Designs law, often overshadowed, has lagged badly behind the development of that for patents and trademarks. For many years, designs law has placed unnecessary limitations on what may be protected, made protection for multiple designs difficult and expensive, and offered a fragmented international registration system. Much is changing.



European designs law update

Historically, the most important intellectual property (IP) rights for many businesses have been patents and, especially, trademarks. Not every business has an invention, but every business has a trademark: its name, at least, and often also its style such as logos or staff uniforms.

In recent years, patents and trade marks have become more accessible and more relevant to many businesses, helped by broader definitions of what may be protected, and by simpler, cheaper international registration systems such as the pan-European Union (EU) Community trade mark (CTM).

Now, at last, designs law is being improved: a pan-EU Community designs counterpart to the CTM has come into effect, and national designs laws across the EU are being harmonised with it. These changes address many of the problems of the old designs law and introduce some new opportunities. Such are the changes that we expect designs protection will not merely come out of the shadows: it may begin to usurp some aspects of trademark protection in particular. Given the ubiquity of trademarks, designs law may have an impact upon many more businesses than it does now.

Designs in context

IP rights are the rights that can exist in creations, the intangible things that distinguish businesses and their products and services from those of their competitors. What they protect lies at the heart of the buying decision: the things that appeal to the buyer emotionally or objectively and so sway that decision. These may include the buyer's perception or expectation of value, quality, and fitness for purpose and/or cachet. So, although intangible, IP rights can have value far beyond the tangible assets of a business.

In relation to a product, patents can protect functional aspects of the product such as how it was made, how it works, what it does or what it is made from. Trademarks, on the other hand, can protect certain distinctive signs applied to the product or its packaging, typically words or logos. But what of the appearance of the product itself? This is where designs law fits beside patents and trademarks: its main purpose is to protect appearance. However, the boundaries are indistinct: patents and trade marks might also have something to do with the appearance of a product, to the extent that its appearance may be functional or may have become a badge of origin in a trade mark sense.

Similarly, designs can relate to the packaging of a product rather than the product itself.

Problems with the old designs law

There was, and still is, a fragmented international design protection system but this is inaccessible to many applicants in major economies such as the UK, USA, Japan and Canada because those countries do not belong to the system. Consequently, it has been necessary for many applicants to rely upon multiple national design applications to protect a design in various European markets. This multiplies costs. Design owners have also been disadvantaged by having to enforce their rights separately in different European jurisdictions.

The UK and some other countries require multiple design applications to protect multiple designs. Before the recent changes in European designs law, the UK even had a system where the same design would require multiple registrations if it was to be protected for a variety of articles. So, for example, a design motif applied to a bag would require one registration, and the same motif applied to a jacket would require another. An applicant applying the same design to several different types of article would be faced with multiple application costs, and could not bring proceedings against infringers applying the design to articles for which no registration had been obtained.

In some countries such as the UK, it was not possible to register the design of a part of an article unless that part had an independent life, in the sense of being made and sold separately. Nor was it possible to register essentially abstract designs independent of an article, such as uniforms, logos or computer icons. The UK also required that registrable designs should have eye appeal and be applied to articles where appearance matters. The idea was to prevent registration of wholly functional designs, but it was difficult to know where the boundary lay between the aesthetic and the functional.

Finally, many European countries gave inadequate protection to unregistered designs. Frequently, short-lived designs are not worth the cost and timescale of the registration process but it is fair that their originality should enjoy some measure of protection. The UK had, and still has, unregistered design right giving about ten years of protection after first marketing, but this can only cover three-dimensional designs, does not give pan-EU protection, and in many circumstances is not available for designs originating outside the EU. Also, test-marketing a product could deprive a later design registration of the necessary novelty: it was usually necessary to select designs for registration before they were disclosed and market-tested.



Signs similar to these are increasingly in evidence at international exhibitions - although the activities have been difficult to police. Europe's new regulations may make enforcement more effective.
Question marks might exist over the use of the new generation of image-capable cell 'phones at trade fairs. Could these be the next banned technology?

Trademarks are no substitute for design protection

For many trade mark applicants, the CTM system has opened the door to cheaper pan-EU protection. Trademark protection is still the only way to protect a word or a phrase: designs law cannot protect a word, only a style.

In theory, there is some overlap between designs and trademarks, in that some designs are registrable as trademarks and vice versa. Trademark registration has some advantages for protecting certain designs, not least the ability to remain in force indefinitely and, in most cases, a reasonable presumption of validity that makes enforcement easier. So, it is wise to have a trade mark registration if this is available.

In practice, however, trademark registration is not ideally suited to designs such as logos or uniform. For example, it may be necessary to prove that, say; a particular packaging design has become distinctive through extensive use before it can be registered as a trademark. Catch-22: some trademarks may enjoy no protection until they have been used in several countries for several years. Trademark protection is also limited to the commercial field in which the trademark will be used. It is possible for very similar marks to co-exist in

different commercial fields, so a trademark registration cannot usually prevent others using a similar mark in other commercial fields unless the mark is very well known. For example, a trademark registration of a logo covering, say, clothing and footwear in Class 25 may not give adequate protection against a similar logo in respect of, say, bags in Class 18. Much of trademark law is to do with the concept of confusion, making it necessary to prove a likelihood of confusion in most infringement actions.

The new Community designs law – registered and unregistered designs

Since March 2002 there has been an unregistered Community design system (UCD), and from 1 April, 2003 there will be a registered Community design system (RCD), although RCD applications are already being received in advance of the start date.

Reflecting the unitary and indivisible nature of the European Union, both the UCD and the RCD protect a design throughout the EU. It is not possible to split the right territorially by assigning different countries to different owners, although it is possible to grant licences to different licensees in different countries, exclusively or otherwise.

The same types of design are protectable by the UCD and the RCD. A 'design' is defined as the appearance of the whole of a product, or just a component part of a product, that results from the features of, for example, lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation. This is an extremely broad definition that includes the trademark territory of uniform, graphic symbols and graphic typefaces. The 'product' to which the design is applied is similarly broad: it can be any industrial or handicraft item, which includes packaging and parts that are intended to be formed into complex products.

So, the new designs law is apt to cover not only the designs that were traditionally protectable under the previous designs law, but also a much wider range of designs including, for example, individual sculptures or paintings, and designs that have no aesthetic appeal at all.

The need for novelty

As ever, a design can only be protected if it is new. In the case of the RCD, the design must not have been made available to the public before the effective filing date of the application for registration. In the case of the UCD, the design must not have been made available to the public outside the EU before the date on which the design was first made available to the public within the EU. In both cases, an earlier design shall be considered to destroy the novelty of a later design if the designs differ only in immaterial details. However, excluded from consideration are earlier designs that could not reasonably have become known in the normal course of business to those specialising in the market sector concerned. Plainly, there is much room for argument on this point.

Crucially, there is now a grace period for RCDs, so that if a designer or his successor (e.g. employer or assignee) has disclosed a design within twelve months preceding the filing of an application for RCD protection, the disclosure will not destroy novelty. A designer can therefore test-market his design for up to a year before filing an application, although this grace period should be used with care: disclosures could still be prejudicial in other countries which have no grace period, and it remains possible for others to apply for an RCD first and so get first option on protecting a similar design.

The need for 'individual character'

The next hurdle after novelty is that a design must be possessed of 'individual character': the difference over prior designs must not only be a material one, but that material difference must have a certain quality. The design must produce on the 'informed user' an overall impression that is different from the overall impression produced by any prior design. Again, this will be the source of much argument when the validity of a Community design is challenged.

For the purpose of testing individual character, the theoretical 'informed user' will usually be the end user of the design, who has some design awareness but will not be a design expert.

Designs dictated solely by function, and 'must-fit' designs

Design features that are dictated solely by the technical function they are



required to perform are not protectable. To assess whether a design is dictated solely by its technical function it is relevant to consider the degree of design freedom available to the designer when designing the product. However, there is no requirement for a UCD or RCD to have eye appeal. Even designs of a heavily technical nature that are not judged on their aesthetic appearance are protectable, provided of course that the design is not dictated solely by the function that the product is intended to perform.

Similarly, protection is not available for design features, which must necessarily be reproduced in their exact form to enable the product to be mechanically connected to, or placed in, around or against another product so that either may perform its function. This is often referred to as the 'must-fit' exclusion, as existed under the old UK design law. Examples of must-fit designs include the pins of a three-pin plug which must be shaped to fit an electricity socket to function as intended, so protection is not available for the design of the pins even if those pins were novel and possessed of individual character. On the other hand, the design of the plug itself, for example the shape of a plug moulding, its colour or surface texture, may be protectable.



An exception to the "must-fit" design exclusion is that designs that serve the purpose of allowing the multiple assembly by connection of products within a modular system are protectable. So, for example, the design of a shelf that forms part of a modular stackable shelf assembly is protectable, as is the design of a Lego-style brick provided that the other requirements for protection are met.

Duration and scope of Community designs protection

The UCD provides short-term protection within the EU against copying of a design. 'Copying' requires the infringer to have knowledge of the protected design. It does not mean that protection is limited to an exact copy: both the UCD and RCD protect against infringements that have the same 'individual character' as the protected design. UCD protection lasts for a period of three years from the date on which the design was first made available to the public within the EU. If the design was first made available outside the EU, this may preclude UCD. There is no application procedure to follow and so no costs associated with obtaining protection.

The RCD is available through a registration procedure, which provides longer protection than the UCD. RCD protection is for an initial period of five years from the date of filing, and can be extended up to twenty-five years upon payment of renewal fees at five-yearly intervals. Aside from the deterrent effect of a public registration, the RCD is also stronger than the UCD in a crucial respect: the RCD provides a true monopoly - there is no need to demonstrate copying as required by a UCD. The RCD gives an exclusive right to use the design and to prevent third party use without consent, even if that third party did not know of the registered design.

RCD application procedure

In the same manner as CTMs, RCD applications are handled by the Office for Harmonisation in the Internal Market (OHIM) based in Alicante, Spain.

Applications can be filed directly or via the national patent offices of the EU countries, which will accord a filing date and then forward the applications to OHIM.

It is possible to include any number of designs in a multiple application provided that they all fall into the same product category as laid down in the Locarno classification. It will be necessary to separate designs, which do not. Filing multiple designs rather than separate applications for each design can make significant cost savings, but costs will go up if divisional applications are required.

The design will usually be published immediately upon registration (as little as two months from the date of application) but on payment of a further fee, publication can be deferred to a maximum of thirty months from the filing date. This may be important where a design is to remain under wraps while awaiting product launch, for example, or to preserve the novelty of a later patent application.

While it is not compulsory to state who designed the design(s) applied for, individual designers or the design team have the right to be named as such if they wish.

After filing, OHIM will examine the application for formal requirements to ensure that all necessary information is present and the correct fees have been paid. OHIM will not carry out any assessment of whether the design is new and has individual character, but will check that it falls within the definition of a 'design' and that the design is not contrary to public policy or accepted principles of morality. As the definition of 'design' is extremely broad and as the test for immorality will probably be reasonably lax, very few designs will be excluded. OHIM's examination process is likely to be a rubber-stamping operation in the vast majority of cases.

The cost of registering Community designs

A basic registration fee and a publication fee

are payable for each design that is included in the application. However, these fees are halved for the second to tenth designs in a multiple-design application, and reduced even further for the eleventh and subsequent designs. The multiple designs must all fit within the same Locarno class, otherwise a separate divisional application will be necessary at extra cost.

If deferred publication is requested, it is necessary to pay a modest deferment fee for every design in the application whose publication is to be deferred. In such cases, the full publication fee is payable later on, when the applicant chooses to have the design published or at the latest three months before the end of the maximum thirty-month deferment period.

The cost structure is such that, including attorney fees, it should be possible to protect a single design throughout Europe for considerably less than £1000 and to protect further designs as part of the same application for a few hundred pounds more per design. This is scarcely more expensive than a single national design registration for a single design, and so represents a massive cost saving compared to multiple national registrations, and particularly so for multiple designs.



Challenging and enforcing Community designs

Invalidity proceedings may be employed by a third party to remove or restrict a RCD or a UCD at any time during its life, for example if the design is not a 'design' as defined or does not fulfil the requirements of novelty and individual character.

Invalidity proceedings against a RCD are subject to the exclusive jurisdiction of OHIM; this means that they cannot be brought directly before a court, except as a counterclaim in an infringement action. In contrast, invalidity proceedings against a UCD are subject to the exclusive jurisdiction of Community design courts. Each EU Member State must nominate a court of first instance and an appeal court, both referred to as Community design courts.

The Community design system will make it easier to take action against infringers, wherever they may arise in the European Union. To achieve this, the system provides for a single infringement action before the appropriate Community design court, which, if the action is successful, can provide remedies effective throughout the EU. So, a finding of infringement in one court can apply throughout the EU without further litigation. For example, where the Community design court finds that the defendant has infringed or threatened to infringe, it must usually issue an injunction and it must take measures to ensure compliance, such as seizure of infringing products and, in some circumstances, of materials and implements used to make infringing products. However, a Community design court must apply its national law to procedural matters and questions of damages and other remedies for infringement.

Conclusions

Traditional users of the designs system will be delighted by the ease and cost-effectiveness of obtaining European design protection under the new law, and the greater flexibility of protection. New users will be attracted by the broader definition of protectable designs, particularly for uniforms and logos, which, previously, were mainly the concern of trademark law. In relation to trademark registration, RCD protection will have the benefit of pan-EU monopoly protection for up to twenty-five years, without having to prove trademark distinctiveness, without limitation as to the commercial field for which the design will be used, and without having to prove a likelihood of confusion in infringement actions.

Given their relatively short lifespan between revisions, we can see many logo marks being protected as designs rather than as trademarks. We can also see 3-dimensional marks being protected as designs while they acquire the distinctiveness necessary for registration as trademarks.

The one-year grace period means that designs first disclosed since 1 April 2002 may validly be subject to RCD protection. Potential applicants should review their portfolios to see if they have any new designs within that period that could be worthy of European registration. As several such designs may be incorporated within a single RCD application, it may be appropriate to repeat that review every few months so as to gather together new designs into a new RCD application, remembering always that it is better to file an application, if possible, before the design is disclosed.

With opportunities come responsibilities: bear in mind it will be easier for competitors to protect themselves and to enforce their rights too. So, a heightened awareness of infringement risks will also be important, involving extended searching and watching strategies.

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