Federalized Functionalism: The Future of Design Protection in the European Union

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FEDERALIZED FUNCTIONALISM:
THE FUTURE OF DESIGN PROTECTION
IN THE EUROPEAN UNION

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   of Cincinnati College of Law; LL.B., Glasgow University, 1987; LL.M.,
   Harvard Law School, 1988. This Article is based upon a presentation
   made to the National Conference on Industrial Design on October 23,
   1996, in Washington, D.C. My thanks to Professor William Fryer for
   providing me with the opportunity to air my views on the E.U. proposals
   at that conference. This Article is also part of a larger study I have been
   conducting of intellectual property protection for industrial designs under
   U.S. and E.U. law, and was written in partial fulfillment of the
   requirements for the degree of Doctor of the Science of Law in the Faculty
   of Law, Columbia University. I am very grateful to Jane Ginsburg, Chair
   of my J.S.D. Committee at Columbia Law School, both for her support and
   encouragement of that project, and for her insightful comments on earlier
   drafts of this Article. I am also indebted to Lionel Bently, Kenneth
   Campbell, Paul Caron, Denis Edwards, Brian Havel, Donna Nagy, Jerry
   Reichman and Michael Van Alstine for providing comments on earlier
   drafts of this Article and to my research assistant, Kevin Bowman, for his
   invaluable help. Responsibility for the views expressed and any errors
   that remain are, of course, mine alone.
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I. INTRODUCTION

The protection of designs throughout the countries of the European Union ("E.U.") is on the threshold of significant change. The Council of Ministers of the European Community recently moved closer to the adoption of legislation that would create unitary E.U.-wide sui generis design rights. This legislation is intended to replace the patchwork of intellectual property laws currently protecting designs in the fifteen Member States of the Union with a common system of rights at both the national and Community levels. The proposals boast the potential, however, not only to effect reform throughout Europe but also to establish a model for industrial design protection internationally. Recent legislative developments involving intellectual property law in the E.U. have found an echo in

1 The term "E.U." has been used somewhat indiscriminately in popular and political circles to identify the source of proposals or statements emanating from either the European Union or its inter-governmental or community components. Article A of the Treaty on European Union (the "Maastricht Treaty") established the European Union ("E.U."), which rests on "three pillars": (1) the European Communities (i.e., the former European Economic Community now renamed the "European Community" or "E.C.", the European Coal and Steel Community, and the European Atomic Energy Community); (2) the process of formal intergovernmental cooperation in the fields of foreign and security policy; and (3) intergovernmental cooperation in justice and home affairs. See E.C. INTELLECTUAL PROPERTY MATERIALS xi (Anna Booy & Audrey Horton eds., 1994). In this Article, on occasion I use the term "E.U."; however, strictly speaking, the design proposals are being pursued through the legislative workings of the E.C.

2 See infra text accompanying notes 74-82 (explaining current status of proposals).

3 See Annette Kur, TRIPS and Design Protection 141, 159, in FROM GATT TO TRIPS -- THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (Friedrich-Karl Beier & Gerard Schricker eds., 1996) (suggesting that the European Union design harmonization exercise may stimulate global approximation of design protection systems); see, e.g., Paul Tackaberry, Intellectual Property Laws in the Hong Kong SAR: Localization and Internationalization, 42 McGill L.J. (forthcoming 1997) (noting that the draft design of the law of the newly created Hong Kong SAR was modeled on the E.U. design proposals).
the world community generally and in the United States in particular.\textsuperscript{4} And the climate in which the design proposals have been advanced is ideally suited for such extended influence: a void exists internationally,\textsuperscript{5} the European Commission (the "Commission") has intimated that enactment of these proposals would strengthen its


\textsuperscript{5} See Graeme B. Dinwoodie, Addressing Functionalism: The Lessons of the EC Proposals For Design Legislation, at 1 (paper presented to Fifth Annual Fordham Conference on International Intellectual Property Law & Policy). To the extent that current design patent law does not fulfill the obligations imposed on the United States by Article 25 of the TRIPS Agreement, see J. H. Reichman, Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement, 29 INT'L LAW. 345, 375-77 (1995) (outlining argument of non-compliance), the influence of the EU propasals upon the shape of any TRIPS compliance-motivated U.S. design law is likely to be still greater. See id., at 376-77 ("[C]urrent efforts to harmonize the design laws of the European Union could influence the direction of reform in the United States if it became necessary to enact a sui generis regime by dint of Article 25."); Reichman, supra note 4, at 652 ("Unless Congress begins actively to investigate these problems [of subpatentable innovation such as design], the odds are high that the winds of over-protection blowing from the E.U., . . . will lead to a proliferation of equally ill-conceived legislative initiatives here.").
hand in international negotiations,\textsuperscript{6} and the structure of existing international agreements may be sufficiently vague for the E.U. to consider leveraging its solution by conditioning rights for non-E.U. producers on reciprocal protection abroad for European producers.\textsuperscript{7} This article concludes that while the E.U. proposals embrace many principles that should provide the foundation of any model system of design protection, we cannot yet hail the construction of a prototypical design regime (or even a design regime that will rationalize protection within the countries of the European Union).

Part II of the Article describes the objectives that lie behind the European initiative and explains the legislative means chosen by the Commission to realize those objectives. The long-term, global influence of the proposals will stem from devising a system that


\textsuperscript{7} The U.K. Government took the position that it could condition its Unregistered Design Right on reciprocal protection without violating its obligations under either the Paris or Berne Conventions. See CHRISTINE FELLNER, INDUSTRIAL DESIGN LAW 125-126 (Sweet & Maxwell 1995) (explaining reasoning of the U.K. Government). While the GATT/TRIPS Agreement retained the exceptions to national treatment found in the Paris and Berne Conventions, see The Agreement on Trade-Related Aspects of Intellectual Property Rights Including Trade in Counterfeit Goods, opened for signature, April 15, 1994, 33 I.L.M. 81, art. 3 [hereinafter TRIPs], the TRIPs Agreement created "Most-Favoured-Nation" (MFN) obligations with respect to the grant of intellectual property rights. See id. art. 4. Some commentators have suggested that the MFN obligations contained in Article 4 should void conditions of material reciprocity such as those imposed with respect to the U.K.'s Unregistered Design Right. See J. H. Reichman, Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement, 29 INTELL. LAW 345, 349 n.27 (1995). Although the spirit of the TRIPs Agreement (and the Paris Convention) would suggest that design rights should be available on a national treatment basis, the Commission's intentions with respect to the conditions under which the Unregistered Community Design Right would be available to non-E.U. producers are not evident from the Green Paper or any of its formal communications.
accords an appropriate level of protection to functionalist design (i.e., design features that conform to the prevailing ethos of modern industrial design, namely, that form follows function). The Commission was, however, also alert to the more immediate difficulties spawned by the territorial nature of the rights protecting designs within Europe (i.e., the increased costs and complexities of obtaining protection, and intellectual property rights acting as barriers to the free movement of goods). These latter concerns compelled the proposal for unitary E.U.-wide design rights contained in the Proposed Regulation on Community Design, rather than exclusive reliance on a harmonizing Directive.

Parts III and IV of the Article explain the constituent elements of the proposed E.U. scheme: the breadth of its application, the prerequisites to and exclusions from protection, and the strength of rights it accords. By federalizing design protection, the legislation holds out the prospect of an applicant gaining design rights throughout the E.U. with a single registration application; it protects aesthetic and functional designs within the same regime of intellectual property and on the same conditions; and it introduces a short period of protection for all designs, including functional designs, without the need for registration. Each of these features of the E.U. legislation

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8 See infra text accompanying notes 103-08.

9 Some commentators—especially those in Europe, where mere reference to "federalism" might of itself provoke reflexive opposition—would likely take issue with the characterization of the Community-level laws as federal in nature. See, e.g., Dieter Kugelmann, The Maastricht Treaty and The Design of a European Federal State, 8 TEMPEST INT'L & COMP. L.J. 335, 348 (1994) (arguing that the Maastricht Treaty "shifts the Community toward a federal nation-state, but it does not constitute a federal state"). But see George A. Bermann, Taking Subsidiarity Seriously: Federalism In The European Community And The United States, 94 COLUM. L. REV. 331, 455 (1994) ("The European Community . . . is basically a young federal system in search of enduring constitutional foundations."). Given the current public antipathy in some large European countries (such as the U.K. and increasingly, although to a lesser extent, France) towards centralizing initiatives, it is unsurprising that the Commission does not describe the rights it seeks to create as federal.
derives from an insight that others might usefully consider--the value of multinational rights in an age of global product distribution, the elimination of the illusory distinction between aesthetic and functional designs, and the recognition that registration-based systems do not offer adequate protection to many design industries.

With each of these features, however, comes new and difficult issues. Supranational protection forces us to confront the relationship between these new federal rights and the myriad of different protections that exist under the various national laws. The protection of functional designs on the same terms as aesthetic designs raises questions about how to avoid the incidental protection of a product's function based on standards less rigorous than those demanded by the patent system, and requires reconsideration of the proper balance between creating incentives and ensuring competition. And the increased use of unregistered rights in the industrial arena brings into focus the nature and value of the registration process.

The E.U. proposals only partially meet the challenges presented by these issues. Although the European Commission sought to incorporate competition-motivated limits in the legislation, aspects of the current text appear over-protective and potentially anticompetitive. That text--the Common Position adopted by the Council of Ministers on March 13, 1997--fails to address adequately (over the Commission's objections) the competitive impact of providing car manufacturers with exclusive rights in automotive spare parts. And affording monopoly-type rights for a term longer than that provided by a patent on the basis of an unexamined registration application appears excessively protective, and likely to affect adversely the creative environment. These features of the Common Position mar its claim to provide an appropriate level of protection for functionalist design. Finally, as explained in Part V of the Article, the failure to ensure the supremacy of the new regime limits its capacity to rationalize design protection in Europe. Without preempting, or at least regulating the cumulation of, other national forms of protection, or harmonizing member state laws more broadly
than is contemplated, any balance that the proposals might strike will be imperilled by aberrant national systems.

In these design proposals, the E.U. has tackled one of the most difficult issues in intellectual property law, a problem that has defied even minimal international consensus and that has been heightened in importance by the preeminence of functionalism in modern industrial design. The consultative and legislative process through which the proposals have been developed has provided valuable insights into what form of design protection best serves the needs of producers, competitors, and the public. In this alone, the exercise has proved to be a valuable intellectual and political endeavor. But the current manifestation of the proposals is overprotective, and would further confuse, rather than rationalize, the nature and extent of protection for designs in Europe. The European Union's initiative suggests that a solution to the world's oldest intellectual property dilemma is not out of reach, but it is not yet at hand.

II. **Questions Of Form: A Regulation And A Directive**

Impetus for the Commission's design proposals came from several sources. Consistent with the motivation for many of its recent reform efforts in the field of intellectual property law, the territorial

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character\textsuperscript{11} of the laws by which designs are protected in the Member States threatens to disrupt the workings of a common market and to interfere with the free movement of goods upon which the E.U. is founded.\textsuperscript{12} In addition, the wide divergence among Member States in the means by which designs are afforded protection generates additional expense and complications for the producer seeking to obtain protection for its design throughout the countries of the European Union.\textsuperscript{13} Consider the following hypothetical involving a

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on The Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission, 1993 O.J. (L 248).

\textsuperscript{11} The exception to this within the E.U. is the Benelux countries, which have established a single system of protection throughout the territories of Belgium, the Netherlands, and Luxembourg. See Uniform Benelux Designs Law, signed as part of the Benelux Designs Convention on October 25, 1966, effective January 1, 1975, reprinted in 13 INDUS. PROP. 177-83 (1974).

\textsuperscript{12} See Green Paper, supra note 6, ¶ 3.2.5. The European Court of Justice has struggled to reconcile the territorial nature of industrial property protection and the principle of the free movement of goods upon which the E.U. is premised. For a recent example of the court’s reconciliation of these two objectives, see Case C-9/93, IHT Internationale v. Ideal Standard, [1994] 3 C.M.L.R. 857 (exhaustion of trademark rights applies where the owner of the mark in the importing state and in the exporting state are the same or economically linked). The general rule of free movement of goods set out in Article 30 of the Treaty of Rome is expressly made subject to an exception for the assertion of national industrial property rights. See Treaty Establishing the European Community, as amended by the Treaty on European Union, art. 36 [hereinafter EC Treaty]. While the doctrine of exhaustion developed by the Court has limited the partition of the European market, where the rights in protected matter are owned in different states by persons with no economic relation, Article 36 may allow the assertion of those rights in derogation of the principle of free movement of goods. See Green Paper, supra note 6, ¶ 3.2.4 (citing example of protection of spare parts).

\textsuperscript{13} No set of intellectual property laws is as disparate as the means by which the Member States of the European Union protect designs. See Green Paper, supra note 6, at 8 (“The Report [of the 1962 Commission Working Party on Industrial Designs] noted that the differences existing in national legislations were so extensive that it would be almost hopeless to undertake a harmonization.”); Hugh Griffiths, Overview of Developments
multinational producer of kitchen appliances. Our putative producer seeks to design a coffee-maker and market it throughout Europe. The design of the coffee-maker embodies the highest ideals of modern functionalism, reflecting (without clear demarcation) aesthetic, functional, ergonomic, safety, cultural, and other concerns. Patent law might protect any technical advance made by the coffee-maker that is truly novel and inventive. But what protection do the laws currently in place in the countries of the E.U. offer to this paradigm of functionalism against imitation of its appearance by second-comers?¹⁴

The cheapest form of protection to obtain is copyright, which is available without the need to comply with formalities.¹⁵ In some

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¹⁴ For a very precise summary of the different protection available to design in many of the countries of the E.U. see Alison Firth, Aspects of Design Protection in Europe, 15 EUR. INTELL. PROP. REV. 42 (1993). See also CHRISTINE FELLNER, THE FUTURE OF LEGAL PROTECTION FOR INDUSTRIAL DESIGN 89-162 (1985); Herman Cohen Jehoram, Cumulative Design Protection, A System For The EC?, 11 EUR. INTELL. PROP. REV. 83, 83-84 (1989) (summarizing forms of protection in Greece, Italy, Germany, Denmark, Spain, the U.K., France, and the Benelux countries, and grouping approaches into six categories).

¹⁵ In 1991, the Green Paper suggested that the Member States could be divided into two groups insofar as their copyright treatment of designs was concerned: France, Benelux, Greece, and the U.K. applied broad copyright protection, while Italy, Germany, Spain, Ireland, Portugal, and Denmark adopted a more restrictive approach. See Green Paper, supra note 6, at ¶ 11.3.5.5.
countries of the E.U., most notably\textsuperscript{16} France\textsuperscript{17} and the Benelux\textsuperscript{18} countries, the design of the coffee-maker might be protectable by copyright (against unauthorized reproduction) for a relatively long period of time.\textsuperscript{19} Sole reliance on copyright protection would, 

\textsuperscript{16} Copyright protection for designs may be available in other countries in certain circumstances. See, e.g., Case No. 4 Ob 95/91, Decision of the Austrian Supreme Court (Nov. 5, 1991) (protec ting design of Le Corbusier lounge chair under copyright law).


French law considers that any creation of form bearing an adequate mark of its author’s personality, whatever its purpose or usefulness, comes necessarily under [copyright law and specific design legislation.] The said Unity of Art Theory results in a rejection of any criterion of aesthetic creation which could allow industrial art to be separated from real art.

\textit{Id.; see also} Loi sur la propriété littéraire et artistique [Law on literary and Artistic Property], No. 57-298 (Mar. 11, 1957), as amended by Law No. 86-660 (July 3, 1985) and Law No. 92-597 (July 1, 1992), art. 2 ("The provisions of this law shall protect the rights of authors in all intellectual works, regardless of the kind, form of expression, merit or purpose of such works."); Specific Law on Designs, of July 14, 1909, art. 1; see generally Yves Gaubiac, \textit{La théorie de l’unité de l’art}, 111 REVUE INTERNATIONALE DU DROIT D’AUTEUR 2 (1981).

\textsuperscript{18} See Screenprints v. Citroën Nederland, (Benelux Court of Justice, 22 May 1987), \textit{noted} at 3 EUR. INTELL. PROP. REV. 235 (1981) (construing liberally the requirement that a design have a "marked artistic character").

\textsuperscript{19} Although French law permits cumulative protection under copyright and design law, see supra note 17, it does preclude the protection under those regimes of designs that are patentable and inseparable from the desired technical effect of the invention. See Specific Law on Designs, of July 14, 1909, art. 2 ("If the same object can be considered both as a new design and as a patentable invention, and if the elements which constitute the newness of the design are inseparable from those of the invention, the said object can be protected only [by patent]."); see also Marie-Angèle Pérot-Morel, Protection of Designs and How it is Related to The Law of Patents in French Law, in DESIGN PROTECTION, supra note 17, at 67, 68; Thermopac v. Seprosy, (Cour de Cassation, 28 Mar. 1995), reported at 165 R.I.D.A. 326.
however, provide incomplete protection elsewhere in Europe. Italian law provides protection for the full term of copyright if the design passes the dissociability test of Italian law, but this is unlikely given the intentional blending of form and function. German and Spanish law might offer copyright protection, but only if the design displays a "marked artistic character"--a requirement that operates in practice to exclude most functionalist designs from copyright. And since 1988, U.K. law limits the application of copyright proper to

(July 1995) (confirming scope of Article 2 of the law of July 14, 1909). Benelux protection contains a not dissimilar exclusion; cf. Jehoram, supra note 14, at 86 (noting, in discussing the Screenprints decision of the Benelux Court of Justice recognizing cumulative copyright and design law protection, that "if one kind of protection is excluded for 'technical shapes' then the other one should be also"). Screenprints in effect extended the same restriction of Benelux design law--denying protection to designs that are necessary for obtaining a technical effect--to copyright. See id.

20 See Firth, supra note 14, at 44 ("In Italy, the availability of copyright protection for a design depends upon its dissociability from the product in question."); see also Green Paper, supra note 6, ¶ 2.4.8.; Royal Decree of 21 July 1940, as amended on 23 May 1977 and 24 June 1979.

21 See Mario Franzosi, News Section (Italy), 16 EUR. INTELL. PROP. REV. D-311 (1994) ("While Italy is a country where industrial design is particularly important, the legal protection of design is unsatisfactory. The courts have a tendency to deny protection unless there is a registration for an ornamental model. Copyright protection or protection against 'unfair competition is rarely applied."").

22 See Firth, supra note 14, at 46 (German law); see also Green Paper, supra note 6, ¶¶ 2.3.8-9 (identifying Germany, Spain, Portugal, and Denmark as Member States following this approach).

23 "Spain continues with the system of partial cumulative protection" of copyright and registered design rights for industrial design. Comment, 17 EUR. INTELL. PROP. REV. D-207 (1995); cf. Luis Gimeno, Copyright Subject-Matter in Spain, 18 EUR. INTELL. PROP. REV. 352, 354 (1996) (discussing competing views that, either there is absolute cumulation, or there is cumulation with respect only to "artistic models," and concluding that the Spanish copyright system "continues within the restrictive cumulation system of design protection" by offering copyright protection only to designs of "a higher standard of artistic achievement").
industrially marketed designs. Thus, although copyright protection is cheap to obtain, and slow to expire, our producer seeking truly European-wide protection must look to other forms of protection.

Most of the E.U. countries, including those in which copyright might be available, also offer some form of special design law that might protect the design of the producer's coffee-maker. Indeed, although these protections typically last for a shorter period of time than copyright, and impose the cost of depositing or registering the design, they confer (in most countries) broader monopoly-type rights. Thus the costs of registration might appear worthwhile; perhaps, even the cost of a separate (but similar) application in each Member State might be justified. The producer should not be too optimistic, however. Although nearly all the countries of the E.U. have enacted design laws of some sort, the elements of those systems diverge widely, even where those elements are similarly labeled.

The variations in the requirement that a design be "novel," nominally common to all Member States, illustrate graphically how

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24 See Copyright, Designs & Patents Act, 1988, ch. 48, § 51; see also FELLNER, supra note 7, at 64-67 (section 51 should take most industrial designs out of copyright). Simultaneously, however, the U.K. offers even functional designs that satisfy a slightly more strenuous threshold a shorter version of copyright protection in the form of the unregistered design right. See Copyright, Designs & Patents Act, § 213 et sub.; infra note 121 (noting that threshold to protection under U.K. unregistered design right higher than copyright originality threshold).

25 For example, the separability requirement that excludes copyright protection in Italy does not force the design into the public domain; it merely relegates the design to the protection of the Italian designs and models law. See Stefano Agostini, Overview of Intellectual Property Legislation, J. PROPRIETARY RIGHTS, Jan. 1995, at 8, 9.

26 See Firth, supra note 14, at 43 ("In most jurisdictions an absolute monopoly is conferred [by special design protection] . . . but in Germany and France, the [protection offered] . . . is against imitation [of the design]."); see also Annette Kur, The Green Paper's 'Design Approach'—What's Wrong With It?, 15 EUR. INTELL. PROP. L. REV. 374, 375 (1993) (French design law offers only anti-copying protection.).
terminology may mask significant differences. Novelty is far from a unitary concept. Some Member States judge the novelty of a design quite subjectively, affording it a meaning almost analogous to copyright originality; others conduct more objective measurements.27 Different Member States cast their scrutiny of prior designs more or less broadly in time and space in determining whether the design in question is novel.28 Indeed, marketing of the coffee-maker in one country in reliance upon the copyright protection available there might destroy the novelty required for design protection in other Member States.29

Moreover, some Member States impose additional requirements above novelty that purport, in their own unique ways, to determine whether the design is sufficiently different from what has preceded it to warrant protection.30 Further discrepancies occur with respect to the duration of rights obtained31 and the nature of the

27 See Green Paper, supra note 6, ¶ 2.3.7

28 Hugh Griffiths has summarized the problems of determining the appropriate prior art as follows:

In Ireland, Benelux and the United Kingdom, there are limitations in space; the design has to be new in the State concerned. In Denmark and Portugal, there is a time criterion; the design is deemed to be new if no identical form has been used or protected since a certain point in the past. In Benelux and Germany, a design is not new if it is known to the national circles specialized in the relevant sector.

... Griffiths, supra note 13, at 362.

29 See Green Paper, supra note 6, ¶ 4.3.3.

30 See Green Paper, supra note 6, ¶ 2.3.8 (discussing the additional requirements).

31 See infra note 250 (listing different durations).
examination to which designs seeking this protection are subjected.\textsuperscript{32} Finally, because our coffee-maker reflects the purest ideal of functionalism, and blends form imperceptibly with function, it may be denied protection in some Member States under an "ornamentality" or "eye-appeal" requirement. The United Kingdom, for example, offers registered design protection only to designs that "appeal to the eye," effectively excluding functional designs from protection.\textsuperscript{33}

In short, our producer's coffee-makers might be novel in some countries, but not others; in some Member States, novelty might be insufficient to warrant protection; its functionalist pedigree may thwart claims of protection in many countries; and the applications to be filed in each country are by no means uniform, and may be subjected to different levels of scrutiny. Complexity and inconsistency are the hallmarks of design protection in Europe. And this brief description does not even address the additional options of trademark protection, unfair competition actions, and utility model protection that--again in varying ways in different Member States--

\textsuperscript{32} Some countries impose no substantive examination (for example, the Benelux, Italy, Germany, and Spain). Others, such as France, will examine as to certain grounds but conduct no search for prior art. Finally, the U.K. conducts a substantive examination prior to the grant of a registered design. See Firth, supra note 14, at 46.

\textsuperscript{33} See Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1) (U.K.) (defining "designs" for purposes of the Registered Designs Act, as "features of shape, configuration, pattern or ornament applied to an article by any industrial process, being features which in the finished article appeal to or are judged by the eye . . .".). Countries other than the U.K. impose standards of ornamentality. See Firth, supra note 14, at 45-46 (listing Germany and Spain as imposing ornamental requirement). In contrast, Sweden, for example, extends its registered design protection to all designs, whether aesthetic or functional. See Awapatent, ABA SECTION ON INTELLECTUAL PROPERTY LAW, REPORT OF COMMITTEE ON INDUSTRIAL DESIGN ("FOREIGN DEVELOPMENTS"), reprinted in ANNUAL REPORT OF SECTION ON INTELLECTUAL PROPERTY LAW 367 (1994-1995).
might affect the protectability of the coffee-maker's design. All this makes E.U.-wide design protection unduly expensive. The Commission concluded that these costs and complexities distort competition within the Community by creating significant barriers to the market entry of small or medium sized firms, and stand as obstacles to the improvement of the competitive position of European business in relation to its external trading partners.

The Commission was also influenced to submit its proposals by a concern that sufficient protection be provided for designs that reflected both functional and aesthetic influences. As first understood, "industrial design" described the form given to products, quite distinct from their function. Design was an essentially

\[\text{See, e.g., Nelo Möbel AB v. Skippers Møbler A/S, Swedish Supreme Court, June 2 reported at 17 EUR. INTELL. PROP. REV. D-161-162 (1995) (finding for plaintiff designer of Kroken armchair against conscious and deliberate imitation of design, under Swedish Marketing Practices Act). Under the Trademark Directive, product shapes may be registered as trademarks—but only if they act as source-identifiers. See infra note 282; see also infra note 283 (discussing utility model protection).}\]

\[\text{See Green Paper, supra note 6, \S 3.3.2. The Commission noted that the costly and cumbersome process of obtaining, maintaining, and enforcing different sets of rights in each country of the Union might be manageable for very large industries, but was a particularly acute problem for small or medium-sized businesses which are often at the heart of innovative activity. See id. \S 3.3.3.}\]

\[\text{See Green Paper, supra note 6, \S 3.4 ("Unifying European legislations would . . . facilitate the efforts of the European industry . . . to consolidate and develop the position of European design in the world market."); id. at 2 ("Superior design is an important instrument for European industries in their competition with industries from third countries with lower production costs. It is the design which in many cases is decisive for the commercial success of products thus allowing European enterprises investing heavily in the development of designs to prosper.").}\]

\[\text{See CHRISTOPHER LORENZ, THE DESIGN DIMENSION 10 (1986). The origin of modern industrial design can be traced to late nineteenth and early twentieth century England and, paradoxically, to the Arts and Crafts movement, which sprung from a dissatisfaction with manufactured goods and a renewed respect for the individual craftsman. See id. at 10-24; JOHN}\]
supplementary process, an afterthought that by its concealment of the ugliness of utilitarian parts contributed to post-production marketing efforts. The primary unfinished functional design of the product was conceived of without reference to aesthetic considerations. In the early twentieth century, however, following the Bauhaus\textsuperscript{38} emphasis upon form following function,\textsuperscript{39} industrial design evolved to include

\textbf{Heskett, Industrial Design} 85 (1980). Led by William Morris and Philip Webb, the Arts and Crafts Movement rebelled against the values and aesthetics of the Industrial Revolution and the division of design and manufacture that had occurred during that period. \textit{See Ralph Caplan, By Design} 40 (1982). \textit{But see Heskett, supra at} 19-20 (suggesting that the influence of Morris and followers, while great abroad, was limited in Britain, where industry perceived their views as based on a nostalgia for the craft and culture of the past). Its advocacy of pre-industrial values and its aversion to the ugliness of machine-made functional products had an incidental effect in the industrial arena, however, and led to the innovation of what literally might be called "applied art," i.e., art applied to a product in the final stages of its manufacture. This indiscriminate application of ornament was the earliest and most crude form of industrial design, allowing manufacturers to cater to the demands of novelty and fashion while retaining the constancy and standardization of product that contributed toward cheap production. \textit{See id.} at 72 (discussing concept with respect to the commercial considerations of the U.S. automobile industry in the 1920s).

\textsuperscript{38} The Bauhaus School of architecture, design and craftsmanship, was founded in Germany in 1919 by Walter Gropius (1883-1969) and was later led by Ludwig Mies van der Rohe. The Bauhaus emphasized the importance of simplicity and economy, and attempted to reconcile art and design with industrial techniques. Its historical significance lies not in the range of designed products emanating from it, but in its philosophical and educational influence. \textit{See Heskett, supra note} 37, at 103-104 ("Bauhaus products appear no more than a minuscule contribution from an avant-garde fringe group . . . [but] the fact of its enormous influence is undeniable. . . . What the Bauhaus was appears to have been less important than what its members and followers believed it to be. Its influence, far greater than the sum of its practical achievements, is above all a testimony to the power of ideas.").

\textsuperscript{39} The precept that form should follow function was, of course, not exclusive to the Bauhaus. The phrase itself is often credited to Louis Sullivan, the important late nineteenth and early twentieth century architect.
the consideration and application of aesthetic design features as an integral part of the overall product development process.

Industrial design in this modern sense—which might, with some over-generalization, be called "functionalist" design—began to figure prominently in the priorities of management in Europe by the late 1950s. Although U.S. industry had deployed industrial design since the 1920s, the conversion of U.S. industry to fully integrated functionalism occurred later than in Europe. Until the latter half of the twentieth century, industrial design in the United States still consisted of efforts to "stylize" the appearance of a product in a supplementary (almost obsolete) fashion that resonated more in the fields of advertising or sales than in the development of the product’s

\[40\] Although it was not until the 1950s that management wholeheartedly adopted industrial design as a priority, examples of design in the functionalist style are common before then, such as the London Underground Tube Stock of 1937. See Heskett, supra note 37, at 134.

\[41\] "Furniture and textiles, their usefulness taken for granted, had long sold on design. Now it was the turn of washing machines, furnaces, switchboards, and locomotives." Lorenz, supra note 37, at 14 (citation omitted).

\[42\] The [1985 launch of the Ford Taurus and Mercury Sable] marked the conversion of the world’s second largest motor company to a strategy of competing through adventurous, aerodynamic product design. Gone was the traditional policy, common to all American motor manufacturers, of cladding a lackluster and unimaginative vehicle in an unwieldy, boxy, battering-ram shape, garnished with all sorts of ritzy, angular radiator grilles, tail fins and chromium strips. In its place was a policy of integral design, in which the car’s uncluttered shape was heavily influenced by the need to reduce wind drag in order to improve its fuel consumption.

Lorenz, supra note 37, at 15.
features. Indeed, early U.S. efforts at more integrated design were commercially unsuccessful. Eventually, however, led by designers such as Henry Dreyfuss, the integrated functionalism of the Europeans came to the United States and replaced the supplementary "styling" of the earlier years.

Design made the transition to mass-produced goods not just as the reflection of a dominant artistic philosophy but also as a commercially dictated marketing strategy. Properly effected, the process of making functional products appear more aesthetically pleasing resulted in greater commercial success. Manufacturers now

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43 See Henry Dreyfuss, Designing for People 69 (1955) (criticizing Detroit's habit of disguising form related to function with appendages of chrome teeth, disks and wings), cited in Lorenz, supra note 37, at 15. "From the very start, a yawning gulf developed between European and U.S. conceptions of industrial design: the one highly intellectual and dedicated to functional simplicity (what has often been described as 'working from the inside out'), the other a styling tool at the service of sales and advertising, where the exterior was all-important, and the inside mattered little." Lorenz, supra note 37, at 11.

44 See Lorenz, supra note 37, at 15 (noting the failure of the Chrysler "Airflow").

45 Arguably, European manufacturers also began paying greater heed to "styling," suggesting not so much a fundamental shift in world design but rather an assimilation that has tended to drift in favor of integrated functionalism. See Heskett, supra note 37, at 123 & 126 (impact of "streamlining" felt outside the United States, the image conveyed by publications and films). Raymond Loewy, (1893-1984), a French-born designer who immigrated to America in 1919, claimed his design of the Sears, Roebuck Coldspot refrigerator to be the "first work commissioned as industrial design in America." Raymond Loewy, Industrial Design 13 (1979).

46 See Loewy, supra note 45, at 10 (1979) ("Between two products equal in price, function and quality, the better looking will outsell the other"); cf. Paul Ingrassia and Joseph B. White, Comeback: The Fall & Rise of the American Automobile Industry 179 (Simon & Schuster 1994) ("Because of dated designs [of the Chevrolet Cavalier] and poor quality, GM was forced to shell out $700 in retail discounts for every vehicle it sold in North America--a 40 percent increase from the year before.").
attribute a significant portion of a product's success, and thus allocate a substantial portion of investment in product development, to design.47 "Design is no longer a luxury, . . . it is a necessity."48 And the commercial significance (and necessity) of industrial design is likely only to grow. As the world consumer product market integrates, the consumer is faced with a larger array of relatively standardized products. Discrimination among these similar products will depend increasingly upon design innovation: in the era of product proliferation, superior design is one of the primary means by which consumers will differentiate products.49

More idealistically, to the extent that society is experiencing the indiscriminate expansion of product availability, the consequent "variable banality" can be overcome only by meaningful product innovation rather than superficial variation imposed as a decorative afterthought.50 Lack of protection for those who assume risk and

47 A study conducted by the Gallup Organization in 1985 revealed that senior U.S. business executives attributed 60% of the success of a new product to industrial design. See Hearings on S. 791 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 100th Cong. 32 (1987) (statement of Cooper C. Woodring, Chairman of the Board, Industrial Designers Society of America).

48 LORENZ, supra note 37, at 4.

49 See id. ("One of the few hopes companies have to stand out from the crowd is to produce superiorly designed products for their target markets.") (citation omitted).

50 Cristina Morozzi, E' Possibile la bellezza?, 154 MODO 16, 17 (1994) ("To counter standardization and the pointless multiplicity of styles, there is no point going back to the basics: radical innovation is necessary. . . . Avant-garde has to become a permanent, rather than a temporary condition.") (translated by publisher at 4). See also LORENZ, supra note 37, at 24 ("As the new corporate design converts have learned in recent years, it is in helping to achieve real differentiation that industrial design can play such a valuable part. To do that, . . . rather than just tinkering around with the product's wrapping, he or she must start with the complete product as it would be used by someone . . . ").
discard the shackles of orthodoxy contributes to design conservatism, and to the banality that such conservatism inevitably engenders.\textsuperscript{51}

Yet, many national laws offer only limited protection to the functional (as opposed to ornamental) aspects of a product’s design, although designs integrating form and function have become the most valuable facet of modern industrial design.\textsuperscript{52} Acting on this premise,

\textsuperscript{51} Cf. Robin Laurence, Appeal of Steel Enjoys A Retro-Revival, VANCOUVER SUN, Aug. 12, 1995, at D5 (noting idealist beliefs concerning the effect of modernist industrial design on social and economic affairs). A legal regime that encourages minor ornamental variations on an uninspired theme also deserves the consuming public. A choice of similar variants may be no choice at all. Plentiful homogeneity may be particularly destructive of choice and diversity because the purchasing resistance to radical innovation induced by similar variants ultimately snowballs and affects the creative process itself. To deal with this problem, Raymond Loewy formulated the principle of "MAYA" (most advanced yet acceptable) by which to design consumer products. See Heskett, supra note 37, at 178; see also Gillo Dorfles, Sociological and Semiological Aspects of Design in Design History: Past, Process, Product 11, 12-13 (1979) ("An incessant supply of graphic, cinematic, televiual and musical images, unanswered by an equivalent response on the part of the consumer, may lead to a sterilization of the imaginative quality of the individual. . . . There is a pressing need to restore to the consumer the possibility of exercising his own choice and of enhancing his own preferential capacity, in rebellion against the framework of pre-established conformism—even though that conformism is an avant-garde one"); John F. Pile, Design: Purpose, Form and Meaning 2 (1979) ("In spite of our belief that we live in the civilization with the highest level of technical achievement in history, we accept with enthusiasm some of the worst artifacts that humanity has ever endured").

\textsuperscript{52} See Green Paper, supra note 6, at 2 ("[National legislation] protects only insufficiently the salient features of contemporary industrial design, which is the enhanced functionality of a product by way of its design. It is often limited to the ornamentation of a product."). Inadequate protection in one Member State threatens the market share of legitimate producers in Member States offering effective protection, dampening the incentive to design excellence that is crucial to global competitiveness.
the Commission perceived a Community interest in protecting that increasingly-valuable form of design against misappropriation.\textsuperscript{53}

Realization of the Commission's first two objectives—the removal of territorial obstacles to the efficient working of the internal market, and easing the burden of seeking several separate registrations in order to secure Community-wide protection—requires the creation of a single right valid throughout the Community.\textsuperscript{54} The alternative of harmonizing Member States' laws (which had been used in eradicating differences in national protection accorded computer software, databases, and semiconductor topographies) would be inadequate in this context. Harmonization in itself would not preclude the partitioning of markets that territorial protection creates. And where registered rights are involved, unlike the rights by which databases or software are protected, harmonization would not substantially reduce the costs involved in applying for rights separately in each country.\textsuperscript{55} Strategically, the Commission found exclusive reliance on a harmonization Directive unappealing because approximation of the many different national systems of copyright and unfair competition under which designs are protected looked infeasible,\textsuperscript{56} and the Commission believed that the negotiation of a

\textsuperscript{53} The Commission did acknowledge that, with the possible exception of Spain, Portugal, Italy and Greece, industry was not left "entirely exposed to unauthorized reproduction." \textit{Id.} at 15-16.

\textsuperscript{54} \textit{Id.} at 3. The internal market is "an area without internal frontiers in which the free movement of goods, persons, services, and capital is ensured in accordance with the provisions" of the EC Treaty. \textit{See} EC Treaty, \textit{supra} note 12, art. 7a.

\textsuperscript{55} The use of a Directive—which requires transposition into Member States' laws by the enactment of implementing legislation—also puts more distance (and more actors) between the objectives of the legislation and the text enacted in Member States. The greater number of intermediaries clearly heightens the possibility that the objectives of the legislation might not so fully be implemented.

\textsuperscript{56} \textit{See} Green Paper, \textit{supra} note 6, ¶ 3.8.4. This may be the biggest (yet most understandable) failure of the initiative. Indeed, the success of the Regulation may be threatened by the limited nature of the harmonization
new instrument "could be developed with greater freedom than any change to be introduced in existing legislation. One could hope that Member States would look for the most appropriate and advanced solutions when starting from scratch."

The introduction of a single, autonomous law obviates the problems wrought by territorial protection. Accordingly, the cornerstone of the current proposals is the creation of federal design rights, implemented by the enactment of a Regulation (the Proposed Regulation on Community Design). The Commission concluded, however, that "[t]here is no overwhelming reason for the Community to interfere in Member States' affairs so far as to insist that their national laws should be scrapped when the Community design law comes into operation." Indeed, even if the Commission wished to replace national forms of protection with the Community-level regime, Member States could not immediately dismantle their local systems because of pre-existing rights acquired under those systems. Yet, the continued existence of national rights threatens the

combined with the cumulation of national and Community level protection. See infra Part V.

57 See Green Paper, supra note 6, ¶ 3.9.2. This hope appears to have been overly-optimistic. The entrenchment on the question of spare parts has revealed the philosophical differences that discouraged the Commission from essaying a harmonization of copyright protection for designs. See infra text accompanying notes 192-205.


59 Griffiths, supra note 13, at 367.
uniformity of design protection throughout the Union. The enactment of the Community Design Regulation will therefore be supplemented by the introduction of a Directive (the Proposed Directive on The Legal Protection of Designs), containing provisions substantially identical to the Regulation that would harmonize the registered design laws of the Member States with the substantive provisions of the E.U.-wide system of protection. The national systems of the Member States will, therefore, co-exist with the Community-level protections.

60 If the laws of the Member States are to remain operative after the introduction of the Community level system, the availability of widely-differing laws would encourage a producer to shop among the several laws (national and Community) to find that most favorably disposed to its claim, clearly defeating the Commission's objectives. The harmonization Directive—if it truly harmonized all the applicable laws among the Member States, as well as with the Community level law—would minimize such conduct. See infra notes 271-81 and accompanying text (discussing whether extent of harmonization is sufficient to prevent circumvention of Commission initiative). The combination of the Directive and the Regulation thus is important. See Griffiths, supra note 13, at 367.

61 See Proposal for a European Parliament and Council Directive on the Legal Protection of Designs, COM(93)344 final (Dec. 3, 1993), 1993 O.J. (C 345/14) [hereinafter Proposed Directive]. A directive is a legislative instrument of the European Community, but is not directly applicable in the Member States. Its provisions normally require positive implementation in the domestic laws of the Member States, although certain provisions of directives may be treated as directly creating rights in Member States under the doctrine of "direct effect." See EC Treaty, supra note 12, art. 189 ("A Directive shall be binding as to the result to be achieved ... but shall leave to the national authorities the choice of form and methods."); see also SMIT & HERZOG, supra note 58, §§ 189.11, 189.14; MATHIJSEN, supra note 58, at 90. The strategy of enacting a directive and a regulation that are substantively identical follows that adopted in connection with the reform of trademark law.

62 This is the approach that has been adopted in other instruments introducing or proposing the introduction of Community-level legislation, such as the Community Trademark or the Community Patent. See Trademark Regulation, supra note 10; First Council Directive 89/104 to Approximate the Laws of the Member States Relating to Trade Marks, 1989 O.J. (L40/1) [hereinafter Trademark Directive].
The design proposals had their official genesis as discussion drafts annexed to a Green Paper published by the European Commission in June 1991, and were first formally submitted by the Commission to the Council of Ministers and the European Parliament in December 1993. Although the Commission initiates all E.C. legislation, the relative involvement of the Council and the Parliament varies depending upon the "basis" (i.e., the provision of the Treaty of Rome) upon which the Commission rests its authority to propose the legislation.

The harmonization of intellectual property laws among the Member States has typically been attempted by the Commission pursuant to Article 100a of the E.C. Treaty, which provides authority to enact legislation necessary to complete the internal market. Legislation proposed under that Article involves what is known as the "codecision" procedure, which permits the Council to adopt legislation by a qualified majority but also entails greater involvement of the European Parliament. An absolute majority of the members of the Parliament has the power to veto legislation considered under

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63 In the Green Paper, the Commission acknowledged the important preliminary work of the Max Planck Institut for Foreign and International Patent, Copyright and Competition Law, which had published a discussion draft of a Proposed Regulation in July 1990. See Green Paper, supra note 6, ¶¶ 1.10.3, 5.2.5 ("[A]n approach similar to the one now suggested by the Commission has been favored by the Max Planck Institut."); Griffiths, supra note 13, at 366 (noting role of the Max Planck Institut); see also MAX PLANCK INSTITUT FOR FOREIGN AND INTERNATIONAL PATENT COPYRIGHT AND COMPETITION LAW, TOWARDS A EUROPEAN DESIGN LAW 17-85 (1991) [hereinafter TOWARDS A EUROPEAN DESIGN LAW] (copy on file with author). The Max Planck proposal had been discussed with a group of experts from the member countries of the E.U. and E.F.T.A. as well as from the E.U. Commission and the World Intellectual Property Organization, at a symposium in July 1990. See Green Paper, supra note 6, at 1 (Introductory Remarks).

64 See infra text accompanying notes 65 and 70.

65 See EC Treaty, supra note 12, arts. 110a, 189b.
the codecision procedure, although it has exercised that prerogative only rarely.\textsuperscript{66}

Initially, the Commission grounded the submission of both the Proposed Directive and the Proposed Regulation on Article 100a.\textsuperscript{67} After the Commission submitted its design proposals, however, the Member States suggested (and the Commission agreed\textsuperscript{68}) that the proper legal basis for adoption of the Regulation was Article 235 of the E.C. Treaty.\textsuperscript{69} Article 235 (the "necessary and appropriate" clause of the Treaty of Rome) provides for the consideration of legislation pursuant to the more straightforward "consultation" procedure, which


\textsuperscript{68} No formal modification of the legal basis for the Regulation has yet occurred, but the likely amendment was communicated to the Parliament. See Bernhard Posner, Introduction, in EUROPEAN DESIGN PROTECTION: COMMENTARY TO DIRECTIVE AND REGULATION PROPOSALS 1, 5 (Mario Franzosi ed., 1996).

\textsuperscript{69} It is not clear whether the Council is empowered by the E.C. Treaty unilaterally (but unanimously) to amend the legal basis of a proposal submitted by the Commission and thus minimize the role of the Parliament. See Hans-Joachim Glaesner, Formulation of Objectives and Decision-Making Procedure in the European Union, 18 FORDHAM INT'L L.J. 765, 775-76 (1995).
requires unanimous approval by the Member States (as represented in Council) but envisages a lesser role for the European Parliament.\textsuperscript{70} In particular, legislation can be enacted under Article 235 over the objections of the Parliament.

The use of two different legislative procedures for the enactment of substantively identical (and interdependent) instruments is unfortunate, because it permits each institution to hold up the enactment of the entire package by delaying the instrument into which procedurally it has the greatest input. Modification of the "basis" for the enactment of the Regulation reduces the formal influence that the Parliament may have on the shape of that instrument; the Parliament will, however, by virtue of its veto power over the Directive, be able in practice to influence the Regulation. And, although the Directive may be enacted by a qualified majority of the Council,\textsuperscript{71} the unanimity requirement under Article 235 provides any Member State with a veto power over the Regulation, and thus over the package.\textsuperscript{72} The net effect is that the package as a whole will require unanimous approval in the Council and adoption by the Parliament, which is a more testing standard of legislative approval than either the codecision or consultation procedures would impose separately. The Commission has thus been left in a very difficult position.\textsuperscript{73}

\textsuperscript{70} See EC Treaty, supra note 12, art. 235; see also SMIT & HERZOG, supra note 58, § 235.09.

\textsuperscript{71} If the Council wishes to adopt a Common Position that modifies the initial proposals of the Commission, unanimity is required. See EC Treaty, supra note 12, art. 189a(1).

\textsuperscript{72} See EC Treaty, supra note 12, art. 235.

\textsuperscript{73} For a very good discussion of these problems, see Posner, supra note 68, at 4-6.
After the receipt of an opinion from the European Parliament,\textsuperscript{74} in February 1996 the Commission submitted an Amended Proposal for a Directive that reflected all but one of the Parliament's suggested amendments.\textsuperscript{75} Most importantly, the Commission's Amended Directive incorporated a revised "repair clause" suggested by the Parliament.\textsuperscript{76} The proposals stalled in the legislative machinery of the E.U. for over one year largely as a result of disagreement over that clause,\textsuperscript{77} and when the Council finally agreed on a Common Position


\textsuperscript{76} Although the Proposed Regulation was not amended at the same time, it is understood by both the Commission and the Council that the two final instruments will be identical in substance and that the Regulation will be revised to conform with the final agreed text of the Directive. See Posner, supra note 68, at 7 ("Discussions within Council have been based on the amended proposal for a Directive being understood that solutions agreed upon in this context would find application also within the context of the Regulation.").

\textsuperscript{77} See Posner, supra note 68, at 7 (suggesting that the "repair clause" is "in reality the only major obstacle for a fairly rapid common position with regard to the Directive"). The November, 1996, Internal Market Council Meeting had been expected to produce a Common Position on the Directive. See id. However, agreement on the repair clause, see infra Part III.D. 3.c., could not be not reached. See Emma Tucker, Brussels Firm on Car Parts Market, Fin. TIMES, Nov. 28, 1996, at 3. For an insightful discussion of the deliberations at the November 1996 and March 1997 Meetings, see
on the Directive it differed from the Commission's Amended Proposal only on the question of the repair clause.\textsuperscript{78}

Parliament now has three months in which to accept or reject (by an absolute majority of its members) the text of the Common Position, or to offer amendments.\textsuperscript{79} It is rare, however, that Commission proposals for legislation to complete the internal market are wholly rejected.\textsuperscript{80} If Parliament indicates its intention to veto the Common Position, the Council may convene a Conciliation Committee (comprising members of the Council and the Parliament, and with the involvement of the Commission) to resolve the disagreement.\textsuperscript{81} At present, this would appear the most likely next


\textsuperscript{78} The Common Position was adopted by the Council of Ministers at the Internal Market Council Meeting on March 13, 1997, notwithstanding reluctance on the part of some countries (such as the U.K.) to diverge from the Commission's proposed repair clause. See Emma Tucker, Brussels Loses Battle Over Car Spare Parts, FIN. TIMES, Mar. 14, 1997, at 2 (quoting U.K. Government official). The U.K. feared that to insist upon the clause, and prevent agreement, would be fatal to the entire exercise, which on the whole it favored. See Helen Crawford and Andrew Cave, Going Spare Over Car Parts, DAILY TELEGRAPH, Mar. 17, 1997, at 29 (noting that Britain backed down for fear of jeopardizing the entire proposal).

\textsuperscript{79} See EC Treaty, supra note 12, art. 189b(2).

\textsuperscript{80} See Posner, supra note 68, at 3 ("Rejected proposals are rare, because by submitting proposals the Commission has already answered in the affirmative the preliminary question according to the EC Treaty whether legislation is necessary. Thus the legislative process will continue irrespective of opposition from some quarters or some Member States."). But see supra note 66 (rejection by the Parliament of Biotechnology Directive).

\textsuperscript{81} See EC Treaty, supra note 12, art. 189b(2). The Conciliation Committee is comprised of members of the Council of Ministers and an equal number of representatives of the Parliament. See id. art. 189(b)(4). The Committee has six weeks in which to reach a compromise. See id. art. 189b(6).
step toward enactment. The repair clause had previously met with the approval of both the Parliament and the Commission, and Commission representatives have suggested that the Common Position omitting the clause may not represent the final legislative text.\textsuperscript{82}

III. \textbf{QUESTIONS OF SUBSTANCE}

\textbf{A. Providing A Menu Of Options: Registered And Unregistered Rights}

The Regulation\textsuperscript{83} provides a producer with two separate, but related, E.U.-wide rights with which to protect its design: a Registered Community Design right, obtained by application to the Community Design Office, with an initial term of five years (renewable up to twenty-five years); and an Unregistered Community Design right that endures for a period of three years after the design is made available to the public.\textsuperscript{84} Most Member States have some form of registered design protection at present, but the introduction of the unregistered

\textsuperscript{82} See Internal Market Council: Ministers Reach Agreement on Industrial Designs and Models, EUR. REP., Mar. 15, 1997, § 2207 (reporting observations of Mario Monti, European Commissioner For The Internal Market, to the effect that "this is not the end of the affair, for the proposal has still to go through the Parliament's second-reading opinion under the co-decision procedure"); id. (noting that "the Parliament is very likely to retable its amendment in favour of the clause, so a Parliament/Council conciliation procedure is no doubt on the cards").

\textsuperscript{83} Comments in this Article are based upon the latest amended proposal for the Directive adopted by the Commission on February 21, 1996, and upon the Common Position on the Directive adopted by the Council on March 13, 1997. The Regulation will almost certainly eventually be amended to conform to the final agreed text of the Directive. See Posner, supra note 68, at 6 ("Though the [February 21, 1996] amendment[s] formally relate to the Directive only it goes without saying that the same amendments will have to be introduced in the Regulation.").

\textsuperscript{84} See Proposed Regulation, supra note 58, art. 12 (term of Unregistered Community Design Right), art. 13 (initial term of Community Design Right), art. 53 (renewal term of Community Design Right).
right is an innovation—if one that is based largely on a similar right first introduced in the United Kingdom in 1988.\textsuperscript{85}

The purpose of providing protection without registration is to accommodate industries that develop large numbers of designs, only a few of which are commercially exploited, and whose products are short-lived. For these industries, such as fashion and textiles, almost any registration process will remain an overly expensive, unduly time-consuming, and not particularly helpful, proposition. The registration process, particularly if it involves a substantive examination, ordinarily extends beyond the commercial life of the design. For these industries, some form of automatic short-term protection against unauthorized reproduction is necessary (and, largely, sufficient).\textsuperscript{86}

Automatic protection can take one of two primary forms: copyright, or some form of unregistered design right.\textsuperscript{87} Many of the industries seeking this automatic, short-term protection for the


\textsuperscript{86} These industries were, however, concerned about maintaining their ability to seek registered protection. They were vocal in expressing concerns surrounding the loss of novelty through use by the applicant prior to registration, see Green Paper, supra note 6, ¶ 4.3.4., and the need for multiple application provisions, see id. ¶ 4.3.15. A grace period, see infra note 95, of itself did not solve all of the problems of these industries. During the period of early marketing—prior to the decision whether to seek a registered design—designs remain vulnerable to copying. The Commission noted in its Green Paper that "the competitor could possibly file a claim for registration before the rightful owner, with the effect that the necessary invalidation of the registration becomes both cumbersome and often expensive." Green Paper, supra note 6, ¶ 4.3.7. Some form of automatic rights provides the most effective form of protection for industries designing and manufacturing many short-lived products.

\textsuperscript{87} Unfair competition laws also offer unregistered forms of protection. See Green Paper, supra note 6, ¶ 2.7 (noting that all Member States other than the U.K. offer some form of unfair competition protection, but also noting differences in the scope of protection offered in the Member States); cf. Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1994).
features of their products argued for the broader deployment of copyright protection in aid of design.\textsuperscript{88} The interests of competitors and the public persuaded the Commission that, despite the attraction of its automatic nature, copyright was not the best solution. The Commission was reluctant to provide full copyright protection to what it termed "sometimes fairly banal products."\textsuperscript{89} Especially where the product has a practical function, as will be the case with many of the designs newly admitted to the E.U. regime, the Commission suggested that there is less freedom for the designer to be creative, and that there may well be a limit on the number of ways in which a product can be designed and still function. These factors, allied to the long duration of copyright protection, cautioned against use of copyright.\textsuperscript{90}

The Commission sought to devise a system that possessed what made copyright protection attractive—an absence of formalities, leading to a reduction in costs and complexities—but endeavored to find alternative means by which those benefits could be garnered.\textsuperscript{91} Instead of copyright protection, therefore, the Commission proposed an unregistered design right. Like copyright, it will provide softer

\textsuperscript{88} See Green Paper, \textit{supra} note 6, \textsection 4.2.1. Those industries arguing for a harmonization of copyright as the vehicle for protecting designs suggested that there be harmonization of the originality requirement at its lowest level. See id. \textsection 4.2.6. Such a suggestion was consistent with most exercises in harmonization, which tend to harmonize at the level of greatest protection. \textit{See, e.g.,} Term Directive, \textit{supra} note 4 (harmonizing general term of copyright protection at seventy years \textit{post mortem auctoris}).

\textsuperscript{89} See Green Paper, \textit{supra} note 6, \textsection 4.2.7.

\textsuperscript{90} The Commission also balked at copyright because of the difficulties of harmonizing the originality requirement. \textit{See} Green Paper, \textit{supra} note 6, \textsection 5.5.3.1.

\textsuperscript{91} See id. \textsection 4.2.7.
protection without registration. The unregistered design right suffers, however, from some of the same drawbacks as copyright. In particular, any form of unregistered right decreases the certainty surrounding the development of product design, both for the producer asserting unregistered rights and for its competitors. And uncertainty, just as much as under- or over-protection, can act as a repressant on creative and innovative activity. Yet, the certainty that is claimed as an advantage of registration systems can often be more imaginary than real, and, as discussed below, the false certainty of certain registered rights might be equally harmful to the creative environment. The Commission has, nevertheless, accommodated

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92 See id. ¶ 11.3.5.5; see also J. H. Reichman, Legal Hybrids Between the Patent and Copyright Paradigms, 94 COLUM. L. REV. 2432, 2465 (1994) (characterizing the U.K. unregistered design right as "copyright-like" protection). Most industrial property rights are contingent on registration; indeed, registration is often seen as the primary indicia of whether a country can be said to be using a "patent approach" or a "copyright approach" to protect design. Cf. Green Paper, supra note 6, at 16.

93 The falsity of the assurance of registration may stem from the attitude of courts to the determinations of the administrative agency, from the limited search capacity of administrative offices, or from the nature of administrative examination. See Griffiths, supra note 13, at 360; see also Green Paper, supra note 6, at 17; Bernhard Posner, The E.C. Industrial Design Directive and Regulation: An Update and Analysis, Address at the Third Annual Fordham Conference on Int'l. Intellectual Property Law and Policy 6 (April 1995) (paper on file with the author) (describing reasons why registration does not provide the security claimed for it). Some industries, such as the U.K. textile industry, have found value even in the lesser degree of certainty provided by examination systems falling between full substantive examination and the formalities-only search envisaged by the E.U. proposals. See REPORT OF THE DEPARTMENTAL COMMITTEE ON INDUSTRIAL DESIGNS (JOHNSTON COMMITTEE) ¶ 12 (Cmdnd. 1808) (1962) (noting that the textile industry relied on the "limited" searches conducted by the Manchester Registry as a "rough and ready test of infringement" that would influence whether the manufacturer exploited the design commercially).
concerns of greater uncertainty by granting more limited protection to the owner of unregistered rights.\textsuperscript{94}

Assertion of rights under the Unregistered Community Design system will not prevent application for a Community Registered Design.\textsuperscript{95} The two forms of protection are granted on the same conditions and are subject to the same exclusions; any design that could be registered will be entitled to unregistered design protection.\textsuperscript{96} Indeed, one of the benefits that the Commission foresees from this structure is the ability of the producer to "test" the design in the marketplace with the protection offered by the unregistered design right and, if the design proves successful, within a year to seek registration of that design.\textsuperscript{97}

\textsuperscript{94} See infra notes 230-31, 255 and accompanying text (unregistered design protection available only against copying and endures for a period of three years from first commercialization). Member States currently offering protection for designs through copyright or unfair competition tolerate a degree of uncertainty. And, the scope of rights offered by those systems are typically of a lesser magnitude than those accorded under registration-based systems such as patent or registered design laws. As I argue below, any increased scope of protection should flow not merely from registration (especially an unexamined registration), but rather should also reflect the more stringent conditions for obtaining protection under patent or registered design systems.

\textsuperscript{95} Registration would, however, have to be sought within one year of commercialization of the design. See infra note 97.

\textsuperscript{96} The inverse might not be true if the design owner delays in seeking registration, see infra note 97, but the owner of unregistered design protection would otherwise be entitled to seek registered protection.

\textsuperscript{97} Comments tendered by industry prior to the publication of the Green Paper indicated a strong concern that any registration system avoid one of the primary deficiencies common to many existing national regimes, namely that the disclosure of the design by the producer prior to registration may defeat the producer’s claim of novelty. See Green Paper, supra note 6, ¶ 4.3.2. Indeed, this is a prominent example of a provision that, because of variation from state to state, can have seriously adverse effects on the producer’s protection on an E.U.-wide basis. See id. ¶ 4.3.3:

In France, ... commercialization of a product to which
The Amended Directive purports to harmonize national registered design laws, but it does not require Member States to introduce unregistered design right protection at the national level, nor does it oblige the United Kingdom to make amendments to its unregistered design law. The legislative instruments, therefore,

a design is applied prior to registration does not have the effect of destroying the novelty of the design . . . [French industries] underline, however, that given the existence of exactly opposite rules in other Member States, it constitutes a trap, into which French enterprises often fall. Relying upon the contents of the French legislation they put their design products on the market in France, with the effect that they will be deprived of the possibility to register the design in other Member States due to lack of novelty.

Id. The Commission accepted these arguments, noting that the purpose of the novelty requirement (preventing the appropriation by a single producer of a design that is widespread) is not undermined by permitting a grace period before rights to obtain a registration are lost on the basis of a lack of novelty. In this way, manufacturers can test their designs in the marketplace before deciding whether to seek registered design rights (thus blending neatly with the purposes of the unregistered design right). In the Green Paper, the Commission fixed on a period of twelve months as the grace period, regarding that as a sufficient period of time in which to gauge the need for and value of a registration, and the current proposals endorse that decision. See Proposed Regulation, supra note 58, art. 8; Amended Proposed Directive, supra note 75, art. 6(2).

The Regulation creates a new and independent form of protection and thus must address the entire range of issues pertinent to a self-standing system of design protection. The Directive will not operate in such a void. Instead, because registered design legislation exists in all the Member States except Greece, the Directive seeks to harmonize only the core elements of existing systems and leaves many issues to the Member States. For example, the Regulation provides that where a design has been developed by an employee in the execution of his duties or following instructions given by his employer the Community rights in that design will vest in the employer. See Proposed Regulation, supra note 58, art. 14. But cf. id. art. 19 (granting employee right, akin to moral right of attribution, to be identified as the designer in the application before the Community Design Office). In contrast, the Directive makes no provision on this question, leaving the allocation of rights between employer and employee to national law. Many national design laws do, however, contain equivalent provisions. See, e.g., Copyright, Designs & Patents Act, 1988, ch. 48, § 215 (U.K.) (vesting unregistered design rights in employer).
address three different rights: the Registered Community Design Right and the Unregistered Community Design Right proposed in the Regulation, both of which would exist at the Community level and provide unitary protection throughout the Union; and the registered design rights that must exist under the laws of each Member State once the Member State implements the provisions of the Directive.\footnote{In addition, because the proposals permit cumulation, there will be other existing rights under Member States' copyright or unfair competition laws that may remain relevant to the protection of designs. The Amended Proposed Directive has eliminated whatever minimal efforts were made in the original proposal to address these other forms of design protection. See infra note 273. Compare Proposed Regulation, supra note 58, art. 100 and Proposed Directive, supra note 61, art. 18, with Amended Proposed Directive, supra note 75, art. 18.}

The main body of substantive provisions in the Directive and Regulation governs all three of these types of rights.\footnote{The conditions for protection of the registered and unregistered rights are the same; the primary differences relate to the date of commencement of protection, and the term and scope of protection obtained.}

B. \textit{Dealing With Form And Function: Definition Of Design}

Each instrument defines design similarly: "the outwardly visible 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."\footnote{Amended Proposed Directive, supra note 75, art. 1(a); Proposed Regulation, supra note 58, art. 3. Compare this definition with 2 Stephen P. Ladas, \textit{Patents, Trademarks and Related Rights: National and International Protection} 829 (1975) (defining "industrial design" as "an ensemble of lines, surfaces, volumes, and profiles connected with each other in subtle or unique ways so as to give a characteristic external appearance to an article").}

This definition includes both two and three-dimensional design,\footnote{See Green Paper, supra note 6, ¶ 5.4.11.3 ("For the purpose of this Green Paper the Commission will use the notion of 'design' as meaning both drawings and models."). The U.K. statute, on which to some extent the} and reflects the Commission's intent to protect
investment in the *external* appearance of a product.\textsuperscript{103} The most important aspect of the definition of design, however, is what it does not include: it contains no reference to the aesthetic or functional nature of the design. This has been a constant of the proposals, from the Draft Law prepared by the Max Planck Institut through the Green Paper and all the stages of the legislative process,\textsuperscript{104} and is arguably

\textsuperscript{103} The Commission reaffirmed, in its Green Paper on Utility Models, that it viewed design rights as according protection to "the outward form of an object." The Protection of Utility Models in the Single Market, COM(95)370 final at 2 n.7 [hereinafter Utility Model Paper] (distinguishing subject matter of design rights from the technical invention, which can be protected by utility model laws); see also Green Paper, supra note 6, at 14 ("This Green Paper deals with the issue of the legal protection for the external aspect—the appearance—of a product."). This central message was emphasized by the adoption of an amendment made by the Parliament to the effect that the "appearance" to be protected is the "outwardly visible" appearance. It is not intended that this represent a fundamental change to the meaning of "design". See Explanatory Memorandum to the Amended Proposal for a European Parliament and Council Directive on the Legal Protection of Designs, COM(96)66 final at 5 [hereinafter Amended Directive Memorandum] (offering only the boring of a firearm barrel as an example of a design that would fall afoul of this change to the definition). The Commission was at pains to distinguish this reference to "visibility" from the provision in Article 3(3) of the Directive which excludes from protection component parts that are not visible during the normal use of the complex product to which they belong (the exclusion from protection of "under the hood" parts). See infra text accompanying notes 182-83.

\textsuperscript{104} See TOWARDS A EUROPEAN DESIGN LAW, supra note 63, at 8 (noting the "broad definition corresponding with the current design activity ('Form follows function')); Griffiths, supra note 13, at 370 (noting lack of distinction, in commenting on proposals in the Green Paper); Regulation Memorandum, supra note 67, at 10 ("It is irrelevant whether the design is of an aesthetic character or functional."); cf. Green Paper, supra note 6, ¶¶ 5.4.3.1-2 (explaining that the "design industry usually considers that design is the result of three elements: a functional improvement or technical innovation in the product, a creative contribution of aesthetic nature by the designer, and an investment by the manufacturer . . . . The
the most important contribution that the proposals make to the advancement of design protection laws. In repudiating the functional/aesthetic dichotomy, the Commission boldly has grasped the nettle of functionalism, which must be done if the problem of design protection is to be resolved.105

Commission accepts that designs which meet all three requirements are undoubtedly deserving of protection."") During the evolution of the proposals, Professor Reichman detected what he thought a retreat to the protection only of appearance designs. See J. H. Reichman, Industrial Designs and Utility Models Under the European Communities Proposed Initiatives: A Critical Appraisal, Address at the Third Annual Fordham Conference on Int'l Intellectual Property Law and Policy 13-15 (Apr. 1995) (paper on file with the author) (discussing conflicting signals communicated by Commission in late 1994, and claiming basis in original 1993 proposals for exclusion of functional designs). Regardless of whether the Commission was considering whether to restrict the proposals to aesthetic design in late 1994, it is now clear that no such restriction is envisaged.

105 Others have sought to eradicate this historical distinction. See H.R. 1790, 102d Cong. § 1001 (1991) (bill providing registered design protection, lasting 10 years, for original designs including functional designs) (introduced by Rep. Gephardt); Copyright, Designs & Patents Act, 1988, ch. 48, § 213 (U.K.) (unregistered design right in the U.K., which omits the "eye-appeal" requirement that exists for U.K. registered design protection). Professor Reichman, who has expressed significant reservations about the E.U. design proposals and its U.K. antecedent, see Reichman, supra note 92, at 2464 ("The United Kingdom's unregistered design right has thus established the broadest derogation from free-market principles in the history of intellectual property law, and it threatens to influence European Community Law."); see also id. at 2490 ("[T]he [E.U.] unregistered right, which could burden virtually every product sold on the general products market with exclusive intellectual property rights, raises troubling questions that sectorial lobbying prefers to minimize."). has acknowledged that the question of functional designs needs to be addressed if the design question is truly to be tackled. See J.H. Reichman, Design Protection and the New Technologies: The United States Experience in a Transnational Perspective, 19 BALT. L. REV. 6, 150 (1989) [hereinafter Reichman, New Technologies] ("In the long run, an international intellectual property regime seriously concerned about advanced technological know-how would have to accommodate both aesthetic and functional designs within a common universe of discourse."). Moreover, Professor Reichman has commented favorably upon certain carefully tailored parallel systems of protection for aesthetic and functional designs, which is what the E.U. design proposals purport to be (albeit under the single rubric of "design" protection). See
Although no international agreement defines authoritatively what is meant by the term "industrial design," traditionally, for legal scholars, it has embodied the notion of ornamentation or features designed to appeal to the eye.\textsuperscript{106} Functional features, if protected at all, were dealt with by other regimes.\textsuperscript{107} For manufacturers, however, "industrial design" has long encompassed more than ornamentation.

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Jerome H. Reichman, *Design Protection in Domestic and Foreign Copyright Law: From the Berne Revision of 1948 to the Copyright Act of 1976, 1983 Duke L.J. 1143, 1219* (discussing linkage of utility models and ornamental designs under the Italian Design Law of 1940) [hereinafter Reichman, *From Berne to 1976*]. Professor Reichman's greater receptiveness to such a sui generis system appears based on his reduced fear that (i) patent and copyright will be improperly invaded by industrial designs, and that (ii) protection of aesthetic designs may conceal--and thus offer overbroad protection to--functional effects. Several features of the Italian Design law of 1940 may contribute to Professor Reichman's conclusions. First, the correlative terms and scope of protection for aesthetic and functional offered no advantage to casting functional design as aesthetic; second, because the Italian utility model law offered protection on easier terms than patent law, there was less incentive to seek to protect functional designs under the softer standards of copyright or aesthetic design law (relieving pressure on those regimes). *See id.* If realistic and effective protection is available to functional designs on their own terms, the pressure on other regimes is released. Third, the principle of non-cumulation further aided in preventing industrial designs seeking broader than appropriate protection under the copyright regime. Finally, the term of protection was short. The new sui generis system advanced by the E.U. *does* offer realistic (if arguably too generous) protection to functional designs on their own terms; and, it does obviate any temptation to abuse aesthetic design law not by offering parallel, but identical, protection. It does not, however, address the question of cumulation. This is a fundamental flaw. *See infra* text accompanying notes 271-83.

\textsuperscript{106} See, e.g., *Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1) (U.K.)* (defining "designs" for purposes of the Registered Designs Act, as "features of shape, configuration, pattern or ornament applied to an article by any industrial process, being features which in the finished article appeal to or are judged by the eye . . ."). The Registered Designs Act of 1949 was amended in significant ways by the Copyright, Designs & Patents Act of 1988: the amended text is set forth as Schedule 4 to the 1988 Act. *See Copyright, Designs & Patents Act, 1988, ch. 48, sch. 4 (U.K.)*.

\textsuperscript{107} See *Green paper, supra* note 6, ¶¶ 2.6.2-2.6.4 (discussing patent and utility model protection).
Modern industrial design is an efficient and fully integrated blend of form and function. The proposals advanced by the Commission would protect the external appearance of a product whether that appearance is pure decoration, has no aesthetic content, or is a combination of functional and aesthetic elements. There is no intention to restrict these new protections to designs that appeal to the eye.

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108 See Green Paper, supra note 6, ¶ 5.4.3.4 ("Design industry usually considers that design is the result of three elements: a functional improvement or technical innovation in the product, a creative contribution of aesthetic nature by the designer, and an investment by the manufacturer to develop the two preceding elements.").

109 See id. ¶ 5.4.4.2; see also id. ¶ 5.4.5 ("From various national sets of rules it seems to emerge that a design, to get specific protection, must show a certain 'aesthetic effect'. This criterion is however of very little help, as it is just as difficult to define what aesthetic effect means as to define the notion of 'artistic work' in copyright law.").

110 See id. ¶ 5.4.8.2. The reforms of U.K. law enacted in 1988 that are, in some respects, clear antecedents of the E.U. proposals, do distinguish between aesthetic and functional designs: Functional designs can only be protected as unregistered designs because registered design protection requires that the design "appeal to the eye." See FELLNER, supra note 7, at 370, 377. Furthermore, the E.U. proposals protects designs as such. That is to say, the design is protected against reproduction across the market, not just in or on particular products. This contrasts with the approach taken, for example, under the current U.K. Registered Designs Act, where the applicant must identify the article or set of articles to which the design is applied. See Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(2) (U.K.). The Community design regime will not, however, protect the design of computer software; the Commission is relying instead on the Software Directive to delineate the scope of protection available to those works. See Amended Proposed Directive, supra note 75, art. 1(b); see also Software Directive, supra note 10 (protecting software under copyright law). Professor Reichman argues that the problems that face industrial design and those that confront software possess sufficient similarities as to warrant treatment by a common regime of intellectual property protection rather than a set of separately-tailored laws. See Reichman, supra note 92, at 2511-19 (describing common problems of industrial designs and software in receiving appropriate protection under patent and copyright paradigm); see also Pamela Samuelson, Randall Davis, Mitchell Kapor, & J.H. Reichman, A Manifesto Concerning the Legal Protection of Computer Programs, 94 COLUM. L. REV. 2308, 2356-57 (1994) (noting
C. **Separating The Mundane From The Protected: Thresholds Of Protection**

The thresholds to Community design protection follow a common structural model: a two-step test that assesses (i) whether the design is different from other designs, and (ii) whether the development of the design beyond prior designs involves more than minimal creativity on the part of the designer. The precise formulation of the thresholds has undergone some change as the proposals have evolved. The Green Paper would have imposed a single requirement of "distinctiveness"; the proposals now require that, to obtain protection, a design must be (1) new, and (2) have individual character. The same standards govern protectability under both the registered and unregistered regimes.

1. **The First Formal Hurdle: Novelty**

Most Member States (and most countries outside the E.U.) require some form of novelty as a primary threshold to registered design protection. The test of novelty varies significantly, however, throughout the Member States. Some countries mandate only local novelty (by imposing geographical restrictions on the prior art considered in assessing novelty); others set temporal limits on what prior designs might be regarded as anticipating the design at issue;

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111 *See* Green Paper, *supra* note 6, ¶ 5.5.1.2 (asking how the "demarcation line be drawn between those details which are so insignificant that one cannot speak of a 'new' design and those details which constitute a development of the prior design sufficiently creative to deserve separate protection"); *cf.* *id.* ¶ 2.3.8 (characterizing second inquiry as "when does a design which only differs in some details from a prior design cease to be an imitation and become a 'new' design").

112 Amended Directive, *supra* note 75, art. 3(2); Proposed Regulation, *supra* note 58, art. 4.

113 *See* Griffiths, *supra* note 13, at 362; *supra* text accompanying notes 27-29.
and there is variance on the point of view from which novelty is to be adjudged. For the purpose of the E.U. proposals, novelty consists of no identical design or immaterially different design previously having been made available to the public. The novelty standard is universal, not local, and no time limit will restrict the designs that might be regarded as prior art. The proposals do not identify from whose perspective the novelty question has to be considered, whereas they do apply a point-of-view component to the requirement of individual character. The implication may be that the question of identity is so narrow (and so objective) that persons of differing expertise will not differ in their perception of whether a given design is new.

The Commission intends that novelty for design purposes be a much less difficult standard than the patent requirement of the same

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114 For example, German law embodies a relative local standard. See Firth, supra note 14, at 42-3 ("Germany relates the requirement of novelty to the knowledge of relevant German trade circles at the material time.").

115 See Amended Directive, supra note 75, art. 4. In the case of an application for registration of the design, the novelty is adjudged at the date of the filing of the application; with the unregistered right, novelty will be decided by reference to the date of claimed priority (the date upon which the design was made available to the public). See id.

116 Novelty analysis that is based upon novelty "from the beginning of time" prevents protection (subject to the safeguard clause discussed infra at text accompanying note 76) for reproduction pieces which a designer brings back to the market. Trademark protection may be available for such designs in certain circumstances. Cf. Graeme B. Dinwoodie, Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress, 75 N.C. L. Rev. 471, 482 n.35 (1997) (discussing trade dress protection under U.S. law for reproduction design).

117 See infra text accompanying notes 129-31.

118 Compare this approach with Schnading Corp. v. Gaines Mfg., 494 F.2d 383, 389 (6th Cir. 1974) (stating that a design is considered new if it differs from prior art based on the overall impression of the average observer).
name, and one of the principal drafters of the proposals has characterized the novelty standard demanded under the design proposals as one of "false novelty." Indeed, the Commission considered lowering the threshold further to one of originality (the subjective notion of the design being original to the designer, and not copied, regardless of objective similarity to other designs), especially given the availability of unregistered rights and the elimination of a substantive examination as a precondition to registered rights, both of which suggest that the design system might be a member of the copyright family. In addition to its doubts about whether it could

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119 In its Green Paper the Commission expressed concern about merely using the term "novelty" lest courts drift toward the establishment of higher patent-like thresholds. See Green Paper, supra note 6, ¶¶ 5.5.1.3, 5.5.9.1. But see Mario Franzosi, Commentary, in EUROP EAN DESIGN PROTECTION, supra note 68, at 53, 53 ("The concept of novelty under the proposal is clearly similar, if not identical to the standard of novelty valid for patents."). Use of existing terminology incurs the risk that the term's current significance might overwhelm any different understanding of the term that legislators wish to cultivate. The drafters of the Max Planck proposals had similarly wished to avoid use of the term "originality" out of a fear that the term would (incorrectly) be understood as denoting the low threshold for copyright protection. See TOWARDS A EUROPEAN DESIGN LAW, supra note 63, at 9.

120 See Bernhard Posner, The Development of Design Rights: The Community Design, paper presented to FICPI Open Forum § 4.3 (Nov. 1993) (paper on file with the author); see also Posner, supra note 93, ¶ 3.3. The Commentary to the 1993 proposals emphasize that "[i]t is only identical or near identical anticipations which destroy the novelty, whereas 'overall impression of similarity' is not enough to have this effect." Regulation Memorandum, supra note 67, at 12.

121 The Commission could have adopted a modified copyright originality threshold. Such a standard was incorporated by the U.S. Congress in the Semiconductor Chip Protection Act of 1984. See 17 U.S.C. § 902(b) (1994) (protecting mask works that are original and that are not staple, commonplace, or familiar in the semiconductor industry). A similar limitation—which derogated from the copyright-based assumption that originality flowed from mere independent creation by providing that "a design is not original if it is commonplace in the design field" in question—was included in the 1988 U.K. design legislation. See Copyright, Designs & Patents Act, 1988, ch. 48, §§ 213(1), 213(4) (U.K.) (providing unregistered design protection to designs that are "original" and not "commonplace in
articulate a standard of originality acceptable to all Member States, however, the Commission wished to avoid the perception that it was attempting to harmonize the level of protection to be offered to copyrightable works of applied art.\footnote{See Green Paper, supra note 6, \textsection 5.5.3.1. The countries of Europe have long struggled to reconcile their differing treatments of works of applied art. See Reichman, \textit{From Berne to 1976}, supra note 105, at 1164 (discussing the compromise approach adopted by the Berne Union members in the design field in question at the time of its creation}). The Notes on Clauses distributed to interested parties in order to elaborate upon the intention of the U.K. Government (but not necessarily the legislature) suggested that "original was to be understood in the copyright sense of "not [being] . . . a copy, but not necessarily novel." However, the inclusion of the "commonplace" exclusion led commentators to suggest that the courts might choose to consider the registered design 'nonobvious' originality test, or perhaps even something like the registered design novelty test, which inquires whether the proposed design differs from an existing one only in immaterial details or in features which are common trade variants." FELLNER, supra note 7, at 378. In the first case to address the issue, the provision was interpreted by the U.K. courts as imposing a requirement of objective novelty (similar to the test of registered design protection) as a precondition to unregistered design right. See C&H Engineering v. F. Klucznik & Sons, 19 F.S.R. 421, 428 (Ch. D. 1992) (certain features of pig fender design commonplace while others were not). The C&H Engineering interpretation has not been without its critics. See, e.g., Audrey Horton, \textit{European Design Law And The Spare Parts Dilemma: The Proposed Regulation And Directive}, 16 EUR. INTELL. PROP. REV. 51, 52 (1994) ("Bearing in mind the rationale for the unregistered design right to provide immediate transitional protection pending registration, or shorter protection for more transient designs, such a high standard of novelty seems questionable in this context."). And later courts have not insisted upon that higher standard. See, e.g., Amoena Ltd. v. Trulife Ltd., Ch. 1992 A No. 9955 at 5 (Ch. D. May 25, 1995) (opinion on file with the author), available in LEXIS, INTLAW library, ENGCAS file, at 3 ("It would have been easy enough for the draftsman to insist on novelty for unregistered designs if that had been intended."); \textit{see also} Lionel Bently & Alan Coulthard, \textit{From the Commonplace to the Interface: Five Cases on Unregistered Design Right}, to be published at 19 EUR. INTELL. PROP. REV. 401 (forthcoming 1997) ("The recent case law seems to have avoided some of the disadvantages that might have resulted from construing the requirement that a design be not commonplace as requiring the design be novel. If such a test had been adopted, it would have been necessary to consider what the relevant prior art would have been when assessing whether a design was new . . . ").
Commission was swayed by the inevitable link between the thresholds for protection and the scope of protection—the easier protection is to acquire, the lesser will be the scope of rights afforded by that protection. The Commission did not wish to offer designers only the protection against copying that it thought could be the limit

123 This linkage is a well-known conceptual structure in intellectual property law. Thus, for example, if mere independent creation were sufficient to warrant protection, then that same conduct should not be considered infringement of the rights of another. See Franzosi, supra note 119, at 99 ("It is a classical application of the German theory of the 'Abstandlare' [sic]; i.e., the same distance which is sufficient to assert protection is also sufficient to assert noninfringement"); Marianne Levin, Commentary, in European Design Protection, supra note 68, at 63, 72 (noting choice between affording broad protection to a small number of items and thin protection to a large number of items); cf. Reichman, supra note 105, at 1192 (noting the alternatives in American law between "soft design protection on soft terms" and "hard protection on hard terms"); Reichman, supra note 92, at 2449-50 (contrasting "soft protection" for a long period of time provided to independently created copyrighted works with "short period of strong protection" for inventions that meet "strict standards"); Ralph S. Brown, Eligibility for Copyright Protection: A Search for Principled Standards, 70 Minn. L. Rev. 579, 588-89 (1985) (noting that the lesser scope of rights afforded by copyright helps justify the relatively easier threshold for copyright—as opposed to patent—eligibility); Mark A. Lemley, The Economics of Improvement in Intellectual Property Law, 75 Tex. L. Rev. 989, 1038 (1997) ("The rarer a right is, and the harder it is to acquire, the more powerful we should expect it to be."); Frederick W. Mostert, Well-Known and Famous Marks: Is Harmony Possible In The Global Village?, 86 Trademark Reporter 103, 116 1996 ("[T]he higher the degree of reputation or commercial magnetism acquired by a mark, the broader its scope of protection") (discussing subset of "well-known" marks that might be afforded greater protection by virtue of enhanced "fame"). But cf. infra note 139 (petty patent, granted for smaller inventive step than patent, affords same scope of protection as patent but with shorter term).
of the scope of originality-based rights.\textsuperscript{124} It surmised that stronger rights were necessary in order to "make the Registered Design attractive and to avoid extensive litigation."\textsuperscript{125} Accordingly, the more

\textsuperscript{124} See Green Paper, supra note 6, ¶ 4.3.12, ¶ 5.5.3.2 (rights conferred would be required to be limited to a prohibition against copying if originality were the threshold); Regulation Memorandum, supra note 67, at 12 (noting that the counterpart of broader protection is a higher threshold). In other parts of the Commission's scheme, the connection between threshold and scope received clear affirmation. See, e.g., Amended Proposed Directive, supra note 75, arts. 5(2), 9(2) (degree of freedom of designer to be taken into account in assessing individual character and also in determining scope of rights). Despite the historical link between thresholds and scope of protection, however, the proposals ultimately set the scope of protection by reference to the existence of registration rather than the thresholds for protection (which are the same for registered and unregistered rights). See Green Paper, supra note 6, ¶ 4.3.9. To the U.S. observer, this seems particularly strange because the nature of the proposed registration examination is clearly unlike that to which a patent application is subjected. It appears instead to be a close relative of the passive (and permissive) system of copyright registration in the U.S. See infra text accompanying notes 256-65 (discussing registration procedures). An application for trademark registration in the United States probably entails greater examination of the merits of a claim, yet the scope and duration of rights granted a registered mark under U.S. law are no greater than those granted the owner of an unregistered mark, subject to procedural advantages that only are truly significant after five years. See Qualitex Co. v. Jacobson Prods. Co., 115 S. Ct. 1300, 1306, 34 U.S.P.Q.2d (BNA) 1161, 1165-66 (1995) (identifying advantages of registration).

\textsuperscript{125} See Green Paper, supra note 6, ¶ 5.5.3.2. The Commission also felt it important to prevent the possibility of simultaneous protection of identical designs by different designers. See id. The co-incidental identity or similarity of independently created designs is probably more likely with functional designs than in the beaux-arts. See Kur, supra note 26, at 376 (suggesting that the "more 'functional' a product is, and the more weight has to be given to technical considerations, the higher will be the probability for two or more people to arrive at the same form," but also noting that that probability will vary depending on the kind of design); Lionel Bently, Requiem For Registration? Reflections on the History of the United Kingdom Registered Designs System, in 1 PERSPECTIVES ON INTELLECTUAL PROPERTY: PREHISTORY AND DEVELOPMENT OF INTELLECTUAL PROPERTY SYSTEMS 3, 40 (James Lahore, ed., 1996) ("[T]he . . . economic, functional, ergonomic, social and environmental . . . constraints on the designer's freedom mean that it is not unlikely that a later designer would produce a similar design"). But cf. TOWARDS A EUROPEAN DESIGN LAW,
objective criterion of novelty was adopted as the primary threshold for protection. Although the "linkage" argument should sustain the higher threshold only for registered designs (because the Unregistered Community Design only accords anti-copying rights), the same threshold will exist for both registered and unregistered protection.\textsuperscript{126}

2. The Real Hurdle: Individual Character

To avoid providing protection to designs that differ only in small details from a prior design, a supplementary threshold is contemplated by the proposals. A design will be protected only if it possesses "individual character." This will be the concept that truly sets the outside parameters of prima facie protection. A design shall "be considered to have an individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has [previously] been made available to the public."\textsuperscript{127}

This standard of "individual character" is fleshed out somewhat in the Official Commentary to the proposals. First, the comparison mandated by this threshold is one of overall impression. Plotting the extent of common features will not resolve this issue; rather, the question is whether, as a matter of overall impression, the design creates a sense of overall dissimilarity as opposed to a feeling of \textit{dējà

\textsuperscript{126} See Horton, supra note 121, at 53 (noting that it "seems odd . . . that the higher standard of novelty for protection has been applied without distinction to both registered and unregistered Community Designs").

\textsuperscript{127} Amended Directive, supra note 75, art 5; Proposed Regulation, supra note 58, art. 6.
vu. Second, that impression is to be judged by a new legal persona, the "informed user," who may often be (but is not necessarily) the end consumer. The Commission has expressly indicated that such a person is not to be equated with a design expert. Beyond that, however, this fictional character is no more fully developed by the Commission than are her siblings such as the "ordinary observer" or "a person having ordinary skill in the art." Finally, the prior art to

128 See Regulation Memorandum, supra note 67, at 12.

129 See id.

130 See Regulation Memorandum, supra note 67, at 12; compare id. with 35 U.S.C. § 103 (1994) (obviousness of design determined by reference to person "having ordinary skill in the art"), and In re Nalbandian, 661 F.2d 1214, 1216, 211 U.S.P.Q. (BNA) 782, 784 (C.C.P.A. 1981) (obviousness of designs to be determined by reference to "the designer of ordinary capability who designs articles of the type presented in the application."). Nor, however, is an informed user merely a "reckless consumer." See Franzosi, supra note 119, at 60.

131 Where the threshold determination is to be adjudged by reference to the perspective of someone other than an expert in the field, questions regarding the evidentiary process inevitably arise. How is one to prove the effect that a design would have on an "informed user" as opposed to an expert in the field? One commentator, although conceding that "the criterion is probably more complicated to apply objectively in practice than theory," has suggested that a judge should be "able to disguise himself as the 'informed user' in many cases" with some expert evidence to assist his determination in "specialized cases" in order that the judge is truly "informed." See Levin, supra note 123, at 70-71. Indirect support for this interpretation can be found in the Green Paper, where the Commission suggested that (in applying the threshold of "distinctiveness in the eyes of the ordinary consumer" proposed in the Green Paper) the judge "can easily put himself in the place of the ordinary consumer." Green Paper, supra note 6, ¶ 5.5.7. The standard calls to mind, however, the difficulties encountered in the U.S. with the concept of the ordinary observer that, for a period of fifteen years, determined (in some courts) the nonobviousness of a design seeking design patent protection. See Nalbandian, 661 F.2d at 1217, 211 U.S.P.Q. (BNA) at 785 (preferring perspective of ordinary designer because, among other things, as a practical matter "no affiant can be qualified as an expert ordinary observer"); cf. LB Plastics v. Swish Prods., [1979] R.P.C. 551, 622 (Lord Wilberforce) (noting the evidentiary difficulties of assessing the effect of a design on "persons not experts" in relation to such designs under section
be considered in the analysis of individual character (and novelty)\textsuperscript{132} is determined universally,\textsuperscript{133} subject to a "safeguard clause" introduced by the European Parliament that excludes from prior art disclosures that "could not reasonably have become known in the normal course of business to the circles specialized in the sector concerned operating within the Community" at the date of the application or claimed priority.\textsuperscript{134}

\footnotesize{9(8) of the U.K. Copyright Act of 1956).}

\textsuperscript{132} In the earlier versions of the proposals, the prior art to be considered in determining novelty was broader than that to be appraised in assessing a design's individual character. \textit{See} Proposed Directive, \textit{supra} note 61, arts. 4-6; Proposed Regulation, \textit{supra} note 58, arts. 5-7. Under the 1993 proposals, individual character would have been assessed by reference only to designs on the market for which an unexpired registration under Community or national law had been granted. Thus, "if a prior design was no longer marketed, it [could] not be used to deny individual character [although it could destroy novelty]." Franzosi, \textit{supra} note 119, at 61. Now, the "individual character" comparison will be made "with any design disclosed before the design in question." Amended Directive Memorandum, \textit{supra} note 103, at 6.

\textsuperscript{133} In the Green Paper, the Commission had suggested that "a test of universal objective novelty cannot be fulfilled and therefore should not be imposed." Green Paper, \textit{supra} note 6, ¶ 5.5.5.1 ("There is no substantial reason for resorting to such a severe test: the Community Design will protect only features of shape and the situation is not comparable to the one prevailing in the patent field where there is an overriding interest of maintaining in the public domain already disclosed inventions."). The Commission had at that time concluded that no system of evaluation can consider every design ever made. \textit{See} id. ¶ 5.5.1.1; cf. J. Beckwith Burr, \textit{Competition Policy and Intellectual Property In The Information Age}, 41 \textit{VILL. L. REV.} 193, 199 n. 14 (1997) (noting that, with "cumulative technology, the prior art in the public domain is more difficult to discover"). The U.S. standard in section 102 of the Patent Act in part uses such a "universal, objective" standard, however, at least with respect to de jure novelty (such as a patent or a publication); a national standard is used for de facto novelty (characterized by use or knowledge). \textit{See} A. Samuel Oddi, \textit{Beyond Obviousness: Invention Protection In The Twenty-First Century}, 38 \textit{AM. U. L. REV.} 1097, 1121 (1989).

\textsuperscript{134} Amended Directive, \textit{supra} note 75, art. 6(1); Proposed Regulation, \textit{supra} note 58, art. 8 (article 8 requires that it be conformed to reflect the amended proposal). The Commission's Explanatory Memorandum
The current text sets a lower threshold than the prior version of the legislation, which would have required that the design create a "significantly different overall impression." Either standard would appear to create a threshold somewhere between copyright's subjective originality and patent's novelty/nonobviousness standard. All explanations of the concept tendered by the Commission suggest, however, the clear intent to bring within the scope of protection incremental improvements upon prior designs: such designs arguably possess individual character if they are different, even if that difference might have been an obvious one to develop. Individual character does not connote a flash of genius; it explains that "the intention of this provision is to avoid the situation where design rights can be invalidated by infringers claiming that antecedents can be found in remote places or museums." Amended Directive Memorandum, supra note 103, at 7. The Parliament and the Commission were apparently influenced to make these amendments by the textile industry, which feared that third-country competitors could produce false design registrations to invalidate design rights. See Posner, supra note 93, ¶ 3.4.

135 The Commission has taken the view that the change does not "unduly lower the threshold." Amended Directive Memorandum, supra note 103, at 6. Mario Franzosi, who had expressed the opinion that the earlier language "seems to be halfway between less strict and stricter standards adopted in the Community for the protection of design [and indeed] was closer to the less strict," Franzosi, supra note 119, at 58, appears concerned that the change may affect the type of designs that might now receive protection. See id. at 62-63. The lowering of this threshold was compensated for by the enlargement of the prior art to be considered in assessing individual character. See Amended Directive Memorandum, supra note 103, at 6; see also supra note 132 (discussing change in prior art provision).

136 See Regulation Memorandum, supra note 67, at 12; cf. Green Paper, supra note 6, ¶ 5.5.9 (suggesting the Commission's desire to avoid patent standards).

137 This threshold differs from the requirement of non-obviousness that has limited the effectiveness of U.S. design patent protection. Nonobviousness permits a qualitative as well as a quantitative assessment. Individual character is merely a quantitative measure: is the design different, only slightly different, or very different from what has gone before? See Posner, supra note 93, at 5.
simply requires the noticeable and non-trivial development of designs beyond what has gone before.\textsuperscript{138}

The primary difficulty of adopting any standard falling between the relatively well-understood thresholds of patent and copyright is in fixing its compass. This has rendered difficult attempts to discern a consistent threshold in petty patent or utility model systems,\textsuperscript{139} and is likely to present problems for these design

\textsuperscript{138} The Commission clearly wished to ensure that adaptations of existing designs are protected by the new design right. See Posner, supra note 93, ¶ 3.3; see also Franzosi, supra note 119, at 59 ("It is enough [to display individual character] that a product has some peculiarities, is not a staple one, [and] is not in common use. It seems to me that a vast area of protection is open.") (commenting on higher threshold in 1993 proposals); Annette Kur, The Design Approach To Design Protection And Possible Implications For The Spare Parts Problem, Paper presented at Munich Conference on Spare Parts (June 18, 1996) (copy on file with author) (suggesting that protection should not depend upon the innovation being "spectacular"). Although the standard is somewhat vague, the legislation explicitly mandates consideration of the degree of freedom that the designer enjoyed in developing the design. That is to say, in a crowded field a smaller advance from prior designs will more easily warrant the conclusion of individual character. See Proposed Regulation, supra note 58, art. 6(3); Amended Proposed Directive, supra note 75, art. 5(2); see also Franzosi, supra note 119, at 62. Of course, the scope of protection that such designs receive will be correspondingly limited; if there is little room for exceptional creativity on the part of the first designer, he cannot be heard to complain if the same restrictions compel a later designer to create a design that bears a resemblance to his in some respect. See Amended Proposed Directive, supra note 75, art. 9(2).

\textsuperscript{139} See John Richards, Petty Patent Protection, Address at the Third Annual Fordham conference on Int'l Intellectual Property law and Policy 5 (Apr. 1995) (paper on file with author) (noting argument that lower threshold and lack of examination leads to uncertainty); Office Gregorj, ABA SECTION ON INTELLECTUAL PROPERTY LAW, REPORT OF COMMITTEE ON INDUSTRIAL DESIGN ("FOREIGN DEVELOPMENTS"), reprinted in ANNUAL REPORT OF SECTION ON INTELLECTUAL PROPERTY LAW 365 (1994-1995) (discussing difference between thresholds for patent and utility model law protection in Italy, and noting the "problematic" nature of the distinction). Utility model or petty patent laws offer "second-class" patent protection. They confer exclusive rights on technical inventions that do not rise to the level of patentable inventions. See infra note 283.
initiatives. And the discrepancies that flow from such an ungrounded standard will likely be exacerbated by the assorted philosophies of judges in diverse Member States.\textsuperscript{140} The Commission’s general acceptance of the necessary connection between the thresholds for protection and the scope of protection could be beneficial in this regard, notwithstanding the Commission’s departure from that principle in protecting registered and unregistered designs on the same conditions despite offering each a different level of protection.\textsuperscript{141} If a determination of "individual character" influences the degree of difference required to escape infringement, the two concepts would operate as a control on each other. Minimizing the extent of difference required to demonstrate individual character might permit the protection of a greater number of designs, but it also should inform (i.e., lessen) the degree of distinction required to avoid infringement. The proposals would benefit from this concept receiving more affirmative endorsement by the Commission because such a concept could serve as an important restraint on widely

\textsuperscript{140} Authoritative interpretations by the European Court of Justice will, to some extent, assist in establishing a common understanding of the thresholds. That standardizing influence will, however, only be felt periodically, and in a non-examining system there will be fewer administrative determinations from which to forge a collective sense of these concepts. Under the E.U. proposals, the primary administrative proceeding in which such a sense could be developed would be actions for declarations of invalidity, for which the Community Design Office will have primary, but not exclusive, jurisdiction. See Proposed Regulation, \textit{supra} note 58, art. 56 (conferring jurisdiction on Community Office), art. 85 (conferring jurisdiction on national courts designated as Community Design courts to adjudicate counterclaims seeking declaration of invalidity of registered Community Design, and to adjudicate direct actions for declaration of invalidity of unregistered Community Design); \textit{see also} Regulation Memorandum, \textit{supra} note 67, at 33 (application for declaration of invalidity filed with the Community Office should be the basic instrument for removing design from Register).

\textsuperscript{141} \textit{See supra} notes 123-24 and accompanying text.
varying judicial interpretations of the protection accorded under this new regime.\textsuperscript{142}

D. \textit{Avoiding Over-Protection: Exclusions From Protection}

In a system that broadly envisages the protection of functional designs on conditions that intentionally do not approach those required of applicants for utility patents, the exclusions from protection assume paramount importance.\textsuperscript{143} Protecting the appearance of a functional design clearly raises the possibility of incidentally affecting the ability of others to practice that function.\textsuperscript{144} Without the caution that this should impel, and the exclusions it

\textsuperscript{142} See Franzosi, supra note 119, at 60 ("If a judge thinks that the requirements for protection must be particularly strict, then he will have to accept also the consequence that the limits of infringement are broad. . . . If, on the contrary, the requirements for protection are diluted, as a result various subsequent works will escape a finding of infringement.").

\textsuperscript{143} See Green Paper, supra note 6, ¶ 3.11 ("The grant of exclusive rights to design owners must be carefully weighed against other considerations in order to avoid unduly restrictive effects on legitimate competition. This problem particularly arises with functional designs in which case a technological innovation is very often involved. It is important that due regard be paid to the interests of third parties and of the public at large in defining the rules which should govern exclusive rights under a Community solution.").

\textsuperscript{144} See Levin, supra note 123, at 74 ("It should not . . . be denied that for the purposes of protection the appearance of a functional product is not necessarily the appearance as such. A protection of the outer appearance gives the right holder a lead in relation to the competitor who wants to copy the unprotected function. To avoid infringement he will have to give his product a significantly different shape. In this way design protection is maybe not an alternative to utility model protection, but it still constitutes a weapon on the market.") Of course, if the shape is the only way of performing the function, protection under the design regime will be denied. See Amended Proposed Directive, supra note 75, art. 7(1) (excluding protection for designs solely dictated by the product's function); Proposed Regulation, supra note 58, art. 9(1) (prior language not yet conformed to reflect amended proposals).
justifies, there exists the potential that this form of protection might be anticompetitive and offer overbroad protection to functional items.\textsuperscript{145}

\textsuperscript{145} Absent properly formulated exclusions from protection, courts might develop alternative responses to the fear that protecting functional designs on conditions softer than patent could incidentally accord the design owner exclusive rights in a function. One such response would be to interpret more strictly the thresholds for protection. An analogous phenomenon can be detected in the treatment afforded designs under copyright law. Historically, as the scope of copyrightable works was broadened and courts were faced with the prospect of protecting the "small change" of copyright, the thresholds of protection frequently became the watchdogs against over-protection, causing judicial elevation of those standards. \textit{Cf.} Reichman, \textit{From Berne to 1976}, supra note 105, at 1238 (noting that "the courts of the United States, like many of their foreign counterparts, later reacted [to the protection of designs within copyright] by elevating the threshold standards of creativity and originality in copyright law"). One might expect, therefore, that merely bringing functional designs within the reach of design protection might have a similar effect. \textit{Cf.} Burr, supra note 133, at 203 (noting that easing the subject-matter test in patent protection of software puts greater pressure on thresholds of novelty and nonobviousness to protect against inappropriate patents). Indeed, the prospect of that phenomenon—that the range of works protected might affect the interpretation of thresholds—might better explain the Commission settling on a threshold that is higher than originality. \textit{Cf.} Horton, supra note 121, at 53 ("The overall restricting of protectability is probably in response to industry opposition . . . to functional designs being accorded registered design protection, that is a patent-like monopoly to exclude others"). Other variables should, however, also affect the pressure on courts to construe thresholds strictly. Under the corollary of the theory that the scope of protection varies proportionately with the threshold for protection, \textit{see supra} notes 123-24, the scope of rights available may be expected to affect where courts set the thresholds. This would counsel that less upward pressure is likely to be exerted upon the threshold for regimes according only anti-copying protection. For example, courts should have been less likely to raise the threshold for protecting functional designs in the United Kingdom because such designs can be protected only by the unregistered design right, which merely provides the design right owner with the right to prevent copying. (It is still unclear whether this prediction of likely judicial response in the U.K. will prove accurate. \textit{See} C\&H Engineering v. F. Kluczni\k & Sons, 19 P.S.R. 421, 428 (Ch. D. 1992)) Providing only anti-copying rights to functional designs under the E.U. proposals would thus arguably release some of the pressure to heighten the thresholds for protection. However, because the Community-level unregistered protection is made dependent upon satisfying the same conditions as is registered protection (which carries the possibility of patent-like rights for
One response to the threat of anticompetitive consequences is to fall back on principles of competition law to deal with any specific instances in which the grant or the enforcement of rights is anticompetitive. Indeed, it is that philosophy that prompted the Max Planck Institut to make no special provision limiting the protection for spare parts in its draft legislation, upon which much of the E.U. proposals is based. The Max Planck Institut's draft did contain other exclusions, but those are endorsed by the Institut by reference to a lack of creativity rather than countervailing competitive concerns. Other commentators have advanced similar arguments with respect to other specific exclusions. Audrey Horton, for example, has written that:

It is hard to resist the conclusion that [interconnections] is an area better dealt with openly as a competition law issue. If we bring into play the concerns of the ECJ in *Volvo v. Veng* then, if there is no refusal to supply and

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146 See Friedreich-Karl Beier, *Protection For Spare Parts In The Proposals For A European Design Law*, 25 I.I.C. 840, 842 (1994) (citing Annette Kur, 1993 G.R.U.R. Int. 71); see also TOWARDS A EUROPEAN DESIGN LAW, supra note 63, at 57-58 (explaining that protection would extend to spare parts, and in particular to spare parts for motor vehicles); cf. Horton, supra note 121, at 54 ("Some commentators have questioned whether the issue of interconnections would not more widely have been left to be dealt with by European competition law. Certainly, the explicit rationale behind [the must-fit exclusion] is the preservation of competition in sub-markets for peripherals or spare parts by ensuring interconnectability or interoperability."). Dr. Kur, one of the principal drafters of the Max Planck proposal, has recently intimated support for the inclusion of a repair clause aimed at limiting the scope of protection for spare parts. See Kur, supra note 138, at 13-14.

147 See Beier, supra note 146, at 856 (justifying the antecedent to the exclusion of "designs dictated solely by function" as being because such features "are not the result of design creativity"). Professor Beier would probably not take exception to the must-fit provision, because he appears to view that exception as subsumed by the general exclusion of designs dictated by function.
no blocking of a secondary market by the exercise of intellectual property rights in the primary market, as arguably happened in *Magill*, what is the justification for withdrawing from a designer his finite term of protection?  

Instead, the Commission opted to address the competitive concerns directly in the construction of the design regime.  


Cf. *supra* notes 143-45 and accompanying text (noting potential for grant of de facto rights in a function).
granted without careful consideration of the costs and benefits for the creative and competitive environment.\textsuperscript{151}

To support advance legislative attention to these concerns is not to deny the continued importance of competition law in monitoring the margins of the enforcement of intellectual property rights. The assimilation of competitive values into the design legislation should not derogate from the capacity of the Commission to initiate investigations of what it perceives as anticompetitive conduct.\textsuperscript{152} Rather, by imbuing the scope of protection with pro-competitive principles at the outset, it is to be hoped that the necessity for such proceedings can be significantly minimized. Although no set of provisions can be formulated that will adequately resolve all the competitive issues that might be raised by new forms of protection,\textsuperscript{153} some situations are sufficiently clear that they can be addressed prospectively, and standards can be established that will furnish

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151 The strongest argument favoring placing primary reliance upon competition proceedings initiated by the Commission is the institutional expertise that the Commission has developed in dealing with competition investigations. Even setting aside questions regarding the appropriate use of the Commission's finite resources, this counter-argument does not fare well when weighed against the substantial policy concerns regarding monopoly rights expressed in the text.

152 Recital 17 of the Directive makes clear that the design proposals are without prejudice to the application of the competition rules embodied in Article 85 and 86 of the EC Treaty. See Amended Proposed Directive, supra note 75, recital 17.

153 Cf. Eleanor M. Fox, \textit{Trade, Competition, And Intellectual Property--TRIPS and Its Antitrust Counterparts}, 29 \textit{VAND. J. TRANSNAT'L. L.} 481, 491-92 (1996) (cautioning that writing rules for the interface between intellectual property and competition law "would be a daunting and probably unwise enterprise. . . . Rule-writing in advance of problems is insensitive to the very nuances that may reveal the wise solution. By contrast, case-by-case evolution is based on the inevitably complex facts and context that can give roots and legitimacy to law formation.").
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direction in determining the appropriate balance between incentive and competition in other instances.154

The decision of the Commission to address the appropriate balance is, therefore, to be commended. It may make obtaining agreement more difficult—witness the last remaining dispute with the Council—but the long-term worth of the system will be enhanced. Indeed, it is these limits on protection, the safety valves as it were, that enable the E.U. to open the doors to protection more widely and allow the protection of some functional designs. It is these exclusions that—if properly constructed—could assuage concerns of over-

154 For example, protecting a design that embodies the only way in which a product can perform its intended function would create a monopoly right in that function and circumvent the utility patent system. It thus behooves policy-makers to incorporate an exclusion from protection for such designs in the legislation, rather than to rely on competition law principles to resolve that issue in litigation. There may be other instances, however, where protection of a design piques competitive concerns, notwithstanding that alternative designs would permit a product to perform its function. One could rely on courts to develop further exceptions to accommodate these concerns through the application of the competition rules contained in Articles 85 and 86 of the EC Treaty. Alternatively, if policy-makers can define precisely a competitive consideration to which courts should devote attention, it makes sense to provide guidance to the courts (and industry) on how to implement that concern. If a more precise instrument than Articles 85 and 86 can be constructed to ensure the appropriate balance of incentive and competition, the legislature should provide that instrument to the courts (and that guidance to industry) rather than ask the courts to construct such a regime by first-impression examination of the competing objectives of intellectual property law and competition law. The degree to which this approach runs the risk of being "insensitive to the very nuances that may reveal the wise solution," Fox, supra note 153, depends upon the degree of specificity with which the standard is written. The adoption of an appropriately flexible standard will provide guidance to the courts and to industry without affecting the ability of courts on a case-by-case basis to address the nuances of particular situations. A modicum of certainty and efficiency is not inconsistent with the fact-sensitive inquiries of which Professor Fox approves. See infra note 208.
protection and lend legitimacy to the proposals as balanced, procompetitive measures. 155

1. Designs Solely Dictated By Function

Any designs that are "solely dictated by the technical function [of the product]" are excluded from protection by Article 7(1) of the Directive. 156 Similar exclusions are found in many design laws throughout the world. 157 The Commission was persuaded by the

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155 In addition to the exclusions described in detail here, there exist various other limitations on the rights conferred by the design right holder. See Proposed Regulation, supra note 58, art. 22; Amended Directive, supra note 75, art. 13 (rights of design right holder do not extend to: (1) acts done privately and for non-commercial purposes; (2) acts done for experimental purposes; and (3) certain acts of reproduction done for the purpose of teaching).

156 The initial proposal from the Commission excepted protection for designs "to the extent that the realisation of a technical function leaves no freedom as regards arbitrary features of appearance." Proposed Directive, supra note 61, art. 7(1); see also Proposed Regulation, supra note 58, art. 9 (reflecting former language). The Commission made the change to reflect the amendments to the must-fit exclusion in Article 7(2) of the Amended Proposal. See Amended Directive Memorandum, supra note 103, at 7; see infra note 179 and accompanying text (discussing must-fit exclusion in Article 7(2)). The current language is clearer, although the first text might have more accurately reflected the Commission's justification for this exclusion. See Regulation Memorandum, supra note 67, at 14 (noting that where the "form follows function without any possibility of variation . . . the designer cannot claim that the result is due to personal creativity").

157 See, e.g., Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1)(b)(i) (UK) (defining "designs" for purposes of the Registered Designs Act, as not including features of shape or configuration of an article that are dictated solely by the function which the article has to perform); infra notes 158, 162 and 168 (discussing interpretation of U.K. provision); Firth, supra note 14, at 44-45 (noting that the Benelux design law excludes features that are "indispensable to function"). Legislative innovations in the United States that offer anti-copying protection to specific classes of functional designs have contained similar exclusions. See H.R. Rep. No. 101-735, at 20 (1990) (legislative history of the Architectural Works Copyright Protection Act, stating that "functionally required" features are excluded from protection). Courts in the United States have constructed
argument that if the design is dictated by the function of the product, the creative choices exercised by the designer are necessarily minimized (or even non-existent). Such an exclusion might also be justified, however, by recognition of the countervailing competitive concerns that are implicated by the protection of functional designs on standards less demanding than those imposed by patent law.

Courts that have considered this question have struggled with whether the term "dictated" is causative or mandatory (i.e., whether the term connotes that functional concerns explain the design or necessitate the design).\textsuperscript{158} Although this provision is an essential bulwark against design rights for functional designs circumventing the rigors of the utility patent system, it must not be construed too broadly (i.e., as merely causative). The mere fact that a design is influenced by functional considerations should not disqualify it from protection.\textsuperscript{159} Otherwise, the innovation of these proposals—the elimination of the threshold distinction between aesthetics and function—will prove illusory and functionalist design will remain

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\textsuperscript{158} See, e.g., Amp Inc. v. Utilux Proprietary Ltd., [1972] R.P.C. 103, 109-10. (holding that "if the shape is there solely . . . to make the article work [it falls within the exclusion from protection]"); see also Bently, supra note 125, at 26 ("The House of Lords [in Amp] took the exclusions [of designs dictated by function] to cover any features whose shape was 'prompted by' the function it was intended to perform"). For a summary of the differing interpretations of the provision offered by the members of the Amp court, see FELLNER, supra note 7, at ¶¶ 2.036-2.038.

\textsuperscript{159} But cf. Brandir Int'l, Inc. v. Cascade Pac. Lumber, 834 F.2d 1142, 1145 (2d Cir. 1987) (excluding from copyright protection elements of the design of a useful article that are the product of functional, as opposed to aesthetic, considerations) (interpreting the "separability" precondition to the protection of the design of useful articles under the U.S. Copyright Act).
excluded from protection.\textsuperscript{160} In explaining the change to this language from that found in its initial proposal,\textsuperscript{161} the Commission indicated that this exclusion was intended to address those "extremely rare cases where form necessarily follows function,"\textsuperscript{162} and thus the Commission would appear to regard the term as mandatory.

One interpretation of this provision, which flows from viewing the term "dictated" as meaning "mandated," would focus on whether any\textsuperscript{163} alternative designs exist: if they do, the design is not solely

\textsuperscript{160} Indeed, the Commission felt compelled to repeat in its explanation of the Article 7(1) exclusion that "the question whether a design does or does not contain any aesthetic elements is irrelevant in the context of the requirements for protection." Amended Directive Memorandum, \textit{supra} note 103, at 7.

\textsuperscript{161} See Proposed Directive, \textit{supra} note 61, art. 7(1).

\textsuperscript{162} Amended Directive Memorandum, \textit{supra} note 103, at 7 (emphasis added). When the House of Lords was faced with this provision (and interpreted it otherwise) in \textit{Amp}, Lord Reid was influenced by the fact that the circumstance in which the form was the only possible choice would be very rare. See \textit{Amp}, [1972] R.P.C. at 109. While the infrequency of the occurrence may cut against that narrow interpretation of the U.K. exclusion, such a result plainly would not contravene the intention of the Commission. Moreover, the U.K. statute at issue in \textit{Amp} only protected aesthetic designs--designs with "eye-appeal"--which supports a broader exclusion of functional designs than envisaged by the E.U. proposals. See \textit{id.} at 112 (interpreting Registered Designs Act, 1949).

\textsuperscript{163} See Griffiths, \textit{supra} note 13, at 370 (commenting on exclusion in Green Paper proposals) ("We exclude functionally dictated designs because if the designer sets out to solve a functional problem \textit{where there is only one possible solution} to that problem, then there really is no design freedom and there should be no protection.") (emphasis added); see also Green Paper, \textit{supra} note 6, ¶ 5.4.6.2:

If a technical effect can be achieved only by a given form, the design cannot be protected. On the other hand, if the designer has a choice among various forms in order to arrive at the technical effect, the features in question can be protected. Understood in this way the exclusion from protection corresponds exactly to the idea/expression dichotomy of copyright law. What is
dictated by the technical function of the product. Such a test has analogues in many intellectual property regimes, including U.S. trade

meant is in reality that if there is no choice when designing a product with a given effect, there is no personal creativity displayed and consequently nothing to protect—at least under copyright or design law.

Id. This exclusion could be based not only on the lack of creativity (which is by no means self-evident if the problem to which there is but a single solution still needs to be solved), but on the basis of a countervailing policy concern surrounding the incidental grant of monopoly in a function without satisfying the rigorous requirements of patent law.
dress law,164 U.S. design patent law,165 U.S. copyright law,166 and in the multiplicity of forms test found in French copyright and design patent law.167 If the test calls simply for a determination of whether there are any other designs, however, there remains a danger that the few designs that will enable the product to function may be depleted by

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164 If this were the interpretation adopted, the relevant considerations would be reminiscent of some of the analysis one finds in trade dress functionality determinations. The mere fact that a product is functional (in the lay sense) does not prevent trade dress protection for its design. See In re Morton Norwich Prods., 671 F.2d 1332, 1339, 213 U.S.P.Q. (BNA) 9, 14 (C.C.P.A. 1982). The unavailability of commercially feasible alternatives will, however, render the design legally "functional" and hence unprotectable. See Schwinn Bicycle Co. v. Ross Bicycles, Inc., 870 F.2d 1176, 1189, 10 U.S.P.Q.2d (BNA) 1001, 1012-13 (7th Cir. 1989) ("feature is functional if it is one that is [sic] costly to design around or do without"); Qualitex Co. v. Jacobson Prods., 115 S. Ct. 1300, 1306 (1995) ("The functionality doctrine . . . forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is 'essential to the use or purpose of the article' or 'affects [its] cost or quality'") (alteration in original) (quoting Inwood Labs. v. Ives Labs., 456 U.S. 844, 850 n.10, 214 U.S.P.Q. (BNA) 1, 8 n.10 (1982)). Under this reading of Article 7(1) of the Directive, however, the proposed design right exclusion would be a narrower exclusion than the ousting of so-called "functional" designs from trade dress protection. Trade dress protection requires not only that alternative designs be available, but that those be commercially feasible competitive alternatives.

165 See Avia Group Int'l, Inc. v. L.A. Gear, Inc., 853 F.2d 1557, 1563, 7 U.S.P.Q.2d (BNA) 1548, 1561 (Fed. Cir. 1986) (endorsing multiplicity of forms test for functionality); see also Best Lock Corp. v. Ilco Unican Corp., 94 F.3d 1563, 1566, 40 U.S.P.Q.2d (BNA) 1048, 1050 (Fed. Cir. 1996) (denying design patent protection where the "aesthetic appeal of [a] . . . design [was] the inevitable result of having a shape that is dictated solely by functional concerns"); see generally Reichman, New Technologies, supra note 105, at 47-51 (discussing nonfunctionality test as a multiplicity of forms).

166 See supra note 157 (discussing Architectural Works Copyright Protection Act); infra note 171 and accompanying text (discussing copyright merger doctrine); Computer Assocs. Int'l v. Altai, Inc., 982 F.2d 693, 708-10 (2d Cir. 1992) (excluding aspects of software dictated by functional considerations).

167 See Pérot-Morel, supra note 19, at 70-72 (discussing the multiplicity of forms test in French law).
the successive grant of design rights in those respective possibilities to a small number of producers. A more flexible interpretation might consider whether there are a sufficient number of designs to permit competition or, in the philosophy of the Commission, to require more than minimal creative choices on the part of the designer. This reading of Article 7(1) would avoid the problem of "design depletion," a concern implicitly recognized by Lord Morris when the House of Lords interpreted broadly the exclusion of designs "dictated solely by function" from United Kingdom registered design protection.\textsuperscript{168} A less mathematical approach has also been adopted by courts in other countries of the European Union already incorporating this exclusion in their design laws.\textsuperscript{169} And further parallels can be drawn to judicial interpretation of the idea/expression dichotomy in copyright law, to which the Commission expressly likens this exclusion.\textsuperscript{170} Where there is only one way of expressing the idea, that expression will be treated as having merged with the idea and will be unprotectable by

\textsuperscript{168} See Amp v. Utilux, [1972] R.P.C. 103, 110, 114 (Lord Morris) (noting that if provision required consideration only of whether alternative shapes existed "the designer could register a separate design in respect of each different shape"); see also supra note 162 (suggesting reasons for interpretation of provision in Amp); Firth, supra note 14, at 44 ("[In Italy and Spain], a design may be regarded as functional even if is one of a number of possible solutions to a design problem.").

\textsuperscript{169} See, e.g., Bernhard Posner, Protection of Car Designs And Component And Spare Part Designs Under Future Community Law, 22 INT. BUS. LAW. 108, 110-111 (1994) (noting split of opinion in France as to whether exclusion applies only where there is a single form in which the product could be made and still function); see also Pérot-Morel, supra note 19, at 72 (discussing the tempting but narrow nature of the multiplicity of forms test in French law).

\textsuperscript{170} See Green Paper, supra note 6, ¶ 5.4.6.2. This analysis would more closely resemble the trademark functionality doctrine. That doctrine denies trade dress protection for features to which in theory there are alternatives, but which are the best or most efficient means of performing a function, or which have become the industry standard. See supra note 164.
courts.\textsuperscript{171} Courts have, however, interpreted that concept broadly and have denied protection where the expression is one of only a limited number of ways of expressing the idea.\textsuperscript{172} The E.U. design legislation would benefit from a similar breadth of interpretation. Thus, although mere functional influences should not result in the denial of protection, nor should the mere availability of a single other alternative be sufficient to ensure protection. That might cause oligopolies rather than monopolies, but the competitive harm would be little different.

2. Must-Fit Provision ("Interconnections")

The E.U. proposals contain two sets of provisions that bear confusingly similar popular labels: "must-fit" provisions and "must-match" provisions. The must-fit exclusion deals with mechanical synchronicity, while the must-match provision deals with visual synchronicity.\textsuperscript{173} Article 7(2) of the Directive and Article 9 of the


\textsuperscript{172} See Morrisey v. Procter & Gamble Co., 379 F.2d 675, 678-79, 154 U.S.P.Q. (BNA) 193, 195-96 (1st Cir. 1967); Computer Assocs. v. Altai, Inc., 982 F.2d 693, 708 (2d Cir. 1992); see also Jane C. Ginsburg, No “Sweat?” Copyright and Other Protection of Works of Information After Feist v. Rural Telephone, 92 COLUM. L. REV. 338, 346 (1992) ("In copyright law, an 'idea' is not an epistemological concept, but a legal conclusion prompted by notions—often unarticulated and unproven—of appropriate competition."); Herbert Rosenthal Jewelry Corp. v. Kalpakian, 446 F.2d 738, 741, 170 U.S.P.Q. (BNA) 557, 559 (9th Cir. 1971) ("The guiding consideration in drawing the line [between idea and expression] is the preservation of the balance between competition and protection reflected in the patent and copyright laws."); cf. Glynn S. Lunney, Jr., Re-examining Copyright's Incentives-Access Paradigm, 40 VAND. L. REV. 483, 506-08 & 528 n.182 (1996) (describing the incentives-access paradigm as the "external key" to the separation of idea from copyrightable expression, "idea" being the "level [of abstraction] where the chance of independent creation or the risk of undue monopolization became significant.").

\textsuperscript{173} See Jeremy J. Phillips, Commentary, in EUROPEAN DESIGN PROTECTION, supra note 68, at 163 n.226 (noting different focus of the two sets of provisions).
Regulation create an exclusion for mechanical interconnections, defined as:

features of the appearance of a product which must necessarily be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically connected or placed in, around or against another product so that either product may perform its function.

The exclusion of protection for interconnections reveals the continuing conviction of the Commission that interoperability and standardization will enhance the competitive environment;\(^\text{174}\) concerns surrounding interoperability also attracted the Commission's attention in crafting an appropriate level of copyright protection for software.\(^\text{175}\) Other commentators have suggested that this exclusion

\(^{174}\) The Green Paper makes the case for this exception:

Consumers should, for example, be able to replace a vacuum cleaner hose of a given make by another hose which fits into the vacuum cleaner. In principle, the design of the vacuum cleaner hoses qualify for design protection just as does the design of the vacuum cleaner itself. To ensure interoperability and competition in the spare parts after market in respect of a wide range of household articles, motor vehicles, consumer electronics etc., it appears advisable to exclude from protection those features of a design which would have to be reproduced necessarily in their exact form and dimensions in order for the component part to fit into the complex product for which it is intended.

See Green Paper, supra note 6, ¶ 5.4.10.1

\(^{175}\) See Software Directive, supra note 10, art. 6 (interoperability exclusion); see generally BRIDGET CZARNOTA AND ROBERT J. HART, LEGAL PROTECTION OF COMPUTER PROGRAMS IN EUROPE: A GUIDE TO THE EC DIRECTIVE (1991). Again, just as U.S. courts have implemented the exclusion of features dictated by functional efficiency in the protection afforded software, see Computer Assocs. Int'l v. Altai, Inc., 982 F.2d 693 (2d Cir. 1992), so too
additionally reflects the lack of a designer's freedom in creating interconnections.\footnote{See Griffiths, supra note 13, at 370. This assessment of creative possibilities is probably a correct one. The shape with which the design feature must fit already exists. The design of interconnections thus stands in slight contrast to the exclusion of designs that are dictated solely by function, where although the function is known, the designer may still be required to work out the shape (albeit the only shape) that will perform that function. See supra note 163. The exclusion of designs that are dictated solely by function is best explained as a response to concerns of incidentally protecting technical effects through the design (rather than the patent) system. See supra text accompanying notes 156-57.}

In some ways, the "must-fit" provision is merely a specific application of the general exclusion of protection of features dictated solely by technical function,\footnote{See Beier, supra note 146, at 857 (describing the must-fit provision as "strictly speaking . . . a redundant clarification of [the exclusion of designs dictated solely by function]") (commenting on the language contained in the 1993 proposals); cf. Firth, supra note 14, at 44 (noting that the logic of the "dictated solely by function" exclusion is what excludes must-fit features from the U.K.'s unregistered design right).} although the legislation would appear to envisage that some features might survive the general exclusion but be caught by this provision.\footnote{See Beier, supra note 146 at 856 (suggesting that it is possible that certain designs might need to fit with another connection, but not because they are dictated solely by a technical function, and coming to that conclusion because otherwise Article 9(2) would have no independent meaning, and because an interpretation of redundancy would conflict with the "Lego sub-exception in Article 9(3)). But cf. Bently & Coulthard, supra note 121 at 12 (suggesting that the must-fit exclusion in the U.K. unregistered designs code is not intended to exclude more designs than the functionality exclusion found in the registered design regime).} The current text of the must-fit provision reflects some changes requested by the European
Parliament, and conforms closely to the equivalent exclusion from United Kingdom unregistered design protection.\textsuperscript{179} Although no such exclusion appears in the U.K. Registered Designs Act 1949, courts and commentators have interpreted the broader exclusion of features "dictated solely by function" contained in that statute--and construed broadly by the U.K. courts--as encompassing so-called "must-fit" designs.\textsuperscript{180}

\textsuperscript{179} See Copyright, Designs & Patents Act, 1988, ch. 48, § 213 (design right does not subsist in "features of shape or configuration of an article which enable the article to be connected to, or placed in, around or against another article so that either article may perform its function"). The majority of U.K. courts have interpreted the "must-fit" exclusion broadly. See, e.g., Ocular Sciences v. Aspect Vision Care Ltd., (Ch. D. Nov. 11, 1996) ("There is . . . nothing in the provision which requires the feature to be the only one which would achieve the proper interface."); available in LEXIS, INTLAW library, ENGCAS file; Parker v. Tidball, Ch. 1995 P. No. 6168 (Ch. D. Jan. 24, 1997) at 23-24 (opinion on file with author) (following Ocular Sciences and in rejecting argument that "must-fit" provision excludes only designs that represent the sole means of performing a particular function). This approach appears to adhere to legislative intent. See FELLNER, supra note 7, at ¶ 2.239 (noting rejection of proposed amendment that would have limited "must-fit" exclusion to where a particular design is "absolutely unavoidable and essential"); cf. Amoena ltd. v. Trulife ltd., Ch. 1992 A No. 9955 (Ch. D. May 25, 1995) at 6 (opinion on file with author), available in LEXIS, INTLAW library, ENGCAS file (rejecting the application of the "must-fit" exclusion from protection under the U.K. unregistered design scheme where the shape of the bra would influence the profile but not determine the details of the breast prosthesis for which design protection was sought).

\textsuperscript{180} See R v. Registered Designs Appeal Tribunal, ex parte Ford Motor Co., [1993] R.P.C. 399 (Ch. 1993) (U.K.) ("[the effect of the exclusion of features dictated solely by function] is to prevent the reproduction of 'must fit' features being relied upon in infringement proceedings."); aff'd, [1994] R.P.C. 545 (C.A.), aff'd on other grounds, [1995] 1 W.L.R. 18 (H.L.); see also Lionel Bently, The Shape of Things To Come, in EUROPEAN INITIATIVES IN INTELLECTUAL PROPERTY 63, 80 n.108 (Paul Coughlan ed. 1993) (noting that the must-fit exception was thought unnecessary in the U.K. Registered Designs Act because of the broad reading given to the exclusion of designs dictated by function); cf. Bently & Coulthard, supra note 121, at 11 ("The effect of Ocular and Parker appears to be that the notion of 'enablement' [in the must-fit definition] bears some similarity to the idea of certain features being 'dictated' by function in the registered design regime."). In addition, the U.K. Registered Designs Act does not apply to functional
3. Extent Of Protection For Spare Parts

Perhaps the most contentious issue in the debate regarding the E.U. design proposals has been the extent of protection for spare parts and, in particular, the effect that any such protection would have on competition in the aftermarket. Among the provisions already discussed, the must-fit exclusion, as well as the general exclusion of designs dictated solely by function, may cause the denial of protection to many spare parts. The Amended Directive proposed by the Commission contained an additional derogation from protection, however, called the "must-match" exclusion, which was specifically directed at the repair market, and two further provisions will likely also confine the availability of protection for spare parts.

designs by virtue of it "eye-appeal" requirement. See Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1). Many must-fit parts are unlikely to overcome that initial hurdle to obtaining protection.

181 This concern for competition manifests itself in both judicial and legislative discussion of the spare parts issue. See Canon Kabushiki Kaisha v. Green Cartridge Co., [1997] 3 W.L.R. 13, 20 (Privy Council) (Apr. 30, 1997) ("The [spare parts exception to copyright recognized by the House of Lords in British Leyland] is an expression of ... an over-riding public policy, namely the need to prevent a manufacturer from using copyright (as opposed to patents or design right) in order to control the aftermarket for parts."); Regulation Memorandum, supra note 67, at 9, 20 (noting that purpose of provisions aimed at spare parts was to avoid the creation of captive markets and the limitation or exclusion of competition). The same question generated significant controversy when the most recent design protection proposals were introduced in the U.S. Congress. See, e.g., The Design Innovation and Technology Act: Hearings on H.R. 1790, 102d Cong. 1st Sess. (1991), (Jan. 29, 1992), reported at 43 Pat. Trademark & Copyright J. 304-306 (1992); see also H.R. 379, Title I (Protection of Industrial Designs), 100th Cong. 1st Sess. (1987) (Moorhead); Design Protection Act of 1985, H.R. 1900, 99th Cong., 1st Sess. (1985) (Moorhead); H.R. 1790, 102d Cong. 1st Sess. (1991) (Gephardt). The Gephardt bill would have excluded from protection, among other things: designs dictated solely by utilitarian function; design features of motor vehicles' glass; and the design of articles which are part of a larger useful article and the shape of which is dictated by a mechanical interface, perimeter, or envelope restrictions necessary to permit physical and functional substitution.
a. "Under The Hood" exclusion

The exclusion of interconnections effected by the must-fit provision will avoid protection for many mechanical parts. For example, it is essential that an exhaust pipe fit the specifications of the relevant opening in the body of the vehicle into which it is inserted, and thus the design of the pipe will likely be denied protection under the must-fit exclusion. The definition of "designs" protected by the legislation will further ensure the free copying of certain internal parts of machinery. Article 3(3) of the Directive provides that:

A design of a product which constitutes a component part of a complex product shall only be considered to be new and have individual character [i.e. will be protected]:

(a) if the component part, when incorporated into the complex product, remains visible during normal use of the latter.

This exception was first suggested by the European Parliament, and attracted no significant opposition even from the most vocal advocates of spare parts protection, car manufacturers.182 In essence, this exclusion prevents protection being asserted for parts that are

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182 See Posner, supra note 68, at 7 ("The inspiration to this idea came from car manufacturers themselves who declared that they were not interested in protecting parts under the bonnet"); cf. Kenneth Enborg, Industrial Design Protection In The Automobile Industry, 19 U. BALT. L. REV. 227, 229 (1989) ("[General Motors] believes that such things as batteries, spark plugs, tail pipes, mufflers, windshields, and the like should not be covered by industrial design protection.") (arguing for protection for body panels in equivalent U.S. proposals in 1989). Posner suggests, however, that the lack of opposition to the exclusion of "under the hood" parts might have been based upon a belief that a quid pro quo was in the offing, namely full protection for body parts. See Posner, supra note 68, at 7; cf. Enborg, supra, at 229 (supporting clarification of U.S. proposals to protect body panels but not parts listed above).
"under the hood," even if they might be visible during the maintenance or repair of the product in question.\footnote{183}

b. Part-by-part threshold analysis

The protection of the overall design of a product as new and demonstrating individual character will not of itself secure the protection of individual component parts that comprise that design. While component parts may be protected by the various design rights contemplated by the Commission, the design of the component must of itself reach the various thresholds for protection.\footnote{184} The protectability of the overall design of a car will not determine the separate protectability of exhaust pipes or rear view mirrors. The role of the thresholds to protection in ensuring free competition in certain markets should, therefore, not be forgotten. Many spare parts may not evince novelty and individual character. And, to emphasize the importance of this fact, the design proposals expressly prevent effective protection being afforded to an otherwise unprotectable component part by virtue of its status as part of a larger protected product.\footnote{185}

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\footnote{183} See Amended Directive, supra note 75, art. 3(4) ("Normal use within the meaning of paragraph 3(a) shall mean use by the end user and shall not include maintenance, servicing or repair.")

\footnote{184} See Green Paper, supra note 6, ¶ 5.4.9.

\footnote{185} Article 3(3)(b) of the Amended Proposal now provides that protection will be afforded the design of a product which constitutes a component part of a complex product to the extent that the visible features of the component part fulfill in themselves the requirement as to novelty and individual character. See Amended Directive Memorandum, supra note 103, at 4-5; see also R. v. Registered Designs Appeal Tribunal, ex parte Ford Motor Co. [1995] 1 W.L.R. 18 (holding that component parts do not qualify for U.K. registered design protection because they do not represent an "article" with an independent life as an item of commerce); Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1) (design for purposes of Registered Designs Act means "features of shape . . . applied to an article."). Parts denied registered design protection in Ford could be protected by the U.K. unregistered design right. See Copyright, Designs & Patents Act 1988, ch. 48, § 213(2) (design for purposes of unregistered
c. The sticking point: the repair clause ("must-match" exclusion)

i. Current proposals

Finally, there is the question of so-called "must-match" designs, i.e., designs where "the product incorporating the design or to which the design is applied is a component part of a complex product upon whose appearance the protected design is dependent."\textsuperscript{186} Must-match designs require visual, rather than mechanical, correlation.\textsuperscript{187} The most commonly cited example of a must-match design, which has also occasioned the greatest controversy, is the design of car body panels.

The argument for an exclusion of protection for must-match designs is not quite as compelling as with must-fit designs, because it appears to target aesthetic rather than functional limitations upon design. While the development of both types of design appears

\textsuperscript{186} See Proposed Regulation, supra note 58, art. 23; Amended Proposed Directive, supra note 75, art. 14. It is not entirely clear what is meant by a "complex product," other than automobiles. See Horton, supra note 121 at 55 ("[T]his term could lead to disagreement and ultimately litigation as to whether a product is or is not complex."). One commentator has suggested, on the basis of an equivalent provision in the U.K. legislation, that this concept does not extend to items that are intended to be made as a set. See Dietrich C. Ohlhart, Commentary, in EUROPEAN DESIGN PROTECTION, supra note 68, at 150, 153-54 (citing W. Cornish, INTELLECTUAL PROPERTY 385 (2d ed. 1989)). Moreover, in order to constitute a "must-match" design, the design must be "dependent upon the appearance" of the complex product. See Proposed Regulation, supra note 58, art. 23. The interpretation of "dependency" is not free from doubt. See Ohlhart, supra at 154-55 (rehearsing different interpretations of "dependent"); see also Phillips, supra note 173, at 164 (suggesting that "[i]n respect of a motor vehicle, the door panels would be covered [by the spare parts provision] but not such non-integral or possibly ornamental accessories for cars as wing mirrors or steering wheels.").

\textsuperscript{187} See Phillips, supra note 173, at 163 n.226.
subject to significant creative constraint, affording rights in a must-fit design would more directly implicate concerns regarding the incidental protection of a technical effect. Yet, the grant of exclusive rights in must-match parts may still raise competitive concerns, particularly in the aftermarket for repair parts.\textsuperscript{188} In practical terms, the market for these parts truly may be captive. As Bernhard Posner has noted, "the consumer wishing to replace a car body part is to the extent that he does not wish to change the appearance of his vehicle bound to the manufacturer unless a third party is authorized to reproduce the design."\textsuperscript{189}

Visually matching parts are less likely to fall afoul of the "under-the-hood" restrictions in the definition of design in Article 3(3), or of the general exclusion of functionally-dictated designs, or of the specific denial of protection to must-fit designs. Without further provision, they may as a prima facie matter be protected by design right. The proposals formulated by the Max Planck Institut contained no separate derogation from protection for must-match parts, but every iteration of the Directive since (other than the Common Position adopted by the Council\textsuperscript{190}) has in some regard specially addressed the

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\textsuperscript{188} Article 22 of the Regulation permits a person to copy the design privately, and without commercial gain: this would include for the purpose of repairing the product in question. See Proposed Regulation, supra note 58, art. 22. Article 23, the contentious provision, is addressed at commercially-produced copies of the part by persons other than the owners of the cars. See id. art. 23.

\textsuperscript{189} Posner, supra note 93, ¶ 6.3; see also British Leyland Motor Corp. v. Armstrong Patents Co., [1986] 1 All E.R. 850, 864 (Lord Templeman) (noting that if copyright gives exclusive rights in spare parts for cars "the purchaser of a BL car sells his soul to the company store."); id. at 861 (Lord Bridge) (contemplating extreme case in which "a car manufacturer, to encourage early obsolescence, decided to discontinue his own supply of spare parts for every model five years after it ceased production and sought to enforce his copyright in spare parts drawings to stifle any alternative source of supply").

\textsuperscript{190} See infra text accompanying notes 203-05.
\end{footnotesize}
scope of protection for the design of such parts.¹⁹¹ Each of these provisions has afforded a right to third parties at some point in time to copy the design of the part in order to repair the complex product upon whose appearance the design is dependent—but only for that purpose, and not to construct a new product.

The initial approach of the Commission was to place a limit of three years (from the first marketing of the product) on the exclusive rights of the design owner as against any person using the design to repair the complex product so as to restore its original appearance.¹⁹² Opposition to any period of exclusive rights was fierce, however, and the Commission accepted that a lesser scope of protection might be appropriate. In the Amended Proposal, the Commission settled on a remuneration right for the design owner,¹⁹³ notwithstanding the complications that that concept would have introduced to the operation of the design regime.¹⁹⁴ The rights of the design owner

¹⁹¹ See Copyright, Designs & Patents Act, 1988, ch. 48, § 213(3)(b)(ii); Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1)(b)(ii). Professor Beier maintains that the United Kingdom is the only country in the E.U. that does not protect the design of spare parts. See Beier, supra note 146, at 845-48. But cf. James F. Fitzpatrick, Industrial Design Protection And Competition in Automobile Replacement Parts—Back To Monopoly Rights, 19 U. BALTIMORE L. REV. 233, 260 (1989) (suggesting that "[b]eyond the letter of the law, the fact is that for many years auto crash parts have been widely available in Europe. In some cases, no manufacturers bothered to secure and enforce industrial design protection; in other cases, as a practical matter, European laws simply are considered irrelevant to the crash parts problem").

¹⁹² See Proposed Directive, supra note 61, art. 14; Proposed Regulation, supra note 58, art. 23.

¹⁹³ Article 14(2) of the Amended Directive would extend the remuneration obligation not only to third party manufacturers in the E.U., but also to importers of protected parts manufactured abroad. See Amended Proposed Directive, supra note 75, art. 74.

¹⁹⁴ Cf. J.H. Reichman & Pamela Samuelson, Intellectual Property Rights in Data, 50 VAND. L. REV. 51, 148 (1997) ("While experience with compulsory licenses that undermine strong exclusive right regimes, notably patents, elicits mixed reviews, a built-in automatic license is ideally suited to weak
of the remuneration right\textsuperscript{196} would vary primarily in relation to the investment made in the development of the relevant design.\textsuperscript{197}

That alternative did not, however, attract the support of the qualified majority of Member States necessary to enact the Directive (let alone the unanimity required to enact the Regulation).\textsuperscript{198} Indeed, both of the primary factions debating the merit of the 1993 version of the clause found fault with this new scheme.\textsuperscript{199} Car manufacturers

\textsuperscript{196} Article 14 of the Amended Proposed Directive imposes upon the user of the design pursuant to the repair clause the positive obligation “to inform the public as to the origin of the product used for repair by the use of an indelible marking, such as trademark or trade name, or in another appropriate form.” Amended Proposed Directive, \textit{supra} note 75, art. 14(c); \textit{see also} Proposed Regulation, \textit{supra} note 58, art 23(c); \textit{cf.} Trademark Directive, \textit{supra} note 62, art. 6(1)(c) (trademark rights shall not prevent use of the trademark, where necessary, to “indicate the intended purpose of a product or service, in particular as accessories or spare parts”). Some commentators have interpreted this obligation to require the spare part manufacturer not only to make affirmative representations that it was the source of the part, but also to prevent any confusion as to its status as an “authorized” manufacturer of these parts. \textit{See} Ohlgart, \textit{supra} note 186, at 160. This interpretation is consistent with the breadth of most modern trademark and unfair competition laws, which extend beyond confusion as to source and treat also confusion as to affiliation. Commentators have also hewed close to established trademark principles in concluding that a violation of Article 14 would occur upon there being a likelihood of confusion, and that no instances of actual confusion need be demonstrated. \textit{See id.} at 161 (“activity should be prohibited in cases where there is an established danger of misleading the public”).

\textsuperscript{197} \textit{See} Amended Proposed Directive, \textit{supra} note 75, art. 14. Professor Franzosi has argued that investment for this purpose should include expenditures not just on the adopted designs but also on unsuccessful or unsatisfactory designs that were abandoned. \textit{See} Franzosi, \textit{supra} note 119, at 168.

\textsuperscript{198} \textit{See} Posner, \textit{supra} note 68, at 7.

\textsuperscript{199} \textit{See} Phillips, \textit{supra} note 173, at 165 (noting that the compulsory license alternative has been criticized by both the European Automobile Manufacturer's Association and the European Campaign for The Freedom Of The Automotive Parts And Repair Market); \textit{cf.} Franzosi, \textit{supra} note 119, at 165 (expressing hesitation in providing commentary on the proposal due to the serious objections it has encountered).
could not be enforced against any third party using the must-match design "to permit the repair of the complex product so as to restore its original appearance . . . [if] the third party has notified the design holder of the intended use of the design [and has] offered the right holder a fair and reasonable remuneration for that use." The value regimes seeking no more than a minimalist, pro-competitive cure for chronically insufficient lead time"). Article 14(4) of the Amended Proposed Directive would re-activate the exclusive rights of the design owner as against any third party who is unwilling to provide the design holder with the information regarding extent of use required under Article 14(d)(iii), or who is unwilling to make payment of the remuneration tendered under Article 14(d)(ii). See Amended Proposed Directive, supra note 75, art. 14(4).

195 Amended Proposed Directive, supra note 75, art. 14. The third party user also assumes informational obligations toward the public, see infra note 196, and toward the right holder. See Amended Proposed Directive, supra note 75, art. 14(d)(iii) (third party must offer to provide the right holder "in a regular and reliable manner with information as to the scale of the use made of the design under [the repair clause]".).
have argued that a remuneration right would not provide an adequate return on their investment, while spare parts producers have countered that the compulsory license scheme merely imposes additional costs that are borne by the public.200 Given the lack of detail in the proposals regarding what would be considered "fair and reasonable remuneration," both parties appear to pre-judge the merit of the scheme. The only guidance contained in the Directive is that the amount of remuneration would vary primarily in relation to the investment made in the development of the relevant design. In the first instance, this would be a matter for private resolution between the parties, with recourse to whichever institution or tribunal each Member State selects for that purpose.201

**ii. Competition law alternatives**

A final text had been expected to emerge from the November, 1996, Council Meeting, but agreement on the spare parts provision was not forthcoming.202 Eventually, on March 13, 1997, the Council adopted a Common Position that differed from the Commission's

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200 See Phillips, supra note 173, at 165 (reporting positions of both sides).

201 See Franzosi, supra note 119, at 167.

202 See supra note 77. Member States arguing for broad protection for spare parts persisted in their position, and although certain other Member States were willing to accede to those arguments, the Commission refused to relent and the unanimity among Member States necessary to amend the Commission's proposal did not exist. See Tucker, supra note 77, at 3 ("Because of the Commission's refusal to back down, the draft legislation must return to Member States for further work"); Emma Tucker, Move To Open EU Car Spares Market Set For Defeat, FIN. TIMES, Nov. 23, 1996, at 3 (noting U.K. willingness to switch position and vote against the inclusion of broad repair clause); see also Franzosi, supra note 119, at 165 ("The spectrum of positions ranges from Member States who favor protection of spare parts to Member States who do not want protection at all."); Posner, supra note 77, ¶ 10.4 (discussing November 1996 and March 1997 Internal Market Council Meetings).
Amended Proposal. In the Common Position, the Member States abandoned efforts at (apparently impossible-to-reach) compromise and mandated no special provision for spare parts. Instead, the limit of provision on spare parts is the imposition of an obligation upon the Commission, five years after implementation of the Directive, to prepare an analysis of the effect of the Directive on competition.

If this is the final outcome of the legislative process, the attempted enforcement of exclusive rights in spare parts might precipitate an independent challenge to the exercise of those rights under the competition provisions of the Treaty of Rome. Indeed, in


204 See Common Position, supra note 203, art. 14a.

205 See id. art. 18a.

206 See EC Treaty, supra note 12, arts. 85-86 (competition rules). For an evaluation of the principles upon which the European Court of Justice might decide such a challenge, see Beier, supra note 146, at 849-50, 860-63; see also THE MONOPOLIES AND Mergers Commission, FORD Motor Company Ltd.: A REPORT On THE POLICY AND Practice OF THE FORD Motor Company Ltd. Of NOT Granting Licences To MANUFACTURE OR SELL IN THE UnITED KINGDOM CERTAIN REPLACEMENT BODY PARTS For FORD Vehicles (Cmdn. 9437) (1985) [hereinafter FORD REPORT]; cf. Fitzpatrick, supra note 191, at 266 (suggesting in response to proposed legislation in the U.S. that a tie-in between the market for cars and the sale of car parts might raise "serious antitrust concerns" under U.S. law). Some commentators have suggested that all of these questions of competitive balance should be resolved by application of the general competition principles of Community law to the exercise and enforcement by car parts manufacturers of their intellectual property rights. See supra notes 146-48, and accompanying text. Different, and arguably more limited, challenges to the assertion of national rights against products lawfully made in a low-
the absence of agreement upon the nature of the exclusion, the approach of the Max Planck Institut (and, by implication, the Council) in relying upon competition law seems attractive. Yet, the argument from the competition law adherents may fall under its own weight. Audrey Horton, for example, has argued that:

If the thresholds on novelty/individual character are set at an appropriately high level, and if technical variants for the particular design feature are possible until the particular variant selected has become an industry standard by effluxion of time, or non-enforcement/non-policing of rights, there appears to be little justification for refusing protection, provided that the right holder is willing to supply fairly the relevant market for spare parts or peripherals. 207

However, if (as Horton implies) one can determine the collection of circumstances—high thresholds, no protection for the sole means of performing a function or for features that have become industry standards, and an affirmative obligation to supply the market—that are preconditions to an appropriate balance of protection and competition, why not legislate to that effect? 208

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207 Horton, supra note 121, at 54.

208 See supra note 154. The question to be asked in the context of the spare parts dilemma is whether the appropriate balance between competition and incentive can be articulated more precisely than by mere declaration that the protection of spare parts is subject to the competition law principles embodied in Articles 85 and 86 of the EC Treaty. If E.U. policymakers can determine that the appropriate balance will in all cases be achieved by application of a more specific rule or standard than found in
A priori, if the Commission concludes that effective competition requires not only the working of the design by the owner but also licensed competition in the parts market between the owner and others, that would justify the legislative adoption of a compulsory license scheme. While such a scheme creates administrative costs, it would be preferable for the legislature to set out the contours of such a scheme, rather than have the courts devise and monitor such arrangements. If the policy conclusion cannot be reached that licensed alternatives will be necessary for competition in the market for parts of complex products, such a requirement should not be imposed by the design legislation. Instead, the Directive should delineate only the other preconditions to fair competition identified by the Commission, and leave the accommodation of design right and competition law principles to the courts through fact-sensitive application of more general principles.

Articles 85-86, then it is worthy of promulgation because it can only streamline the inquiry of a court and ensure fuller implementation of legislative intention. The proposed revision of the spare parts provision from a three-year exclusive right, see supra text accompanying note 193, represented a recognition of the need for a more targeted solution, expressly indicating that the level of investment of the producer was a consideration to be taken into account in setting the appropriate balance on this issue. The need for a flexible standard in this context must be emphasized, however, lest the Commission implement a rule that sets the balance appropriately for car spare parts, but precludes consideration of other factors appropriate to that balance-setting exercise in other sectors of the economy. But see infra text accompanying notes 211-12, 217 (suggesting that if determination can only be made with respect to cars, then the provision should extend no further).

209 Cf. Canon Kabushiki Kaisha v. Green Cartridge Co., [1997] 3 W.L.R. 13, 20 (Privy Council, Apr. 30, 1997) ("[The question] whether the existence of copyright is capable of giving the plaintiff such economic power in the aftermarket as to be anticompetitive and contrary to the public interest... is a complicated one which cannot be solved by broad generalization. The courts are ill-equipped to pronounce upon such matters, which involve questions of economic policy and are generally left to bodies such as the Monopolies and Mergers Commission"); Jimena López-Mencher & Elisabetta Racca, Comment on Hella v. Hueck, 19 EUR. INTELL. PROP. REV. D-17 (1997) (criticizing decision of Italian Supreme Court not to offer design protection to spare parts because the court "based their decision on antitrust, consumer protection, legal politics and economic considerations").
The evidence of several investigations in different countries would appear to suggest that licensed competitors are necessary to effective competition, at least in the aftermarket for car parts. 210 If the provision is to be of general application, however, the decision should be based not on the competitive economics of the car spare parts


John Voortman has suggested an additional competitive injury that flows from lack of competition in the parts aftermarket:

The effect of eliminating competition from the replacement parts market is that the buyer is required, at the time of purchasing the equipment, to choose the supplier of its future parts as well as the supplier of the equipment. Other things being equal, competition should be more effective, and resources better allocated when buyers have as much information as possible about what they are buying. If buyers are required to choose a parts supplier when purchasing the equipment, they must make the choice based in part on what can be little more than a "guessimate" of the supplier's future policies as to price, availability and quality of parts. Those are all matters on which the buyer can, and usually will, be better informed when the parts are needed than when purchasing the original equipment.

market, but on the broader parts market.\footnote{See Posner, \textit{supra} note 93, at 11 (noting that exercises to evaluate appropriate length of rights in spare parts by calculating the point in time at which competitors would enter the market for car spare parts "however interesting, were not decisive because a solution of a general character . . . was the target"); see also infra text accompanying note 218.} Alternatively, if the Commission's conclusion regarding the need for licensed competition reflects an analysis only of the aftermarket for car parts, then the repair clause should be restricted to that market. This does not represent acquiescence in the abuse of intellectual property rights. Even where the empirical basis has not been developed for legislated market-wide restrictions on the enforcement of design rights, individualized application of competition law principles is available to address anticompetitive consequences that flow from particular market activities of isolated market participants.

\textbf{iii. The nature of the debate: "autocentrism"}

The resolution of this particular debate also presents a dilemma about the narrowness of the legislative focus. The primary interests doing battle over the repair provision are car manufacturers (who have argued for design right protection) and independent parts manufacturers and automobile insurance companies (who have championed free copying of automobile spare parts).\footnote{Insurance companies may insist on the use of non-original parts in cars where those parts are cheaper than those available from the original manufacturer.} These are the same protagonists who contested the issue when the United Kingdom enacted its must-match exception\footnote{Cf. Fellner, \textit{supra} note 7, at 379 (noting that the must-match exception is aimed "primarily (in politics if not in law) at car body panels").} and when design right proposals were last considered by the U.S. Congress.\footnote{See \textit{supra} note 181.} Against this historical backdrop, the range of legislative vision and reasoned argument has been unduly restricted. Indeed, some participants in the debate have
reduced the controversy to a question of "who should receive the rewards from the sale of replacement body parts. Should the benefit go to the automobile manufacturer ... or the insurance industry ...?"215

It would be a mistake to view the spare parts issue in those terms, however, for several reasons. First, framed simply as an arbitrary allocation of corporate profits, it is unclear upon what principled basis a decision could be made.216 Second, there is a danger

215 Enborg, supra note 182, at 232; see also William S. Thompson, Product Protection Under Current And Proposed Design Laws, 19 U. BALt. L. REV. 271, 284 (1989) (suggesting that design protection for spare parts will merely determine the allocation of the costs of manufacturing, maintaining and repairing his car, between car manufacturer and insurance company). The "mere allocation" argument presupposes that the introduction of competition at each stage of a consumer's expenditure would not affect the profit margins or operations of the various economic actors.

216 Mr. Enborg, who phrased the debate in these terms, favored the automobile industry because of the investment made by the manufacturer and the "vigorous interbrand competition" in that market, as opposed to the insurance industry, which is "shielded from competition and antitrust laws by the McCarran-Ferguson Act." Enborg, supra note 182, at 232; see also Thompson, supra note 215, at 284 ("Looking at the auto and insurance industries as both operating within the constraints of their respective competitive environments, it seems that the basic consumer benefit argument of the insurance industry fails [because public benefit must consider not only auto insurance but all transport costs]."). Professor Beier explicitly condemns the "special interest" nature of the debate:

Design right limitations for certain activities of exploitation, such as proposed in the repair clause of the Directive cannot be justified by the prevailing interests of the general public. They rather serve exclusively the economic interests of certain industries, in this case the so-called independent manufacturers of spare parts. Elevating such economic interests to the level of limitations of the intellectual property right for certain purposes of exploitation is clearly an intervention in design protection that is incompatible with legal systematics ....

Beier, supra note 146, at 859; see also id. at 857 (complaining that the "Lego sub-exception" in Article 9(3) "is a perfect example for [sic] an individual ruling that was brought about by the successful lobbying of single
that this important debate about the scope of protection for a variety of products may become "auto-centric". The proposed design regime is intended to apply across all product markets. The automobile market may be the one most obviously affected, but the general applicability of this provision (as currently drafted) should not be overlooked. Finally, any economic data regarding the car spare parts market that we might seek to interpret may be skewed by industries to the disadvantage of other industries. It is improper to create Community law this way.").

The purity of Professor Beier's argument is appealing, but ultimately inconsistent with the realities of the legislative process. Cf. infra note 275 (discussing compromises necessary in the E.U. legislative process). His message that we should not focus too intensely on the automobile parts market is, however, a valid one, not simply because of its refreshing idealism but because it highlights the danger of constructing a generally-applicable design law on the basis of an assessment of one (albeit important) industry. See infra text accompanying note 219.

217 See FELLNER, supra note 7, at 379 (noting criticism of the U.K. must-match provision denying protection to spare parts as "being the result of a government obsession with the motor industry and its particular problems"); Franzosi, supra note 119, at 49 (criticizing "neurosis" with automobile industry in formulating E.U. proposals). If the exception is intended solely to apply to car spare parts, it should be framed in those terms. Other aspects of the proposals have attracted similar commentary. See James Lahore, The Protection of Functional Designs--The Amended Proposal For a European Design Directive, [1997] I.P.Q. 128, 130 (1997) (noting that the "visibility" provision in Article 3(3) of the Directive, see supra text accompanying notes 182-83, is explained by the Commission as "relevant for the automotive industry but the implications are much wider" and may result in the deprivation of protection for "large areas of genuine design endeavor").

218 See FELLNER, supra note 7, at 379 (commenting that the must-match provision in U.K. law "will undoubtedly encompass numerous types of outer casing [other than car body panels], for example computers"); Ohlgart, supra note 186, at 151 (arguing that the interests of other manufacturers of "complex products" have to be taken into account) (listing electronic components, furnishings and household appliances as examples); id. at 155 n.215 (reporting concerns that the first version of this provision--reducing exclusive protection to three years--"would seriously undermine all component industries (i.e., household appliances, ship manufacturers, furnishing producers and so on").
a peculiarity of that market, namely, the extent to which most purchasers rely on insurance to cover the costs of repair.\textsuperscript{219}

When looked at more broadly, the debate presents a typical intellectual property conundrum: how to encourage investment in design and to prevent free-riding, without restraining competition?\textsuperscript{220} Several commentators have argued that, historically, aftermarket prices have fallen significantly when original product manufacturers have been forced to compete with alternative sources of supply.\textsuperscript{221} This is not surprising; free copying should reduce prices in the short-term. The economic equation is more complicated, however, and must also take account of longer-term consequences in product design when product parts are free to be copied by second-comers. Economic theory may offer some guidance, but it provides no clear answers. And there is little empirical proof that is definitive in

\textsuperscript{219} See Voortman, supra note 210, at 250 n.126.

\textsuperscript{220} The protagonists in the car spare parts debate have also engaged on the question of whether free copying of spare parts might implicate safety concerns because of the widespread use of allegedly inferior products. See Enborg, supra note 182, at 229-31; Fitzpatrick, supra note 191, at 235. Consumer safety clearly does affect the contours of intellectual property protection, see, e.g., JANE C. Ginsburg, David Goldberg, & Arthur J. Greenbaum, Trademark and Unfair Competition Law 194-95 (drug color cases have "more to do with public health policy [toward generic drugs] than with trademark law"); H.R. 2511, 104th Cong. 2d Sess., CONG. REC. H5776 (June 4, 1996) (Rep. Goodlatte) (supporting anti-counterfeiting legislation because of effect on airline safety of fake parts), but regulatory mechanisms also exist to address those questions.

\textsuperscript{221} See Fitzpatrick, supra note 191, at 236-37; see also The Industrial Innovation And Technology Act: Hearings on S. 791 Before The Subcomm. on Patents, Copyrights And Trademarks of The Senate Comm. on The Judiciary, 100th Cong., 1st Sess., (Mar. 26, 1987) (statement of Sen. Deconcini), reported at Voortman, supra note 210, at 250 n.126 (collecting sources for proposition that replacement part prices fell substantially when competition introduced into car spare parts market).
evaluating the market for parts of complex products generally.\footnote{See Canon Kabushiki Kaisha v. Green Cartridge Co., [1997] 3 W.L.R. 13, 20 (Apr. 30, 1997) (Privy Council) ("The question of whether it is contrary to the public interest for a manufacturer to be able to exercise monopoly control over the aftermarket cannot usually be answered without some inquiry into the relevant market") (declining to extend the "spare parts exception" recognized for car parts in British Leyland to parts for printer cartridges). For that reason, the Amended Proposed Directive required the Commission five years after implementation to submit an analysis of the impact of the provision on the industrial sectors most affected, and specifically mentions car spare parts. See Amended Proposed Directive, supra note 75, art. 14(5); see also REPORT OF THE PARLIAMENTARY COMMITTEE ON LEGAL AFFAIRS AND CITIZENS’ RIGHTS ON THE PROPOSAL FOR A EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE ON THE LEGAL PROTECTION OF DESIGNS, Doc. EN\RR\282\282295 at 13 (Sept. 19, 1995). The Common Position adopted by the Council replaced the repair clause but retained this factfinding obligation, although without express reference to the automobile market. See Common Position, supra note 203, art. 18a.} Despite this informational lacuna, failure to address the spare parts issue in some form would create a significant barrier to the free movement of goods within the E.U. because the level of protection for spare parts varies from country to country. The U.K. legislation excludes spare parts from protection entirely,\footnote{Must-match parts are denied protection in the U.K. as registered or unregistered designs. See Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 1(1)(b)(i); Copyright, Designs & Patents Act, 1988, ch. 48, § 213(3)(b)(ii). The U.K. unregistered design scheme also expressly precludes protection for must-fit parts, Copyright, Designs & Patents Act, 1988, ch. 48, § 213(3)(b)(i), and the Registered Designs Act effectively imposes that exclusion through its "eye-appeal" requirement and the absence of protection for features dictated solely by function. See Registered Design Act 1949, § 1(1)(b)(i). To support the exclusion of parts from protection under the Registered Designs Act, one might also rely on the definition of "article," to which the design must be applied, found in the U.K. statute. The House of Lords has upheld the denial of registration under the Registered Designs Act of car body panels on the basis that the designs were not applied to an "article." See R. v. Registered Designs Appeal Tribunal, ex parte Ford Motor Co. [1995] 1 W.L.R. 18 (holding that component parts do not qualify for U.K. registered design protection because they do not represent an "article" with an independent life as an item of commerce).} but the position in
other countries is less clear. This makes harmonization of national laws more difficult—but all the more essential.

E. Defining The Size Of The Prize: Scope Of Rights

1. Monopoly Rights Or Anti-Copying Protection

Like most registered design laws, registration under the proposed legislation will confer upon the holder the exclusive right to use the design and to prevent the unauthorized third-party use of the design or designs that do not produce "on the informed user a different overall impression." The scope of protection received by

\[\text{See Franzosi, supra note 119, at 168 ("In France, spare parts are protected both under the copyright law and with design registration. In Great Britain, spare parts are not protected at all. In Italy, the courts are divided... Germany seems to allow for protection, even if the courts provide some preconditions."); see also supra note 191 (reporting views of Breier and Fitzpatrick). Italian courts have split on the question of the protection of spare parts under the designs and models laws. See Gregori, supra note 139, at 365 (1994-1995) (discussing conflicting decisions); see also Olmann and Circa v. Alfa Romeo, Court of Appeal, Turin, 14 July 1994, reported at 17 EUR. INTELL. PROP. REV. D-134 (1995) (invalidating design protection for care fenders because when examined by itself, and not in the context of the body of the car, it did not possess any ornamental value). The Alfa Romeo decision accepted the theoretical possibility that spare parts may be protectable as registered designs, but Professor Franzosi has suggested that "from a practical point of view, it seems to be very difficult for single parts to achieve [protection]". Franzosi, supra note 210, at D-134. A recent case suggests that German design law may offer protection to car parts. See Helga Tremmel, ABA SECTION ON INTELLECTUAL PROPERTY LAW, REPORT OF COMMITTEE ON INDUSTRIAL DESIGN ("FOREIGN DEVELOPMENTS"), reprinted in ANNUAL REPORT OF SECTION ON INTELLECTUAL PROPERTY LAW 389 (1995-1996) (discussing case where design of Daimler-Benz AG wheel rims protected).}\\n

226 See Amended Proposed Directive, supra note 75, arts. 9 (scope of protection), 12 (rights conferred by registered design); see also Firth, supra note 14, at 43 ("In most jurisdictions an absolute monopoly is conferred [by a design registration]"); see id. (listing Benelux, Italy, Spain, and the U.K. as countries providing absolute monopoly protection). Firth describes the scope of rights flowing from a registration in Germany and (in effect)
the design right holder will, however, vary with the degree of authorial creativity displayed by the designer. This notion is consistent with existing approaches in several different intellectual property regimes that consider the extent by which the work clears the relevant threshold in determining the strength of the rights obtained. Application of this principle minimizes the risk of anticompetitive effects at the margins of protection, by reducing the consequences of designs falling barely on one side of the line or the other.

France as "relative," in that they afford a defense to a non-copying defendant. See id. at 45-46.

227 See Amended Proposed Directive, supra note 75, art. 9(2) ("In order to assess the scope of protection, the degree of freedom of the designer in developing his design shall be taken into consideration.").

228 Copyright law has developed the notion of a "thin" copyright to address the situation where the level of protectable expression in a work is minimal, such as factual compilations. Where a copyright is thin, protection is obtained only against almost identical or verbatim reproduction. See, e.g., Key Pubs., Inc. v. Chinatown Enters., Inc., 945 F.2d 509, 20 U.S.P.Q.2d (BNA) 1122 (2d Cir. 1991) (finding no substantial similarity of selection, coordination and arrangement of factual compilations); Landsberg v. Scrabble Crossword Game Players, Inc., 736 F.2d 485, 488, 221 U.S.P.Q. (BNA) 1140, 1143 (9th Cir. 1984) ("[T]he scope of copyright protection increases with the extent expression differs from the idea"), cert. denied, 469 U.S. 1037 (1984); cf. supra note 123 (discussing connection between established threshold and scope of rights). Similarly, the strength of a trademark affects the scope of protection its owner obtains. See McGregor-Doniger, Inc. v. Drizzle Inc., 599 F.2d 1126, 1131, 202 U.S.P.Q. (BNA) 81, 86 (2d Cir. 1979) (degree of distinctiveness taken into account in determining infringement); see also Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) (famous marks given protection even against non-confusing uses); Mostert, supra note 123, at 116 ("[T]he higher the degree of reputation or commercial magnetism acquired by a mark, the broader its scope of protection").
While the rights conferred by a design registration at both the Community and national level are in the nature of monopoly rights, the owner of the Unregistered Community Design obtains only the right to prevent unauthorized reproduction. That is to say, independent creation is a defense in an action for infringement of an unregistered, but not a registered, design. The same more limited scope of rights is accorded the owner of a registered design for which publication has been deferred. The precise nature of the rights granted by the various initiatives is thus clearly a function of whether the design has been registered, and of whether constructive notice is

229 See Proposed Regulation, supra note 58, art. 21 ("A Registered Community Design shall confer on its holder the exclusive right to use the design and to prevent any third party not having his consent from using a design included within the scope of protection of the registered Community Design. The aforementioned use shall, in particular, cover the making, offering, putting on the market or using of a product in which such a design is incorporated or to which such a design is incorporated or to which it is applied, and the importing, exporting or stocking of such a product for those purposes.").

230 One commentator has suggested that "[t]he Commission considers that in the vast majority of cases a registered Community Design will operate exactly like a protection against unauthorized reproduction. However, it will save the right holder from lengthy disputes as to the subjective element involved in infringement proceedings based on an unregistered Community design." Ohlgart, supra note 184, at 128. But see id. at 129 (noting the different treatment of secondary infringers where design is registered). If correct, this would be consistent with the idea that the two rights are (other than with respect to term) essentially the same, with the unexamined registration operating only as constructive notice (and thus rebuttable proof of certain elements of a claim) in establishing infringement. Such an interpretation, while finding favor with this author, would appear inconsistent with the Commission's view of the relative attractiveness of the two rights. See Green Paper, supra note 6, ¶ 5.5.3.2 (noting attractiveness of stronger rights); see also Bently, supra note 125, at 46 ("[I]f a registration system is to be operated as an alternative to automatic protection, it is important that the act of registration offers some advantages over that [sic] granted by the automatic system").

231 Once the design is fully published, the design owner becomes prospectively possessed of the full rights of the owner of a registration. See Regulation Memorandum, supra note 67, at 19.
attributed to the second-comer, rather than the thresholds that the design has had to exceed in order to secure protection.\textsuperscript{232}

Although the holder of the design registration receives rights largely coterminous with those of a U.S. patent holder,\textsuperscript{233} there are significant differences between patented matter and designs protected under the Community proposals. Most importantly, the threshold of individual character is not as severe as that encountered by the design patent applicant in the United States. Incremental improvements in design can receive design protection, but would be less likely to attract design patent protection in the U.S. by virtue of the nonobviousness requirement.\textsuperscript{234} Moreover, the patent applicant undergoes a substantive examination before receiving the significant \textit{in terrorem} value of a prima facie monopoly right; the design accorded registered status under the E.U. proposals will be subjected to no such examination.\textsuperscript{235}

Similarly, while the difference in scope of protection for registered and unregistered designs would appear to parallel the regime introduced in the United Kingdom in 1988, which provides monopoly rights only to owners of registrations, that correspondence

\textsuperscript{232} See supra notes 123-24. The differential in rights flowing from the registered and unregistered rights also contributes to the attractiveness of the registered form of the protection--which is an objective of the Commission. See supra note 230.

\textsuperscript{233} See Ohlgart, supra note 186, at 128-29 (noting slight differences with scope of protection under the Community Patent Convention); see also id. at 137 ("Both the Green Paper and the Explanatory Memorandum emphasize the parallel between the monopoly granted to the owner of a patent and to the holder of a registered Community design.").

\textsuperscript{234} See supra text accompanying note 137.

\textsuperscript{235} See infra text accompanying notes 256-65. Such an approach is by no means alien in Europe. Several Member States of the E.U. offer monopoly-type protection under their design laws without substantive examination. See supra notes 26, 32 and accompanying text.
also breaks down in several ways. A design registration may be obtained in the U.K. only after substantive examination of the application by the U.K. Patent Office, and only for designs that "appeal to the eye" and meet the standard of novelty. Unregistered design protection, in contrast, is available in the U.K. both for aesthetic and functional designs, and designs need only be "original" and not "commonplace." The broader rights afforded the owner of a registration under the U.K. scheme can thus be explained not only by the nature of the registration process and by different thresholds for registered and unregistered protection, but also by the type of designs protected by the respective rights. None of these features distinguish the Registered Community Design from the Unregistered Community Design. Although other countries of the European Union

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236 See Copyright Designs & Patents Act 1988, § 226 (unregistered design right); FELLNER, supra note 7, at 203 ("there can be no design right infringement where the design has been independently created"); Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, § 7 (registration provides exclusive right to make, sell or offer for sale articles in respect of which the design is registered).

237 See Registered Designs Act, 1949, 12, 13, & 14 Geo. 6, ch. 88, §§ 1(2) (requirement of novelty, defined in turn in section 1(4)), 1(3) (excluding functional designs).

238 See Copyright, Designs & Patents Act, 1988, ch. 48, §§ 213(1) (requirement of originality, in turn defined in section 231(4)), 213(2) (designs defined without reference to aesthetic appeal), 213(6) (protection begins upon date design recorded in design document or date on which article is made to the design); see also supra note 121 (discussing judicial interpretation of threshold for protection under U.K. unregistered design regime).

239 See infra Part III (discussing nature of the registration process).

240 See supra note 123 (discussing linkage of threshold and scope of protection).

241 Cf. supra note 145 (discussing connection between threshold and protectable subject-matter).
offer more than simply anti-copying rights to designs,242 these differences with the regime from which the Commission's proposals draw primary inspiration support the suggestion that even the registered design right owner should receive merely anti-copying protection, perhaps with some evidentiary presumptions flowing from registration in order to encourage a registry of claims.243

Although the unregistered rights provide only anti-copying protection, for many products that will be sufficient. One commentator has argued that the monopoly rights granted the registration owner merely obviate the need to prove copying,244 and if the courts take as expansive a view of the proof of copying as they have in determining copyright infringement, this might prove to be a less than significant difference. Applying without modification the copyright rule that copying might be inferred from access and substantial similarity,245 a widely available unregistered design will likely receive effective protection against any similar designs absent affirmative proof of independent creation on the part of the secondcomer. Thus, although as a matter of principle the rights granted by these proposals should arguably be restricted to prevent copying, that would not in itself hugely alter the enforcement of exclusive rights

242 See Firth, supra note 14, at 43 ("[I]n most jurisdictions an absolute monopoly is conferred [by a design registration]") (listing the Benelux Countries, Italy, Spain and the U.K. as providing absolute monopoly protection).

243 Any attack on the validity of the registered design will almost always necessarily assail the unregistered variant of the protection also. In certain circumstances, however, the registration alone might be attacked successfully on the ground that the application was filed later than 12 months after the design was first made available to the public. See Proposed Regulation, supra note 58, art. 8 (providing that disclosures by the designer within 12 months do not prejudice the novelty or individual character of the design).

244 See supra note 230.

unless courts were willing to afford genuine credence to the possibility of independent creation.\textsuperscript{246}

Courts should, however, be less willing to presume copying from mere similarity of the design of functional products. Given the constraints imposed on designers by functional considerations, it is arguably more likely that two producers might independently develop similar functional designs than is the case with the beaux-arts.\textsuperscript{247} One U.K. court has acknowledged this increased likelihood of similarity in appraising the question of copying of an unregistered design (proof of copying is a prerequisite to infringement under the

\textsuperscript{246} There are, however, other advantages to the design registration. Unregistered design protection under Articles 7(a) and 12 of the Regulation is only available when designs are made available to the public, and thus a registration, the protection of which runs from the filing of an application even before making the design available to the public may provide a cause of action against certain pre-publication conduct whereas the unregistered right could not. See Proposed Regulation, supra note 58, art. 13. While this may be an important advantage in those industries in which the use of pre-marketing registrations is prevalent, a liberal attitude toward proof of copying would reduce the benefits of a company, having put a product on the market in reliance on the unregistered design protection, seeking a registration. The only remaining advantage accruing from the registration would be the term of protection, which would be extended beyond the three year limit of unregistered protection. As a consequence, it may well be that certain industries with short-lived designs may make less use than expected of registration opportunities.

\textsuperscript{247} See supra note 125 (noting conflicting views).
current U.K. unregistered design scheme).\textsuperscript{248} And this insight should also inform analysis under the equivalent E.U. regime.\textsuperscript{249}

\textsuperscript{248} See Amoena Ltd. v. Trulife Ltd., Ch. 1992 A No. 9955 (Ch. D. May 25, 1995) at 4 (opinion on file with author) available in LEXIS, INTLAW library, ENGCAS file (refusing to infer copying of plaintiff's unregistered (functional) design because the similarities between plaintiff's and defendant's product were capable of being explained on the basis that two designers of the prostheses in question, pursuing the same objectives and subject to the same design constraints, were "quite likely to arrive at designs which have a great deal in common.").

\textsuperscript{249} This is not to suggest that copying should only be provable directly; it should remain possible to prove copying of a design circumstantially from access and similarity. That evidentiary calculation should, however, take account of the greater possibility that similar functional designs were in fact independently developed. U.S. courts already recognize that the force of a defendant's claim of independent creation of a similar work might vary depending upon the type of works involved and the resultant scope for radical and comprehensive deviation from other similar copyrighted works. See Herbert Rosenthal Jewelry Corp. v. Kalpakian, 446 F.2d 738, 741, 170 U.S.P.Q. 557 (9th Cir. 1971) ("Any inference of copying based upon similar appearance lost much of its strength because both pins were lifelike representations of a natural creature"); Computer Assocs. v. Altai, Inc., 982 F.2d 693, 708 (2d Cir. 1992) ("Under [the circumstance that programmers are trying to create the most efficient programs possible], the fact that two programs contain the same efficient structure may as likely lead to an inference of independent creation as it does to one of copying"); see also MELVILLE NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT ¶ 13.02[B] at 13.24-25 ("Even if there is a very striking similarity between the two works, copying may not be inferred without proof of access . . . if the identity between the two works may arise from identical functional considerations rather than from copying").
2. Duration Of Rights

Determining the appropriate duration of design rights presents the problem of assessing the different needs of different industries that seek design protection.\(^{250}\) As the Commission noted in its Green Paper:

Many designs are by nature shortlived. Designs applied to textiles and fashion goods have an extremely short economic lifespan, which industry endeavors to make increasingly shorter by the rapid introduction of new designs making those of the previous season look outdated. The designs of other industries may last longer.\(^ {251}\)

\(^{250}\) There exists a wide range of terms of design protection throughout the Member States. "The maximum duration of design registration varies from 10 years in Spain through 50 in France to an indefinite potential duration in Portugal. The most common maximum duration is 15 years." Firth, supra note 14, at 43; see id. at 45-47 (noting protection in following countries: Benelux, 5 years with renewal to 15 years; France, twenty five years, with renewal to 50 years; Germany, 5 years with renewal to 20 years; Italy, 15 years; Spain, 10 years with renewal to 20 years; and, the U.K., 5 years with renewals to 25 years). But see CÉSAR BESSA MONTEIRO, ABA SECTION ON INTELLECTUAL PROPERTY LAW, REPORT OF COMMITTEE ON INDUSTRIAL DESIGN ("FOREIGN DEVELOPMENTS"), reprinted in ANNUAL REPORT OF SECTION ON INTELLECTUAL PROPERTY LAW 391 (1995-1996) (discussing reform of Portuguese design law, effective June 1, 1995, providing 25 years protection). Both the Berne Convention and the TRIPs Agreement contains provisions that might arguably impact the duration of each of the rights conferred under the E.U. proposals. See Berne Convention, supra note 122, art. 7(4) (works of applied art to be protected for at least twenty-five years from the making of the work); TRIPs, supra note 7, art. 26(3) (requiring ten years of protection for industrial designs); see also Term Directive, supra note 4, art. 1 (extending term of copyright protection for literary and artistic works within the meaning of Article 2 of the Berne Convention—which includes works of applied art—to life of the author plus seventy years) (making no special provision for works of applied art, unlike Articles 2(7) and 7(4) of the Berne Convention).

\(^{251}\) Green Paper, supra note 6, ¶ 4.3.17.
The wide variations in need that exist motivated some industries to suggest a use-based duration for the design right, rather like the means for determining the duration of trademark protection. Such an approach—which conceals potential for perpetual protection—is inconsistent with one of the fundamental tenets of an incentive-based system of intellectual property, namely the eventual delivery of the design to the public domain once the producer is assumed to have recouped its investment in the design. Otherwise, if others cannot build upon the work of the first producer (and compete with that producer after it has secured a recovery on its investment through a limited period of exclusive rights) the intellectual property rights may serve as a barrier to further progress, rather than a stimulus to innovative activity.

In this context, the important decision to protect aesthetic and functional designs without differentiation raises difficult questions. Designs which are purely aesthetic have as solid a claim to protection for the life of the creator plus seventy years as do the many aesthetic works that are protected for that period of time under copyright law. Many designs protected by these proposals are not, however, purely aesthetic in nature. Although design rights only protect the appearance of a product, the protection of the appearance of

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252 See id.

253 A use-based duration might also raise problems under the Paris Convention if implementation of the E.U. proposals formed the basis for Member States’ compliance with Article 5quinquies of the Paris Convention. See Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, art. 5(B) (prohibiting the subjection of industrial design protection to forfeiture by reason of “failure to work”); Pierre Maugue, The International Protection of Industrial Designs Under The International Conventions, 19 BALT. L. REV. 393, 394 (1989) (interpreting the “failure to work” clause of 5(B) as a failure to manufacture products embodying the design, but noting that signatories are free to define what they understand by that term).

254 In the case of employee-created works for hire, that protection will likely be seventy-five years from the date upon which the work is made available to the public. See Term Directive, supra note 4, art. 1(4).
functional designs carries the potential to impact upon the ability of the public to practice the function performed by that product. To reflect that concern, the proposals accord these creative works a lesser term of protection than that provided by copyright, in effect discriminating against a particular type of artistic endeavor and thereby violating one of the fundamental precepts of copyright law. Such a derogation from aesthetic neutrality is, however, preferable to denying protection entirely for functional designs out of fear of incidentally protecting a function or an industrial product for the full term of copyright.255 The Commission finally settled on a term of three years for unregistered protection; however, because the conditions for protection do not vary as between registered and unregistered designs, each design protected for three years can, by timely application, receive protection of a patent-like nature for up to twenty-five years.

IV. Nature Of Registration

To accommodate the concerns of industry regarding the costs and delay of design registration, the Commission's proposals suggested two changes to a full-blown registration system.256 First, the unregistered design right has been included as an integral part of the solution. Second, even where rights are based on registration, the registration system will be a "passive" registration system. The Community Design Office will check applications only for obviously

255 To some extent, the various exclusions from protection should minimize the possibility of incidentally obtaining exclusive rights in a function as such by way of design protection. See supra text accompanying notes 156-80. The limited term of protection might better be explained as indicative of the industrial property roots of product design protection, and reflective of the historical concern that industrial property should be privately possessed for a lesser period than what classically was termed "literary and artistic property."

256 The Directive would not compel Member States to dismantle any system of substantive examination used under their registered design laws. See Posner, supra note 93, at 7.
inappropriate subject matter and formal deficiencies.\textsuperscript{257} Indeed, over the course of the evolution of these proposals, the abolition of substantive examinations appears to have become a priority in the thinking of the Commission.\textsuperscript{258}

The use of passive registration mirrors the nature of the examination under design laws currently in place in several countries of the European Union,\textsuperscript{259} but arguably the grant of monopoly rights

\textsuperscript{257} See Proposed Regulation, supra note 58, art. 48. The Community Design Office will be the same institution established to deal with trademark applications under the Trademark Regulation, and the procedural mechanisms thus bear strong similarity to those under which the Trademark Office in Alicante has been working since January 1, 1996. For example, an application for design registration may be filed at the Community Design Office or at the central industrial property office of a Member State. See id. at 37. In most countries of the E.U., the registration of the design leads to its publication, and that will be generally be the case under the design proposals. Provision is made, however, for the possibility of deferred publication in order to maintain the secrecy of the design.

\textsuperscript{258} See Posner, supra note 93, at 7 ("In an international context, [the] Commission is going to strive for the abolition of examination procedures where they exist. They constitute real and important barriers to market access . . . [and] the only major hindrance for a truly international registration system."). The current version of the Hague Agreement, the international agreement facilitating acquisition of design registrations in multiple countries, is not tailored to accommodate systems that perform extensive substantive examinations. See Hague Agreement concerning the deposit of industrial designs (Hague Text, 1960) art. 8(1) (requiring member counties to issue rejection within six months). The process of revising the Hague Agreement to permit the involvement of countries that, among other things, subject design registration applications to substantive examination is ongoing. See François Chuchrod, Revision of The Hague Agreement on International Deposit of Industrial Designs, 24 A.I.P.-L.A. Q.J. 599 (1997); see generally Maugue, supra note 253; William T. Fryer, III, International Industrial Design Law Developments, 4 FORD. INTELL. PROP. MEDIA & ENT. L.J. 373 (1993).

\textsuperscript{259} For example, the registration proceedings in the Benelux countries do not involve substantive examination, nor do those in France, Italy and Spain. See Firth, supra note 14, at 45-47. The United Kingdom authorities do examine for substantive compliance with the requirements of the Act. See id. at 47. In most of these countries, monopoly protection is obtained
without examination threatens the certainty of the design environment.\footnote{260} A non-examined registration is merely a claim of right, quite different in nature from a full patent registration (the paradigmatic source of full-blown monopoly rights).\footnote{261} Yet, the mere assertion of that claim gains for the applicant prima facie exclusive rights, to be deployed against competitors even if they have independently developed a similar design.

The Commission rationalized its elimination of an examination by noting that the risk of taking out a design registration for a design that is not new is a risk borne by the designer.\footnote{262} The climate of uncertainty—or false certainty—is also a factor for competitors, however, who might be dissuaded from proceeding with a product design because of invalid registrations.\footnote{263} As representatives of the

by registration. See supra note 242.

\footnote{260} As is the case with design patents in the United States, this supposed certainty can, however, often be an illusion depending upon the attitude and deference of courts to administrative determinations. See PATENT AND TRADEMARK OFFICE, STUDY OF COURT DETERMINATIONS OF PATENT VALIDITY/INVALIDITY, 1973-1977, reprinted in 455 PATENT, TRADEMARK & COPYRIGHT J. D1-D3 (1979) (68% of design patents held invalid in federal courts). The advantage of registration as pursued by a system of passive examination is a registry of claims rather than certainty of ownership.

\footnote{261} It is perhaps to avoid these parallels that advocates of the E.U. initiative have refused to label the proposed legislation as “patent-based” or “copyright-based.” Instead, they have insisted that it reflects a “design approach.” See, e.g., Kur, supra note 26, at 376-77.

\footnote{262} See Green Paper, supra note 6, ¶ 4.3.11; Posner, supra note 93, at 7 (“The [applicant] should itself assume the responsibility for the design being valid and should be ready to carry the costs and risks inherent in possible subsequent litigation.”).

\footnote{263} Cf. Lear v. Adkins, 395 U.S. 653, 673-74, 162 U.S.P.Q. (BNA) 1, 9 (1969) (enforcement of contract rights on an invalid patent “would undermine the strong federal policy favoring the full and free use of ideas in the public domain”); Burr, supra note 133, at 197-99 (noting the increased operating and development costs incurred where competitors must structure production around protected property—a factor that is of most significance in industries that tend to build cumulatively on prior developments).
Commission have acknowledged, a design registration is a substantial deterrent to competitors seeking to enter the market with a similar product. It is not the concept of non-examined registrations as such that presents problems, however. If the rights that the registrant possessed were merely to prevent rivals from copying, a competitor could more easily independently adjudge whether its behavior falls afoul of the registrant's rights. The advent in these proposals of unregistered rights (and hence protection without examination) is an important step toward ensuring effective protection for producers; but those rights are of a lesser scope and duration and do not carry the weight of administrative certification. Long-term monopoly rights should be dispensed less freely. The creative and competitive environment is significantly chilled by monopoly rights that flow from the mere assertion of a claim.

V. PROTECTING THE INTEGRITY OF THE PROPOSALS: PREEMPTION, NONCUMULATION, AND HARMONIZATION

The Commission has spent more than five years struggling to craft legislation that strikes the appropriate balance between creating suitable incentives and ensuring fair competition. Yet, it has made no effort to ensure that the balance upon which it finally settles is not disrupted by aberrant national regimes that reflect a different balance or no balance at all. The integrity of the proposed legislation can thus easily be compromised. The Commission could have ensured the ascendancy of the principles embodied in the legislation in any of three ways: by preempting national laws protecting designs ("preemption"); by providing for registered design laws, which will

264 See Posner, supra note 93, at 7 ("Far too often competitors are intimidated by the existence of a design registration.").

265 The proposals make some efforts to address these concerns. The Regulation reserves the right of the Commission to challenge a Registered Community Design before the European Court of Justice if it believes that it does not meet the standards of protectability. See Proposed Regulation, supra note 58, art. 56. It would also create an Advisory Committee on Designs to be set up by the Commission to monitor whether such action need be taken. See Regulation Memorandum, supra note 67, at 34.
after transposition of the Directive reflect the legislative balance, to be the exclusive means of protecting designs at the national level ("noncumulation"); or, by harmonizing the other forms of national protection, such as copyright, trademark or utility model rights, at a level that would have been consistent with the balance of the new legislation ("harmonization"). The legislation contains none of these mechanisms, and their omission may significantly undermine the Commission's initiatives.266

The Commission's rejection of the first option--preemption of national laws--is understandable.267 Declaration of the supremacy and exclusivity of Community-level design law would have been difficult politically; and the perpetuation of national laws is necessary in order to respect existing rights, and to provide for those producers seeking

266 See Horton, supra note 121, at 56 ("Until the national copyright and unfair competition laws of Member States are harmonized also, in practice the harmonization of design legislation cannot take effect as planned. There will still be critical differences in the laws of Member States which will impede the free circulation of goods and services with the potential to restrict or distort competition."). Horton injects a dose of reality into the debate when acknowledging that:

The harmonization of laws within the EU is inevitably proceeding on a piecemeal basis. However, since each harmonization Directive is really part of an overall jigsaw puzzle, until all the pieces are in place the whole picture will not materialize and make sense for lawyers and the design industry alike.

Id.

267 The Commission may hope that the attractiveness of the Community rights will cause applicants to pursue their claims at the Community rather than the national level, and that the market will thus create the dominance of Community rights that could not be imposed legally because of political concerns. But, given the varied forms of protection that industrial design might attract throughout the countries of the E.U., there can be no guarantee that this will occur. See infra note 276.
only national protection. In many ways, the Commission's stratagem merely follows the methodology it adopted in enacting reforms of trademark law. The need for retaining national trademark rights is stronger, however: dealing with acquired design rights would be easier because, whereas trademark protection may be perpetual, in most countries of the Union, existing design rights would expire within the next twenty-five years. Moreover, while the linguistic differences among Member States accord greater importance to national marks, design is much more a *lingua franca* throughout Europe. Perhaps most persuasive, therefore, is

268 The continued existence of the varied national forms of design protection might be expected to precipitate the need to referee inevitable conflicts that will occur between Community and national rights. The Commission appears to have relied upon the fact that (in most cases) the universal, time-unlimited nature of the novelty and individual character determinations will ensure that protection under the national law of a Member State will prevent protection as a Community design, or as a registered design under the newly-harmonized national laws. One express provision on "conflict resolution" is worthy of mention, however. Several Member States provide the option of maintaining the secrecy of a design registration in various circumstances. Such "unpublished" designs will not destroy the novelty or individual character of any later design seeking protection as a Community Design because they are not "made available to the public." Yet, the secrecy provisions of national laws would be rendered meaningless if these earlier national registrations were superseded by the Community rights. Accordingly, the Community rights will be invalid as against the holder of such a national registration in the country of that registration, but not as against third parties or in other countries of the Union. See Amended Proposed Directive, *supra* note 75, art. 11(1)(h); Proposed Regulation, *supra* note 58, art. 27(2); see also Regulation Memorandum, *supra* note 66, at 23-24.

269 At one time, Portugal offered the possibility of perpetual protection. But see Monteiro, *supra* note 250, at 391 (discussing reform of Portuguese design law, effective June 1, 1995, providing 25 years protection.).

270 See Peter Groves, Tony Martino, Claire Miskin and John Richards, *Intellectual Property And The Internal Market of the European Community* 128 (1993). Groves suggests that at the moment, national systems are essential to the operation of the Hague Agreement. See id. The Commission has, however, indicated an intent to link the Community Design to the Hague Agreement in much the way that the Community Trademark has been linked to the Madrid Protocol. See Regulation Memorandum, *supra* note 67, at 6.
recognition that Community usurpation of rights granted by Member States for over a century would be politically less palatable, notwithstanding the fine distinctions that can be drawn as a matter of intellectual property law.

The refusal to address either cumulation or harmonization, although arguably also reflective of political pragmatism on the Commission’s part, may be more problematic. Failure to confront the question of cumulation affords heightened significance to the myriad of different laws protecting designs in the Member States. A design may not only enjoy protection as a registered Community Design, but may also receive the protection of patent, trademark, copyright, utility model, unregistered design right, or other intellectual property laws at the national level. This facilitates the

271 In the E.U. context, the potential of cumulative protection is both horizontal and vertical. Vertically, there may exist overlapping (and/or conflicting) protection at the E.U. level and under national state laws. Horizontally, cumulation of different types of intellectual property right may exist (at both levels). It is this second concept to which intellectual property scholars traditionally are referring when they use the term "cumulation."


273 See Proposed Regulation, supra note 58, art. 100(1); Amended Proposed Directive, supra note 75, art. 17. The provision in the Directive requiring Member States to provide full cumulation with copyright has undergone significant revision during the legislative process. See Proposed Regulation, supra note 58, art. 100(2)-(3) (old position). Even when the Commission was insisting that cumulation of protection under copyright law would be mandatory, it made no attempt to harmonize generally the conditions under which designs were accorded protection under the copyright code in each Member State. See Amended Proposed Directive, supra note 75, art. 18 ("The extent to which, and the conditions under which, [copyright] protection is conferred, including the level of originality required, shall be determined by each Member State."). Accordingly, the wide variances in copyright laws will continue to plague producers seeking protection throughout the European Union. For example, while Member States such as Italy or the United Kingdom
evasion of limitations included in the Community laws under the Regulation and introduced into national registered designs law by the Directive, because Member States may offer protection under other regimes without regard to those limitations. The level of protection set by the proposed legislation should not merely establish a floor for a producer’s rights; it needs to represent some sort of ceiling, because currently make provision to exclude the application of copyright to designs, France intentionally offers significant protection to product designs under copyright law and the position of the Benelux courts has recently begun to resemble that of France. See Firth, supra note 14, at 44 (suggesting that Benelux has a system of full cumulation as a result of the broad interpretation given by the court in Screenoprints to the requirement of a marked artistic character); cf. Reichman, supra note 92, at 2465 (1994) (characterizing the U.K. unregistered design right as “copyright-like” protection). Other countries, such as Germany, avoid application of copyright to designs by raising the threshold for protection beyond the simple originality requirement applied to other literary and artistic works. Despite the Commission’s reluctance to tackle broad-based copyright harmonization, the initial proposals provided that Member States would not be permitted to deny copyright on the basis that the functional elements of the designs were not separable from the artistic elements or that the design had been applied industrially to a certain number of articles. These provisions were aimed at Italy and the U.K.: Italy excludes designs from copyright by application of the rule of separability, and the United Kingdom now achieves the same by a combination of rules that focus on the industrial application of a design to articles of fifty or more. See Italian Copyright Law (1941), as amended by Decree No. 195, January 8, 1979, art. 2(4); Copyright, Designs & Patents Act, 1988, ch. 48, §§ 51-53, 236. The Commission rejected the number of products to which the design is applied as of any relevance in determining the availability of protection:

There is no valid reason for accepting that the fact than an article is produced in a very limited number of copies, or even in certain cases, in one copy only (as might occur in the case of high-fashion dresses, jewellery, tombstones or crystal vases) should have any impact on the economic need for protecting the value that the designer and the producer have put into it.

Green Paper, supra note 6, ¶ 5.4.12.2. In the Amended version of the Directive, however, the Commission has agreed not to force Italy or the United Kingdom to surrender these exclusionary provisions. See Amended Proposed Directive, supra note 75, art. 18.
it also provides competitors with a guide as to the conduct in which they can engage.\textsuperscript{274}

Yet, permitting cumulation does not inherently cause these difficulties. If the cumulative forms of protection were revised to mesh with the balance struck in the design legislation, cumulation would provoke fewer objections.\textsuperscript{275} It is only where more expansive alternative forms of protection are readily available that producers and their competitors will be unable to rely on the balance embodied in the new legislation.\textsuperscript{276} Despite this, the Commission has made no attempt other than minimally to regulate the rival regimes to which

\textsuperscript{274} To reformulate this "competitors' dilemma" as a call to legislative action, the goal of a balanced design protection system will remain unrealized unless the legislation progresses beyond proclaiming substantive minimum standards of protection (so-called "substantive minima"), and articulates substantive minima for competitors—or, to view the task from the perspective of the intellectual property owner, to agree upon binding "substantive maxima". Even putting aside the failure in the Common Position to agree upon the repair clause, see supra text accompanying notes 76-82, the current legislative package truly only establishes minimum levels of protection because the alternative regimes adumbrated above permit Member States effectively to exceed the more restricted levels of protection installed by the harmonization Directive. Competitors relying on rights flowing from the more balanced specific design provisions may find themselves subject to challenge under other less measured regimes that are left unregulated by the current proposals.

\textsuperscript{275} For example, the acceptability of cumulative trademark protection for design rests upon strict compliance with the requirement that the design operates as a source-identifier and does not violate any of the functionality-based exclusions outlined in the Trademark Directive. See infra note 282. (Unfair competition actions based upon slavish imitation without regard to these considerations or to the confusion-avoidance limits of trademark protection, would pose a greater threat to the integrity of the design regime proposed by the Commission).

\textsuperscript{276} In its Green Paper, the Commission implicitly acknowledged that the extent of reliance upon one system of protection will depend upon the extent to which other forms of protection are available. See Green Paper, supra note 6, ¶ 3.8.3 ("The frequency with which industry has resort to the protection given by [specific design laws] varies a great deal, as it is linked to the extent to which other forms of protection are available or more easily enforceable.").
producers may turn in preference to the sui generis design system. The Commission's harmonization efforts have been limited to approximating national registered design laws.

The harmonization that the Directive would effect is of a limited nature because while the Commission believed agreement on a design law feasible,\textsuperscript{277} consensus regarding the appropriate rules of copyright and unfair competition protection was thought unlikely.\textsuperscript{278} Although disappointing, the Commission's conclusion is to some extent unsurprising. Throughout the course of the twentieth century, even minimal international agreement has been impossible on the level of copyright protection conferred on works of applied art or industrial design.\textsuperscript{279} Despite these difficulties, the Commission's proposals suffer from its decision to avoid dealing with both cumulation and broader harmonization.

The deficiencies that flow from failing to address either the question of cumulation or more extensive harmonization are neatly highlighted by the protection that will be available for spare parts after the enactment of this legislation. Even if agreement is reached to include some must-match provision--either the establishment of a

\textsuperscript{277} See id. ¶ 3.8.3-3.8.7.

\textsuperscript{278} See id. ¶ 3.8.7 ("It would be very difficult, even under the rule of the qualified majority, to find common solutions in the foreseeable future for approximating copyright legislation relating to the conditions under which a design can be protected as a work of applied art and consequently on a common rule on the 'cumulation' of protection under a registered design and the general copyright law. Harmonization of unfair competition rules could also better be dealt with separately under a general approach in relation to the needs of the functioning of the internal market, and not specifically for the case of design.").

\textsuperscript{279} See Griffiths, supra note 13, at 369; Green Paper, supra note 6, ¶ 4.2.7. \textbf{But see} Bently, supra note 180, at 86 ("[I]t is by no means clear that issues relating to copyright in industrial designs are more likely to be successfully resolved in the context of an overhaul of copyright, than they are in the context of a project specifically devoted to the needs of designers.").
system of compulsory licenses or limiting producers to three years of exclusive rights—that provision would harmonize the scope of design rights for spare parts at what is deemed the appropriate level to ensure a balance between protecting investment and ensuring fair competition. If producers are unhappy with that level of protection, however, they might predictably look elsewhere, such as to copyright. And they would find national laws (for example, France)\textsuperscript{280} willing to afford full copyright protection, easily circumventing the limits of the design system.\textsuperscript{281}

\textsuperscript{280} See Posner, supra note 169, at 111 (noting practice of some French car manufacturers of relying on copyright to protect spare parts).

\textsuperscript{281} Until the House of Lords elevated broader policy concerns over the strict construction of the various statutes protecting design in the British Leyland case in 1986, that possibility also existed in the United Kingdom. See British Leyland Motor Co. v. Armstrong Patents Co., [1986] 1 All E.R. 850 (H.L.). Indeed, as if to illustrate the interdependence of these different forms of relief, it was the raising of the threshold of protection for registered designs in 1972 by the House of Lords in Amp v. Utilux Proprietary, [1972] R.P.C. 103, that compelled car manufacturers to seek the refuge of copyright law.
Moreover, without tackling these issues, the reforms that are about to be enacted will further crowd an already quite congested field of protective regimes. In the United Kingdom, for example, designs might be protected by copyright, U.K. Registered Design Rights, Community Registered Design Rights, U.K. Unregistered Design Rights, Community Unregistered Design Rights, and (if recent trademark reforms are given any breadth of interpretation by the U.K. courts) the trademark laws of the U.K. and the E.U. The situation

282 Member States are now obliged by the E.U. Trademark Directive to provide registered trademark protection for product shapes under national law. See Trademark Directive, supra note 62, art. 2 (definition of trademark); see also Trademarks Act 1994, § 1(1) (c.26) (U.K.). The E.U. Trademark Regulation, establishing E.U.-wide trademark registration on similar principles, came into effect on January 1, 1996. See Trademark Regulation, supra note 10, art. 4 (definition of trademark). The United Kingdom did not provide for the registration of product shapes before the enactment of the European instruments. See In re Coca-Cola Co., 1986 R.P.C. 421 (H.L.) (affirming denial of registration to shape of Coke bottle). The first shape-based registration applications under the new United Kingdom law were for containers of products. See Robert Rice, Big Boost For Branding, FIN. TIMES, Apr. 13, 1995, at 15 (listing recent applications under the U.K. Act for the following shapes: Coca Cola bottle; the Dimple Haig whisky bottle, and the shape of the Lifesaver mint); see also Robert Rice, Coke Registers First 3-D Shape, FIN. TIMES, Sept. 11, 1995, at 8. However, some applications have now been made to register the design of products, such as the shape of the classic Morgan sports car. See id. Compare Ferrari S.p.A. Esercizio v. Roberts, 944 F.2d 1235, 20 U.S.P.Q.2d (BNA) 1001 (6th Cir. 1991).

Both the Directive and the Regulation offer plenty of opportunities for the examiner seeking to construe strictly the requirements of trademark law. The product shape must be distinctive and it must be non-functional. And the functionality exclusion contained in the legislation would appear broader than the functionality exclusion now operating in U.S. trademark law. See Trademark Directive, supra note 62, art. 3.1(e) (absolutely barring the registration of signs which consist exclusively of: the shape which results from the nature of the goods themselves; the shape of goods which is necessary to obtain a technical result; or the shape which gives substantial value to the goods); see also Trademarks Act, 1994, ch. 26, § 3(2) (U.K.) (implementing exclusions from protection); Trademark Regulation, supra note 10, art. 7.1(e). At least in the U.K., where product shapes were previously unregistrable, it would appear that, despite the broad language of the exclusions, the legislation will provide broader protection than can be obtained from passing-off actions. See Hodgkinson & Corby
may be further complicated by the Commission’s initiative on utility models. This is not a recipe for clarity or certainty.

VI. CONCLUSION

Reforms in European Union intellectual property law are particularly important not only for the usual reasons of comparative analysis but also because of the increasing influence of E.U. law on developments worldwide. The Commission’s design proposals both

v. Wards Mobility Services [1995] F.S.R. 169 (suggesting that the product design need not consist of a “capricious addition” to receive protection as a trademark, but noting that it is “because of the difficulties of proof [of distinctiveness] that successful cases of passing off based on the shape of goods are so rare”); see also Alison Firth, Cushions and Confusion: The RoHo Passing Off Case, 16 EUR. INTELL. PROP. REV. 494, 495 (1994) (limits of action for passing-off make registration under new legislation all the more desirable). The full effect of these exclusions will only become apparent with time, but given the possibility of cumulation with design rights, producers may seek to rely on trademark to protect certain source-identifying product designs. This type of cumulation is less objectionable, however, because the trademark laws are not aimed at encouraging creative conduct, but rather at protecting developed goodwill and avoiding consumer confusion. The limits in trademark protection that flow from this different purpose suggest that, properly interpreted, it should offer less threat as a tool for circumventing the limits of the design law.

Utility model laws offer second-class patent protection. They confer exclusive rights on technical inventions below the level of patentable inventions. The Commission’s recent consultative document seeks views on the need for and value of harmonizing utility model laws currently on the books of Member States throughout the E.U., and on whether a parallel community-wide right is required. See Utility Model Paper, supra note 103, at vii-x. Provisionally, the Commission suggests the introduction of yet another Community level right—(registered) utility model protection. The European Parliament has indicated its broad agreement with the Commission’s proposals. See European Parliament in Favor of European Utility Model 28 I.I.C. 147 (1997). However, the Economic And Social Committee, in expressing its opinion on the Green Paper on Utility Models, suggested that the Commission has not taken sufficient account of the relationship between utility model protection and the protection of functional designs under the unregistered design scheme. See Opinion Of The Economic And Social Committee On The Green Paper: The Protection of Utility Models In The Single Market, O.J. C 174/6, ¶ 5.2.1 (June 17, 1996).
enhance the level of protection for designs in one of the world's most significant markets, and make an important contribution to the international debate regarding how best in the future to deal with the age-old problem of design protection. The nature of the legislative process in the E.U. might, however, lead to less than perfect solutions, often born of pragmatic consensus-building rather than fidelity to a pristine set of fundamental principles. The imprint of legislative compromise, but rather that measuring the E.U. proposals against an utopian ideal may lead to the detection of deficiencies that are real but at the same time unavoidable in a diverse economic and political community. It is in this light that the Commission's design initiative must be considered.

The Commission's proposals represent a commendable effort to provide effective protection for modern industrial design throughout a unified market. The creation of E.U.-wide rights should reduce the costs and complexities of securing protection in the many countries of the European Union; the introduction of unregistered rights against unauthorized reproduction should prove highly valuable in many fast-changing design environments; and the inclusion of functional designs within the protective regime recognizes the need to protect the most valuable product of the modern design enterprise, namely designs integrating form and

284 See Posner, supra note 68, at 3-4 ('The necessity to provide legislative solutions for 15 Member States with often very different legal traditions and legal developments make the successful search for viable compromises the most important skill of Community legislators, more important than the strict observance of what is hitherto being considered the gospel in one or other area of the law.').

285 In this, the E.U. legislative machinery serves as a microcosm of the process of negotiating and concluding international agreements, although the pressures to reach ultimate agreement in the two scenarios may differ. It is therefore not simply nationalistic (or supranationalistic) hubris that drives the E.U. to offer its solutions as the international norm, but rather recognition of the fact that its solutions often already accommodate the myriad of economic and cultural interests that are replicated at the international bargaining table.
function. In all these respects, the Commission's proposals should serve as a model for national, international, and supranational protection of product designs.

Arguably of the most significance to the ongoing international debate regarding the future of design protection is the Commission's decision to wrestle with the dilemma of functionalism, and to confront squarely the difficult issues that are raised by offering protection to functional designs. Inclusion of these designs within the ambit of the proposed legislation carries with it the responsibility to delimit carefully the extent to which they can be protected, lest protecting the appearance of a functional design should incidentally affect the ability of others to practice that function. The Commission is therefore to be applauded for its efforts to incorporate a balance between the interests of the first producer and those of the second-comer into the provisions of the design regime itself. By infusing the scope of protection with procompetitive principles at the inception, some clarity and certainty is injected into the otherwise unpredictable contest between intellectual property protection and precepts of competition law. Reliance on external principles of competition law to temper the excesses of full-blown intellectual property rights may seem attractive, as some commentators have advocated, especially in the midst of heated disagreement among Member States regarding the appropriate balance between these sometimes conflicting values. However, recurring competitive dilemmas could be resolved more efficiently by the prospective legislative articulation of the balance between exclusive rights and fair competition.

Notwithstanding the Commission's admirable insistence that proper limits be placed on the protection available under the proposed legislation, the proposals may dispense more protection than is necessary. For functional designs that are subjected to no substantive examination, the grant of monopoly rights for twenty-five years appears excessive, and threatens the certainty of the design environment. A competitor might reasonably be deterred from proceeding with a product design because of registered designs bearing prima facie monopoly protection. Yet those rights flow from
the mere filing of a claim by an applicant. Copyright-like protection for a more limited period might equally respond to the Commission's concerns about underprotection of designs, without unleashing the potential creative suppressant of drive-through monopoly rights. This more limited scope of rights would allow second-comers to regulate their own conduct without threatening the ability of a producer to obtain recourse against the misappropriation of its design.

Difficulties will likely arise also from the co-existence of the new Community-level rights with the many forms of design protection that are available in different Member States. The Directive seeks to harmonize only the provisions of registered design regimes at the Member State level, leaving untouched the protections under national copyright law, trademark law, unfair competition law, and utility model law. This enables the circumvention of limitations included in the Commission's proposals, because Member States may offer protection under regimes other than their registered design law without regard to those limitations. Not only will this upset the balance between creating suitable incentives and ensuring fair competition that the Commission has fashioned, but it may also encourage continued resort to aberrant national regimes that reflect a less balanced philosophy. The prospect of continued resort to national systems reduces the positive impact of creating E.U.-wide rights and suggests that the barriers to the free movement of goods wrought by territorial protection are likely to fall less expeditiously than the Commission would like.

Despite these difficulties, this proposed legislation warrants close attention. It does much to create a system of design protection that will offer effective protection to the most valuable aspects of modern industrial design. While the Commission might err on the side of overprotection, the legislation does treat the appropriate universe of designs because the Commission has been willing to confront the difficult questions that arise from protecting functional designs. The debate must (and will) continue within Europe and internationally regarding the balance that needs to be struck between
creating incentives and ensuring fair competition; but these proposals ensure that the discussion will be conducted in the proper and essential context of all design, whether aesthetic or functional. The Commission has made an important contribution to that debate. Nevertheless, measured by the Commission's own objectives of establishing a common level of protection throughout the countries of the European Union and eradicating barriers to the free movement of goods, the proposals are seriously flawed. The pragmatic decision to limit the scope of the exercise and to avoid the questions of cumulation, preemption or broad-based harmonization, restricts these proposals to the status of an opening volley.