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## EU Design Reform

### KEY MESSAGES

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BUSINESSEUROPE welcomes the European Commission Proposals which are intended to further harmonise the legislation on design protection in the European Union.

Designs traditionally are the least used type of intellectual property rights, however they play an important role for businesses and the EU economy as a whole. The reform could contribute to increasing awareness about design protection and help increase the usage of protected designs.

Efficiency and suitability for the digital transformation should be the way forward, alongside with the efforts to increase accessibility of the design protection system, especially for smaller businesses.

We welcome the wider definition of “product” and the extension of the scope of design rights, which are intended to align with the digital transformation.

New enforcement provisions and alignment with the EU trademark framework will grant precious new tools to right holders to fight counterfeiting, increasingly relying on new technologies (e.g., on 3D printing).

### KEY FACTS AND FIGURES

- An industrial design is the ornamental and aesthetic aspect of a product. The design may consist of three-dimensional features, such as the shape or surface of a product, or of two-dimensional features, such as patterns, lines or colour.
- The design of a product is often the main reason why consumers choose it over others. Well-designed products create an important competitive advantage for producers.
- Registered designs generate value, as other more frequently used intellectual property rights do.
- Design-intensive industries contribute to 12.9% of employment and 15.5% of GDP in the EU (Source: EPO-EUIPO, [“IPR-intensive industries and economic performance in the European Union”](#), 2022).



### COMMENTS ON THE REFORM OF THE EU DESIGN PROTECTION LEGISLATION

BUSINESSEUROPE is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and actively campaigning on the issues that most influence their performance. We speak for enterprises of all sizes in 35 European countries whose national business federations are our direct members.

BUSINESSEUROPE has taken note of the European Commission proposals for a Regulation<sup>1</sup> and a Directive<sup>2</sup> reforming the system for design protection in the European Union (jointly referred to hereafter as “the Commission Proposals”). According to the European Commission (“the Commission”), these proposals are intended to update the legislation on design protection, and in particular to modernise, clarify and strengthen design protection; make design protection more accessible and affordable across the EU; ensure EU and national rules governing design protection are more compatible; and further align EU rules on design protection for repair spare parts.

BUSINESSEUROPE welcomes these long-awaited initiatives which would modernise the legislation on design protection and render it fit for the digital age. BUSINESSEUROPE is happy to contribute to this debate which will have an impact on this legislation over the coming years, and is providing some comments below building on previous positions on this issue.<sup>3</sup>

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<sup>1</sup> Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 6/2002 on Community designs and repealing Commission Regulation (EC) No 2246/2002, Brussels, 28.11.202, COM(2022) 666 final 2022/0391 (COD).

<sup>2</sup> Proposal for a Directive of the European Parliament and of the Council on the legal protection of designs (recast), Brussels, 28.11.2022 COM(2022) 667 final 2022/0392 (COD).

<sup>3</sup> See BUSINESSEUROPE position paper “Intellectual Property - Priorities for the next political cycle” of September 2019, Section 3.C., available at <https://www.businessseurope.eu/publications/intellectual-property-priorities-next-institutional-cycle>; BUSINESSEUROPE Comments on the public consultation on the revision of the EU legislation on design protection of July 2021, available at <https://www.businessseurope.eu/publications/revision-eu-legislation-design-protection-businessseurope-comments-public-consultation>;

BUSINESSEUROPE Comments to the Inception impact assessment on the review of the EU design protection legislation, of December 2020, available at <https://www.businessseurope.eu/publications/inception-impact-assessment-review-eu-design-protection-legislation-businessseurope>; and BUSINESSEUROPE Comments on evaluation of EU legislation on design protection consultation of March 2019, available at [https://www.businessseurope.eu/sites/buseur/files/media/position\\_papers/legal/2019-03-26\\_comments\\_on\\_evaluation\\_of\\_eu\\_legislation\\_on\\_design\\_protection.pdf](https://www.businessseurope.eu/sites/buseur/files/media/position_papers/legal/2019-03-26_comments_on_evaluation_of_eu_legislation_on_design_protection.pdf).



## GENERAL COMMENTS

An industrial design is the ornamental and aesthetic aspect of a product. The design may consist of three-dimensional features, such as the shape or surface of a product, or of two-dimensional features, such as patterns, lines, or colour. Visual appeal is one of the key factors that influence a consumer's choice of preferring one product to another. Well-designed products create an important competitive advantage for producers.

Designs traditionally are the least used type of intellectual property rights<sup>4</sup>, however they play an important role for businesses and the EU economy as a whole. Design-intensive industries contribute to 12.9% of employment and 15.5% of GDP in the EU<sup>5</sup>. A new legislation on design protection should definitely have these elements in mind and aim at further increasing the use of design protection in the EU.

BUSINESSEUROPE has always supported the harmonisation of national rules and the creation of the Community design protection system. The harmonisation has been a major change from which businesses have certainly benefited insofar as, amongst other things, it has:

- provided the same protection of designs everywhere in the EU,
- contributed to preventing counterfeiting and copying of Community designs, and
- introduced a simple registration procedure.

In this context, BUSINESSEUROPE welcomes the Commission Proposals which are intended to further harmonise the legislation on EU design protection. Efficiency and suitability for the digital transformation should be the way forward, alongside with the efforts to increase accessibility of the design protection system, especially for smaller businesses.

We also believe that these Commission Proposals could contribute to increasing awareness about design protection and help increase the usage of protected designs. Unfortunately, there is not sufficient awareness amongst designers and entrepreneurs (including SMEs) of the availability, benefits, and ways of protecting designs in the EU. Such insufficient awareness concerns in particular: the scope of protection, the subject matter that can be protected, and how design protection can contribute to businesses' growth and innovation.

Companies are also not sufficiently familiar with differences between the protection provided by trademark law, copyright law and rules on unfair

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<sup>4</sup> EUIPO Observatory, "Use of IPR bundles by EU firms 2014-2015", 2020, available at [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2020\\_IPR\\_Bundles/2020\\_Use\\_of\\_IPR\\_bundles\\_by\\_EU\\_firms\\_2014\\_2015\\_Full\\_EN.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2020_IPR_Bundles/2020_Use_of_IPR_bundles_by_EU_firms_2014_2015_Full_EN.pdf).

<sup>5</sup> EPO-EUIPO, "IPR-intensive industries and economic performance in the European Union", 2022, available at [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/IPR-intensive\\_industries\\_and\\_economic\\_in\\_EU\\_2022/2022\\_IPR\\_Intensive\\_Industries\\_FullR\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/IPR-intensive_industries_and_economic_in_EU_2022/2022_IPR_Intensive_Industries_FullR_en.pdf)



competition, and often designs are seen as the “consolation prize” when a certain innovation does not have enough technicality and thus is not able to get a patent or a utility model.

Increasing companies’ awareness is a joint exercise of the Commission, the EUIPO, national offices and stakeholders. Informative campaigns and specific trainings on the design protection could be the first step to be undertaken and the design reform could give this opportunity.

## COMMENTS ON SPECIFIC PROVISIONS OF THE COMMISSION PROPOSALS

- **Update of the terminology**

BUSINESSEUROPE welcomes the update of the terminology of the design protection legislation and the alignment with the EU trademark law. The introduction of the terms “EU designs” and the replacement of obsolete wording such as “OHIM” and “Community” designs are particularly appropriate.

- **Definition of design and product – Article 3 of the Proposal for an EU Design Regulation and Article 2 of the Proposal for a revised Design Directive**

BUSINESSEUROPE welcomes the definition of “product” being updated to broaden the scope as to better cover and distinguish those products visualised in a graphic, embodied in a physical object or apparent from the spatial arrangement of items to form an interior environment. This broader scope is in line with the digital transformation.

Regarding the definition of “design”, we believe that the Commission Proposals should make clear it that this definition reflects the so-called “concrete concept” of designs, i.e., the design is the appearance of a particular product, the appearance that results from the product, is something intrinsic to the product, not separated to it.

This “concrete” qualification is not merely theoretical. In fact, if the “concrete nature” of a design is confirmed, then the assessment of novelty and individual character should take into account earlier designs of products of the same or similar nature. This approach could be compared to the criteria being applied with respect to the EU trademarks (principle of specialty) whereby two similar trademarks can coexist if they are directed to cover products/services of different nature (unless the earlier trademark has got reputation on the market).

In the past, the applicability of the “concrete nature” concept to novelty and individual character was very clear. We believe that the revision of the design protection legislation would be a good opportunity to clarify this point.

If the principle of specialty is adopted, the same should apply also to the scope of protection of designs, by establishing that the scope would apply to designs of products of the same or similar nature.



Therefore, we are of the view that both the Proposal for an EU Design Regulation and the Proposal for a revised Design Directive should clearly indicate that the “concrete nature” concept of design and the specialty rule apply. The provisions in the Commission Proposals should be adapted accordingly.

- **Scope of rights conferred by a registered design - Article 19 of the Proposal for an EU Design Regulation and Article 16 of the Proposal for a revised Design Directive**

BUSINESSEUROPE welcomes the extension of the scope of design rights to also cover new digital forms, digital graphical user interfaces or icons. We agree that design right holders should be entitled to also pursue counterfeiting activities occurring by means of 3D technologies.

BUSINESSEUROPE also supports the proposed alignment between the scope of design rights and the trademark *acquis* concerning the possibility to enforce design rights against goods in transit. Given the importance of designs to the EU economy, it is key to safeguard design protection more effectively. To this end, we support the proposal that design right holders will be entitled, without hampering the free flow of legitimate international trade, to prevent third parties from bringing design-infringing goods into a Member States/the EU even if these infringing goods are not intended to be placed on the market in the Member State concerned/the EU.

- **Limitation of the rights conferred – Article 20 of the Proposal for an EU Design Regulation and Article 18 of the Proposal for a revised Design Directive**

We consider that the inclusion of “critique and parody” among the permissible uses of the registered rights might create some difficulties in the enforcement phase, especially in consideration of provisions on unfair competition and comparative advertising.

- **Repair clause - Paragraph (33) of the Preamble of the Proposal for a revised Design Directive, Article 20a of the Proposal for an EU Design Regulation and Article 16 of the Proposal for a revised Design Directive**

Paragraph (33) of the Preamble of the Proposal for a revised Design Directive reads as follows: *“The purpose of design protection is to grant exclusive rights to the appearance of a product, but not a monopoly over the product as such. Protecting designs for which there is no practical alternative would lead in fact to a product monopoly. Such protection would come close to an abuse of the design protection regime. If third parties are allowed to produce and distribute spare parts, competition is maintained. If design protection is extended to spare parts, such third parties infringe those rights, competition is eliminated and the holder of the design right is de facto given a product monopoly”.*



We are of the opinion that Paragraphs 32 and 34 of the Preamble of the Proposal for a revised Design Directive are sufficient to explain the rationale behind the harmonisation of the repair clause. Paragraph 33 is unnecessary and might be subject to misunderstandings. In particular, the reference to “monopoly” is counterproductive to the objective of promoting legal protection of designs in the EU and might create misunderstandings on intellectual property rights in general. Paragraph 33 should therefore be deleted or amended.

- **Design notice – Article 26a of the Proposal for an EU Design Regulation and Article 24 of the Proposal for a revised Design Directive**

We welcome the proposal to introduce a design notice available to the holders of registered designs as this would allow to inform the public that the design concerned has been registered. The design notice could help raise awareness about design protection among a wider and less expert audience.

- **Product indications - Article 40(4) of the Proposal for an EU Design Regulation**

Article 40(4) of the Proposal for an EU Design Regulation provides that, when the applicant uses product indications which are not contained in the harmonised database of product indications, the Office (i.e., the EUIPO) is entitled to propose product indications from that database.

We consider that this practice could complicate the registration procedure of designs, as it would extend this procedure and increase the costs of designs prosecution for the applicants.

Since this proposal is intended precisely to speed up the registration procedure and reduce the prosecution costs also for small businesses<sup>6</sup>, this provision should be removed as it would only facilitate the translation work of the Office whilst further complicating the tasks for applicants and increasing their burdens. The costs for applicants do not only concern the fees but also the time spent in replying to the objections raised by the Office during prosecution.

- **Prior use - Paragraph 36 of the Preamble and Article 21 of the Proposal for a revised Design Directive**

We consider that the wording of Paragraph 36 of the Proposal for a revised Design Directive should better clarify the scope of prior user rights. It is not clear from Paragraph 36 whether prior user rights would only apply in the Member States where the use commenced in good faith or serious effective preparations occur, or whether prior user rights would apply in all the EU Member States regardless of the place whether the qualified prior use took place.

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<sup>6</sup> See Section 1 of the Explanatory Memorandum to the Proposal for an EU Design Regulation.





Since the grace period applicable up to a year after the designer (or subsequent owner of a design) first disclosed a design without destroying its novelty, applies to all EU Member States, we believe that prior user rights in respect of a registered design right should also apply to all EU Member States. Article 21 of the Proposal for a revised Design Directive should be amended accordingly.

- **Grounds for invalidity - Article 14(1)(d) of the Proposal for a revised Design Directive**

Article 14(1)(b) of the Proposal for a revised Design Directive provides that, if the design has been registered, the design right shall be declared invalid if *“the design is in conflict with a prior design which has been made available to the public, and which is protected from a date prior to the date of the filing of the application (...)”*.

We consider that the terms “which is protected” might be confusing and might be interpreted as that an earlier design which has not been registered does not constitute prior art. We thus suggest replacing the terms “which is protected” with the following clearer wording: *“and which was filed, or claims priority, from a date prior to the date of filing of the application, or if priority is claimed, the date of priority of the design”*.

- **Procedures for the declaration of invalidity – Article 31 of the Proposal for a revised Design Directive**

Article 31(1) of the Proposal for a revised Design Directive provides that: *“without prejudice to the right of the parties to appeal to the courts, Member States shall provide for an efficient and expeditious administrative procedure before their offices for the declaration of invalidity of a registered design right”*.

This provision seems to be intended to open the possibility for Member States to allow administrative proceedings for invalidity alongside parallel judicial procedures. If this is the case, we believe that the wording of Article 31(1) is unclear and might be subject to different interpretations by the Member States.

The establishment of administrative proceedings of invalidity is also included in Article 43(1) of the Trademarks Directive (EU) 2015/2436. This provision generated a discussion and different interpretations in the Member States. Some Member States (such as France) understood that the Trademarks Directive allowed the possibility to have administrative and court proceedings for invalidity running in parallel, while others (like Spain) understood that only administrative proceedings were possible. These diverging views led to dissimilar implementation of the Trademarks Directive, which runs against the objective of this Directive, i.e., harmonisation of national legislations.



Although the wording of Article 31(1) and Article 43(1) differs, we consider that Article 31(1) should be clarified and better indicate that Member States should provide administrative proceedings alongside parallel court proceedings. This would limit the risk of diverging interpretations and implementation across the EU.