow for flexibility as concerns the standards in case of comparative advertising and similar uses – where indicating the trade mark or trade name would regularly be sufficient – and citations in a design book, as addressed above.

²⁹ See *Drexel/Hilty/Kur*, IIC 2005, 448 with ample reference to previous literature in fn. 3; more recently *Drexel*, GRUR 2020, 234.



Pursuant to Article 19(3) PDDir, the entering into effect of the repair clause can be postponed under national law until ten years for designs registered upon an application filed before the date of entry into force of the recast. This means that protection of designs in Member States which until now do not provide for a corresponding limitation is curtailed to a considerable extent. To avoid legal issues potentially resulting therefrom, the German legislature decided that the repair clause introduced as of 1st January 2021 only becomes effective for designs applied for on or after that date. By imposing a different solution in the recast of the DDir, the issues sought to be avoided by the German legislature may re-emerge. However, given the solid foundation of the repair clause in the essentials not only of intellectual property, but also of competition law,³⁰ the risk that this might clash with overarching principles of EU law appears minimal. Furthermore, in view of the average life-cycle of spare part designs the practical consequences of the curtailment will most likely be very small.

c) Prior users' rights (Articles 22 CDR, 21 PDDir)

Article 21 PDDir obligates Member States to include into design legislation a limitation in favour of third parties who, before the relevant (application or priority) date of a registered design have made preparations, or commenced use in good faith of a design falling within the ambit of protection of the registered design. Such parties may continue use of the design which was made, or for which preparations were made, before the relevant date. Providing for such a limitation in favour of prior users is an appropriate corollary to granting exclusive rights on a first-to-file basis; the proposal is therefore a positive and welcome step towards completing full and fair harmonisation.

On the EU level, a provision on prior users' rights exists already in Article 22 CDR; no changes are envisaged. Notably, different from the method otherwise observed, the provisions in the PDDir and the CDR diverge from each other (slightly) in the wording, but also in their contents. Most conspicuously, Article 22 CDR stipulates that the right of prior use shall not extend to granting a licence to another person to exploit the design, and that it cannot be transferred except, where the third person is a business, along with that part of the business in the course of which the act was done or the preparations were made (Articles 22(3) and (4) CDR). No such restrictions are found in Article 21 PDDir. No explanations are offered for the discrepancy in the Explanatory Memoranda. The most likely reason appears to be that the DDir is silent anyhow about matters concerning the design right as property. Irrespective of that, the reservations made in Articles 22(3) and (4) CDR as to licensing and transfer appear logical in view of the purpose of the prior users' right, namely to provide room for continued use in accordance with fairness and equity, which excludes more far-reaching forms of commercialisation of the design. There does not seem to be a pertinent reason why the same should not be clarified also in the Directive.

6. Relationship with copyright (Articles 96(2) PEUDR, 23 PDDir)

The revision of the relationship between design law and copyright is consistent. Articles 96(2) PEUDR and 23 PDDir react to the advanced state of harmonisation in copyright law by declaring the "*requirements of Union copyright law*" applicable in determining

³⁰ Drexl, GRUR 2020, 234.



cumulative protectability of designs.³¹ The proposal thus confirms the view expressed by Advocate General *Szpunar* pursuant to which already under Articles 96(2) CDR and 17 DDir a discretionary power was granted only subject to the harmonisation of copyright law at Union level.³² Insofar as Directive 2001/29, as interpreted by the CJEU, had already achieved this alignment, there was no room for a discretionary Member State solution.³³

A first explicit limitation with respect to the scope of Articles 96(2) CDR and 17 DDir had been declared in the CJEU's *Flos* case, in which the Court did "not exclude" an applicability of its concept of work referring to the term of protection pursuant to Directive 93/98/EEC.³⁴ Continuing with its subsequent *Cofemel*³⁵ and *Brompton Bicycle*³⁶ decisions, the prevailing view amongst scholars, which had still declared the area of overlap between copyright and design law to be the last matter of Member State competence and, thus, to be unaffected by the establishment of the European concept of work, had consequently come to an end.³⁷ On the contrary, the uniform European concept of work now undeniably applies to the area of applied art and, thus, comprehensively to each category of work. Stipulating this circumstance in the context of the proposed Articles 96(2) PEUDR and 23 PDDir is therefore coherent.

a) Continuation of legal uncertainty pursuant to CJEU-*Cofemel*

At the same time, however, the proposal does not improve the *status quo* resulting from the CJEU's incisive *Cofemel*-decision. Particularly, the problem of delimiting the area of cumulation between copyright and design law remains unsolved. The CJEU did not succeed to develop own criteria providing solid ground for effective harmonisation of the notion of a work not only as a legal concept, but also as a practical matter. Consequently, it is unclear whether national courts can continue to apply specific delimitation criteria (as a result of Union law interpretation), and to what extent such criteria would be reconcilable with the Court's other, in part ambiguous statements (such as cumulation having to be reserved to "certain cases"). If courts were actually obliged to completely renounce to application of delimitation criteria, this would *prima facie* result in a significant lowering of the threshold to copyright protection, with a number of follow-on problems in areas of overlap, such as circumvention of limitations enshrined in design law, but not in copyright.

b) Reference to "Union copyright law"

The reference in the relevant provisions to the requirements of "Union copyright law" is misguided. In the context of intellectual property, reference to "Union"³⁸ (trade mark, design, or plant variety) law denotes a unitary right pertaining to the European Union in its entirety. Such a right does not exist in the field of copyright. Indeed, as indicated in Recital 33 PEUDR

³¹ With respect to the declared progression in copyright harmonisation, cf. Recital 33 PEUDR, Explanatory Memorandum PDDir, p. 10 and Explanatory Memorandum PEUDR, p. 9.

³² Opinion of Advocate General Maciej Szpunar delivered on 2 Mai 2019, C-683/17 – *Cofemel*, ECLI:EU:C:2019:363, paras. 37 et seq.

³³ Opinion of Advocate General Maciej Szpunar delivered on 2 Mai 2019, C-683/17 – *Cofemel*, ECLI:EU:C:2019:363, para. 38.

³⁴ CJEU, judgment of 27 January 2011, C-168/09 – *Flos*, ECLI:EU:C:2011:29, para. 34, 39 et seqq.

³⁵ CJEU, judgment of 12 September 2019, C-683/17 – *Cofemel*, ECLI:EU:C:2019:72, para. 48.

³⁶ CJEU, judgment of 11 June 2020, C-833/18 – *Brompton Bicycle*, ECLI:EU:C:2020:461.

³⁷ See, for many, *Bently*, EIPR 2012, 654 (660 et seqq.).

³⁸ Previously: "Community".



and the wording used in both Explanatory Memoranda, copyright is not even fully harmonised. Instead of using such potentially misleading terms, the law might either refer to the autonomous notion of a work as established by the CJEU or, just as coherently, retain the current language (“law of copyright of that State”), as the standards referenced thereby must anyhow correspond to the state of harmonisation achieved at present or in the future. As a complement, it could be clarified in the Preamble that the reference to national law is meant to embrace the standards developed in CJEU jurisprudence.

7. Deferred publication (Articles 50, 19(5) PEUDR, 30, 16 PDDir)

Within the framework of the comprehensive harmonisation of the procedural provisions according to Articles 25–33 PDDir, the proposal contains for the first time the mandatory introduction of an option for deferred publication. Article 30(1)–(4) PDDir largely corresponds to Article 50(1)–(4) PEUDR which in turn contains only few substantive changes compared to its predecessor. A central innovation results only from the elimination of the procedural link between publication and prior payment of the publication fee.³⁹ This is caused by a combination of publication and registration fee according to Article 36(4), 1st sentence, PEUDR. For national designs, the determination of the fees is still incumbent on the Member States and therefore also not subjected to prior payment.⁴⁰

Furthermore, it is noted that Article 19(5) PEUDR has no counterpart in Article 16 PDDir, resulting in a significant contradiction as to the standard for responsibility. The publicity deficit arising as a result of the deferred publication is compensated by Article 19(5) PDEUR (Article 19(3) CDR) in favor of the parallel creator acting in good faith. The latter commits an infringement only if he does not positively know the design disclosed by the right holder. Thus, the objective, i.e. fault-independent infringement standard for registered designs is lowered to the subjective, fault-dependent infringement standard for unregistered designs. This reduction appears to be necessary for reasons of equity, since the infringer acting in good faith generally has no defense against claims of the right holder.⁴¹

Admittedly, in the case of actual good faith, these claims also arise only to the extent that they do not presuppose knowledge. One could therefore argue that the differences vis-à-vis the liability risk are negligible compared to Article 16 PDDir. However, this is not true insofar as below the knowledge threshold there is a considerable distance to strict liability according to Article 16 PDDir. It covers a range of cases that are excluded by Article 19(5) PEUDR: on the one hand, this relates to cases of negligent ignorance, i.e., for example, those in which the designer already offers the relevant product to the public (e.g., only on a foreign market) despite the fact that publication has been postponed, and the infringer does not take note of this (although it would be possible in principle). Secondly, cases are covered in which the protected design is actually kept secret and can therefore not be known to the parallel designer.

This discrepancy between the PDEUR and PDDir is not justified and appears to be a drafting error. It is therefore proposed to align the liability standards accordingly.

³⁹ Article 50(4)(a) CDR.

⁴⁰ Article 25(2) PDDir and p. 8 of its Explanatory Memorandum.

⁴¹ A right of prior use, in particular, will only exist in rare instances (see above).



8. Licences and other aspects of property

Transfer of rights and licensing remain unharmonised by PDDir. This is surprising given the strict formal requirement for a transfer under Article 28(1) PDEUR and unsatisfactory insofar as both a transfer and a licence create *erga omnes* effects. It is thus left to the Member States whether these *erga omnes* effect require registration or even an agreement in writing. This lack of harmonisation also jeopardises the effectiveness of comparatively stricter national requirements, depending on the interpretation of international private law by national courts. If, focussing on the contractual elements, national courts allow a choice of law, the less stricter rules of a single Member state could effectively also govern the *erga omnes* effects in a Member state with stricter rules.

9. Jurisdiction, applicable law and sanctions concerning EUDs (Articles 79 et seq. PEUDR)

The provisions on jurisdiction, applicable law and sanctions in Article 79 et seq. shall be adapted to the new nomenclature (EU design instead of Community design) and refer to Regulation 1215/2012⁴² instead of the Brussels Convention. A number of provisions shall also be aligned with those found in Articles 122 et seq. EUTMR. That concerns *inter alia* Article 88(2) CDR (“Applicable law”), where the reference to the Member State’s “national law, including its private international law” has been replaced by “the applicable national law”, as in Article 129(2) EUTMR. This does not lead to a change in substance, as the law applicable to matters not regulated in the Design Regulation is determined already now by Article 8(2) of the Rome II Regulation, which replaced the international private law of the Member States in the relevant aspects. More remarkable than that is the alignment of Article 89 PEUDR (“Sanctions”) with Article 130 EUTMR. In its current wording, Article 89(1)(b) and (c) set forth specific measures to be issued by competent courts in case of infringement of unitary design rights, namely seizure of the infringing products as well as seizure of materials and implements predominantly used in order to manufacture the infringing goods. The proposal no longer contains those measures, but instead points to injunctions and measures ensuring their proper observance (currently regulated in Article 89(1)(a) and (2)), and, in paragraph 2, to “*measures or orders available under the applicable law which it deems appropriate in the circumstances of the case*”.

Inter alia this means that the somewhat awkward distinction introduced by the CJEU in *Gautzsch v Duna*⁴³ between “sanctions” regulated in Article 89 and “other measures” addressed by Article 88 – leading the Court to the conclusion that damages are not “sanctions” in the meaning of the law⁴⁴ – will become obsolete.⁴⁵ On the negative side, it has to be noted that by deleting the specific sanctions set forth in Article 89(1)(b) and (c) the EU legislature takes a step backwards instead of progressing towards a more comprehensive catalogue of unitary

⁴² Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), OJ L 351, 20.12.2012, p. 1–32.

⁴³ CJEU, judgment of 13 February 2014, C-479/12, ECLI:EU:C:2014:75 – *Gautzsch v Duna*.

⁴⁴ CJEU, judgment of 13 February 2014, C-479/12, ECLI:EU:C:2014:75 – *Gautzsch v Duna*, para. 53.

⁴⁵ It must be added that the distinction made by the CJEU did not have practical consequences, as the applicable law remains the same, irrespective of whether measures fall within Article 88 or 89.



(instead of only harmonised⁴⁶) sanctions. However, the retreat may only be a temporary one; there is hope that the change signals renewed efforts by the Commission to introduce, possibly in parallel with a revision of the Enforcement Directive⁴⁷, a fully elaborated catalogue of sanctions applying to all unitary intellectual property rights alike.

10. Registration symbol

Article 26a PEUDR and Article 24 PDDir introduce a new registration symbol. According to Recital 17 PDEUR, this proposal serves two goals: first, to facilitate the marketing of design protected products and second, to increase awareness of the design registration regimes. The proposal creates legal uncertainty and incentivises a questionable marketing strategy. We oppose this proposal. At least, it requires clarification.

The marketing approach of the proposal is highly problematic, since the substantial assessment of the design prior to registration is very limited (see Articles 47 CDR and 29 PDDir). In relation to the properties of the design itself, the mere fact of registration only signals that an office examined whether the application (a) shows the appearance of a product and (b) is not contrary to public policy or accepted principles of morality. It seems highly unlikely that informing consumers about either of those facts will help to facilitate marketing of design-protected products. Using a registration symbol as a marketing tool thus incentivises marketing strategies which give additional (in fact misleading) meaning to what the registration tells (the consumer) about the design, e.g. turning it into a seal of quality. Incentivising such mischaracterisation of the design registration regime comes close to incentivising consumer confusion and misinformation.

The proposal adds to the overall muddiness of claiming intellectual property rights via symbols (®, ™, ©) from both a consumers and competitors perspective, possibly creating unjustified deterring effects. It is unclear whether the proposal introduces a positive and/or exclusive right to use the symbol, how it interacts with or affects the existing legal framework (e.g. unfair competition law) regulating the over-claiming of intellectual property protection, and what consequences unlawful use will have (both on a substantive and procedural level).

⁴⁶ See Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

⁴⁷ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157, 30.4.2004, p. 45–86.