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The EU design reform has entered into force. An overview of the key-changes

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INTELLECTUAL PROPERTY

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Background, objectives and effectiveness of the reform package¹

The pre-existing framework of design law within the European Union is more than twenty years old. It provides a two-layer system of protection, pursuant to:

- Directive 98/71/EC of 13 October 1998 on the legal protection of designs (Design Directive), which harmonized the key-provisions of national design laws, and
- Council Regulation (EC) no. 6/2002 of 12 December 2001 (Community Design Regulation, CDR), governing a unitary design title within the EU.

Despite a few attempts, no overall review of this system was put in hand until 2014, when the EU Commission took steps in that direction. Some studies were conducted, from both a legal and an economic perspective, along with stakeholders' consultations, based on which, in November 2020, a <u>Commission Evaluation</u> was published². What came out was that, on the whole, the system was fit for its purposes and worked quite well, helping to foster innovation in the design field³. However, <u>certain</u> shortcomings were identified.

In particular, since the entry into force of the Design Directive and the CDR, <u>technology</u> had registered a breakthrough, especially in the <u>digital</u> field: new objects and scenarios needed to be covered, and clearly legislated on.

¹ Relevant information and documentation is available, among others, in webpages of the European Parliament's Legislative Train Schedule (<u>LINK</u>) and the EUIPO website (<u>LINK</u>).

² The full text of the Commission's Evaluation of EU legislation on design protection, along with further information, is available at this <u>LINK</u>.

³ "The evaluation showed that the objectives pursued by the EU's design legislation continue to be highly relevant. This was shown in the <u>substantial contribution made by design-intensive industries to the EU's</u> <u>economy</u> and in the <u>growing value of new technological designs</u> for EU innovation. The <u>steady increase in the</u> <u>number of design applications</u> filed with the EUIPO proves both the success of the Community design system and the rising importance companies give to protecting their designs.": see Executive Summary of the Evaluation - SWD (2020) 265 (document available at this <u>LINK</u>).



Certain <u>procedures</u> in relation to design filing, prosecution and claims had become <u>outdated</u> and needed to be streamlined; <u>fee</u> levels and structure resulted <u>sub-optimal</u>, sometimes discouraging individual designers and SMEs from seeking registration or renewal. Furthermore, as to design protection for <u>spare sparts</u>, a patchwork of diverging national regimes emerged, resulting in <u>barriers to competition</u> in the relevant aftermarket.

So, the legislative process was launched, to revise both the CDR and the Design Directive, with the publication by the Commission of two Proposals in November 2022⁴. In 2023, after in September the Council had adopted its positions ("general approaches"), introducing some amendments to the Proposals, in December the colegislators - Council and European Parliament - reached a provisional deal on the design package. In 2024, after in March the Parliament had formally endorsed the two drafts (with some amendments), on October 10 the new texts were finally adopted, through approval by the Council.

The EU design package (Design Reform) consists of two instruments:

 Directive (EU) 2024/2823 of 23 October 2024 on the legal protection of designs (recast) (New Directive)⁵, and Regulation (EU) 2024/2822 of 23 October 2024 amending Council Regulation (EC) No 6/2002 on Community designs and repealing Commission Regulation (EC) No 2246/2002⁶ (Modifying Regulation)⁷.

The Design Reform <u>entered into force</u> on **8 December 2024**, on the 20th day following its publication in the Official Journal of the European Union (occurred on 18 November). The <u>Modifying</u> <u>Regulation</u> will apply in general from **1 May 2025**⁸, while some specific amendments, including those brought about by secondary legislation, will apply as from **1 July 2026**⁹.¹⁰ The <u>New</u> <u>Directive</u> will apply after 36 months since its entry into force, namely in **December 2027**¹¹.

The **objectives** of the Design Reform are manifold: (i) modernizing, clarifying and strengthening design protection; (ii) making it more accessible and affordable across the EU; (iii) ensuring enhanced compatibility and interoperability of national systems for design protection in Member States; (iv) harmonizing national regimes on design protection for repair spare parts, tackling the fragmentation of the relevant market within the EU.

As one reads in the Explanatory Memoranda to the Proposals: "... Considered together as a package ... the main common objective of this initiative ... is to promote design excellence, innovation and competitiveness in the EU. This is to be done by ensuring that

⁴ References to the Proposals: COM(2022) 666 and COM(2022) 667.

⁵ Full text of the New Directive available at this LINK.

⁶ Commission Regulation (EC) no. 2246/2002 of 16 December 2002 on fees payable to the EUIPO for registration of Community designs (*"on the fees payable to the Office for Harmonization in the Internal Market* ... *in respect of the registration of Community designs"*). Pursuant to art. 2 of the Modifying Regulation, Regulation (EC) no. 2246/2002 is repealed with effect from 1 May 2025.

⁷ Full text of the Modifying Regulation available at this <u>LINK</u>. Throughout this article, "*Modifying Regulation*" refers to Regulation (EU) 2024/2822 itself, while "*New Regulation*" means the new text of Regulation (CE) no. 6/2002 as amended pursuant to art. 1 of the Modifying Regulation.

⁸ Namely, the first day of the month following 4 months after the date of entry into force.

⁹ Namely, the first day of the month following 18 months after the date of entry into force

¹⁰ See art. 3 of the Modifying Regulation.

¹¹ More precisely, art. 38 of the New Directive reads that articles 4, 5, 7, 8, 9, 20 and 22 thereof will apply from 9 December 2027.



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the overall design protection system is fit for purpose in the <u>digital age</u> and becomes substantially <u>more accessible</u> <u>and efficient</u> for individual designers, SMEs and design intensive industries in terms of <u>lower costs and complexity</u>, <u>increased speed</u>, <u>greater predictability</u> <u>and legal certainty</u> ...^{"12}.

Here follows a selection of the main changes that have been introduced to achieve these goals.

New definitions of "design" and "product"

The core definitions of "*design*" and "*product*" are broadened, clarified and updated with respect to technological advances in the digital field.

The definition of design now expressly encompasses "the <u>movement</u>, <u>transition</u> or any other sort of <u>animation</u>" of traditional features (namely, of "the appearance of the whole or a part of a product resulting from the features, in particular the lines, contours, colours, shape, texture and/or materials, of the product itself and/or of its decoration")¹³.

According to a summary of the Design Reform issued by the European Union Intellectual Property Office (EUIPO), "animation" is to be understood as a progressive change of the design feature(s) concerned, with or without retaining their identity; it includes both movement and transition¹⁴.

Hence, dynamic designs, either

physical or digital (like the movement of a furniture component or the animation of a computer icon), now clearly fall within the scope of design protection. Also the definition of "*product*" was reshaped, to expressly include **nonphysical items**: now product means any industrial or handicraft item, other than a computer program, "<u>regardless</u> of whether it is embodied in a physical object or materializes in a non-physical form"¹⁵. Thus, the door is open to completely digital products, such as virtual objects authenticated by NFTs or existing only in the metaverse, or CAD files used to print 3D models.

Besides, the exemplifying list of what can qualify as a product was revised and clarified, now explicitly covering also "sets of articles", "spatial arrangements of items intended to form an interior or exterior environment" (e.g. the digital rendering of an interior design project), "graphic works", "logos"¹⁶, "surface patterns" and "graphical user interfaces" (GUIs).

Clarifications on the visibility requirement

It was clarified that protection is conferred (only) for those features of appearance of a registered design that are <u>shown visibly</u> in the application as filed¹⁷, and in that way are accessible to the public through consultation of the relevant register/s.

Conversely, it is immaterial whether the design features are visible or not at any particular time or in any particular situation in the course of product use. An <u>exception</u> to this principle applies to <u>component parts of a complex product</u>, which (already under the former legislation) are eligible for design protection on condition that, once they



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¹² See Explanatory Memorandum to COM(2022) 666 (<u>LINK</u>) and Explanatory Memorandum on COM(2022) 667 (<u>LINK</u>).

¹³ See art. 3.1 New Regulation and art. 2.3 New Directive.

¹⁴ See EUIPO document entitled "EU Designs Legislative Reform", page 5, available at this LINK.

¹⁵ See art. 3.2 New Regulation and art. 2.4 New Directive.

¹⁶ According to some IP experts, there is a risk that the express inclusion of logos among products eligible for protection as designs may interfere with trademark legislation, causing some systemic inconsistencies: see LES Italy, *Revisione delle norme dell'UE in materia di disegni e modelli industriali*, 31.01.2023, available at this <u>LINK</u>.

¹⁷ See art. 18a New Regulation and art. 15 New Directive.

are incorporated into the complex product, remain visible during the normal use of the latter (and to the extent that such visible features of the component part fulfil in themselves the requirements of novelty and individual character)¹⁸.

As noted by the Max Planck Institute in its Position Statement on the Design Reform¹⁹, the EU legislator rectified the product-oriented approach taken by some case law, in particular by the General Court (GC) in its *Biscuit Poult* case²⁰. In that judgment of 2014, concerning a registered Community design intended to be applied to cookies, the GC dismissed the appeal brought by the design holder against the OHIM Third Board of Appeal's decision of 2012 whereby the Office had found the contested design invalid (on the ground that it lacked individual character).

The Board of Appeal had held that the layer of chocolate filling inside the biscuit could not be taken into consideration for the assessment of the individual character of the design, because it did not remain visible during the normal use of the product. The GC held that the internal layer of chocolate filling became visible only if the cookie was broken, hence, that characteristic did not relate to the appearance of the product. However, the concept of "external visibility" is capable of generating legal uncertainty, inasmuch as it does not stick to what is identifiable from the design registration: in this perspective, the clarification provided by the Design Reform should contribute to greater legal certainty.

Besides, as also highlighted in the Max Planck Institute's Position Statement, this revision meets the expanded definition of "product", in the sense that where digital products are at stake, there is an immanent conflation between design (as appearance) and product itself (as the separable item to which appearance relates). The new regime "now adds graphic works, logos, and graphical user interfaces to the list. In all these instances, the product is indiscernible from its appearance. There is nothing beyond appearance. ... Such products only exist by means of their visual appearance. They do not possess any other dimension. We can encounter them only as purely visual signals. Here, preconceived notions of real-life objects cannot function as a reference point to define the object of protection."21

Representation requirements simplified

New digital designs require appropriate means to provide a clear and precise visualization in design applications, catching up with technological advances and following common standards across Member States²². With that in mind, the Design Reform made representation requirements more flexible.

The New Directive provides that a design can be represented "<u>in any form</u> of visual reproduction", which may be "static, <u>dynamic</u> or <u>animated</u>" and may be effected "by any appropriate means, using generally available technology", including (in addition to drawings and photographs) also "<u>videos</u>, <u>computer</u> <u>imaging</u> or <u>computer modelling</u>"²³.²⁴

²⁴ Pursuant to art. 26.6 of the New Directive, "The Member States' central industrial property offices and the Benelux Office for Intellectual Property shall cooperate with each other and with the European Union Intellectual



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¹⁸ See art. 4.2 New Regulation and art. 3.3 New Directive.

¹⁹ See "Position Statement of the Max Planck Institute for Innovation and Competition of 23 January 2023 on the 'Design Package' (Amendment of the Design Regulation and Recast of the Design Directive)", available at this <u>LINK</u>.

²⁰ General Court, 09.09.2014, T-494/12, *Biscuits Poult SAS vs. OHIM*.

²¹ See point III.1 of the Max Planck Institute's Position Statement.

²² See recital 24 Modifying Regulation and recital 39 New Directive.

²³ See art. 26.1 New Directive.

Consistently with that premise, the New Regulation²⁵ foresees that, as to permissible means of representation, the EUIPO Executive Director is supposed to determine the formats and size of electronic files, as well as other relevant technical specifications²⁶.

While designs of animated objects (such as moving icons, cartoon characters and graphical user interfaces) can already be registered under the pre-existing framework, the new means for representing them should help to overcome the limits inherent in those previously envisaged. Suffice it to note that, as to snapshots (short sequences of static views in progression, used to show an animated design at different specific moments in time), the 2024 EUIPO Design Guidelines²⁷ specify that "In principle ... all views of an animated icon or graphical user interface need to be visually related", and that "It is the applicant's responsibility to order the views in such a way as to give a clear perception of the movement / progression"²⁸. Applicants will now be able to bypass that hurdle when filing a dynamic design.

Still with reference to design representation, both legislative texts address the relevant requirement for design applications, providing that a <u>"sufficiently clear</u>" representation of the design, such as to permit the subject matter for which protection is sought to be determined, will be enough to obtain a filing date²⁹.

As a further element of flexibility, the <u>cap</u> set at maximum seven different <u>views</u> of a design that can be contained in an application³⁰ is <u>removed</u>. Rather, pursuant to the New Directive, the reproduction of a design shows all aspects for which protection is sought "*in* one or more views", and "other types of views" can be provided for the purpose of further detailing specific features of the design³¹.³²

Enhanced rights for design holders against digital infringement

One of the findings of the Commission's assessment was that design protection against infringement rested on an unclear scope, apparently inadequate with respect to certain forms of use or reproduction performed by means of new digital tools, like 3D printing. Fundamentally, through 3D printing a design is encoded in a software and then processed by a computer, in such a way that, starting from a digital file, layers of material are mechanically deposited one on top of the other to obtain a physical 3D reproduction of the design itself.

Under the CDR and the Design Directive, there is no doubt that once the knock-off

Property Office to establish <u>common standards</u> to be applied to the requirements and means of design representation, in particular as regards ... the <u>technical specifications</u> for the <u>means to be used</u> for the reproduction, storage and filing of designs, such as the formats and size of the relevant electronic files.".

²⁵ "New Regulation" as defined in footnote 7.

²⁶ See art. 36.5 New Regulation.

²⁷ EUIPO Design Guidelines, Version 1.0, entered into force on 31.03.2024. Full text available in the EUIPO website at this <u>LINK</u>.

²⁸ See 2024 EUIPO Design Guidelines, Introduction, point 5.3.6.

²⁹ See art. 36.1(c) New Regulation and art. 25.1(c) New Directive.

³⁰ Pursuant to art. 4.2 of the Community Design Implementing Regulation (CDIR - Commission Regulation (EC) no. 2245/2002 of 21 October 2002), "The representation may contain no more than seven different views of the design. ... In cases where more than seven views are provided, the Office may disregard for registration and publication any of the extra views. ...".

³¹ See art. 26.2 New Directive.

³² Pursuant to art. 26.6 of the New Directive, the cooperation among IP offices to establish common standards will also have to address the types and number of views to be used for design representation. As to filing an EU design represented by static views, pursuant to art. 36.5 of the New Regulation it is up to the EUIPO Executive Director to determine, among others, the manner of numbering different views.



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printout is made, offered and/or put on the market, an infringement occurs³³. However, what if a third party, for example, simply creates and shares a CAD file recording a protected design, when no copy of any product has been printed (yet)? Or what about the mere supply of a software code that can be used to 3D-print an object incorporating the design?

The Design Reform addresses this issue, expanding the list of specific forms of use expressly covered by the exclusive rights conferred to the design holder, including also the rights of "<u>creating</u>, <u>downloading</u>, <u>copying</u> and <u>sharing</u> or <u>distributing</u> to others <u>any medium</u> or <u>software</u> which records the design for the purpose of enabling a product ... to be made"³⁴.

This amendment should enhance design holders' enforcement rights against infringers, making them more effective in the digital era. However, some stakeholders called for additional clarification. In particular, the Max Planck Institute in its Position Statement remarked that the new legislation expressly refers the further uses mentioned thereby only to the specific purpose of making a product, while a common case of indirect infringement can notably consist of the online sharing of files for *display* in screens of computers or smart devices. "It might be questioned, therefore, whether indirect infringements by way of sharing any medium or software recording the design also fall within this provision (e.g. by way

of an analogy) or if there is a legislative intent to leave it out."³⁵.

The new repair clause

The issue of design protection for spare parts has long been <u>controversial</u>, as a result of the underlying effort to strike a balance between the need to reward efforts deployed in aesthetic research and that to prevent the monopolization of the secondary market for components necessary to repair a complex product.

The framework outlined by the Design Directive and the CDR reached a transitional compromise, oriented towards increasing liberalization. The driver was that, until appropriate amendments to the Design Directive are adopted, Member States can introduce changes to their existing laws on the use of the design of a spare part (namely, of *"a component part used for the purpose"* of the repair of a complex product so as to restore its original appearance") only if the purpose is to liberalize the market for such parts (so-called freeze-plus clause)³⁶. Some Member States introduced a repair clause³⁷, while others did not. As to Community designs, the CDR provides that, until relevant amendments are enacted and enter into force, protection for the design of repair spare parts cannot be claimed³⁸.

The Design Reform tries to shed light on the repair clause and boost it, at the same time harmonizing the relevant regime across Member States. More particularly, also resting on some



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³³ Pursuant to art. 19.1 of the CDR and art. 12.1 of the Design Directive, a registered design "shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes".

³⁴ See art. 19.1(d) New Regulation and art. 16.2(d) New Directive.

³⁵ See point III.4(a) of the Max Planck Institute's Position Statement.

³⁶ See art. 14 of the Design Directive.

³⁷ In Italy, the Industrial Property Code (Legislative Decree no. 30/2005 - IPC) does contain a repair clause: pursuant to art. 241 IPC, until the Design Directive is modified, exclusive rights to the components of a complex product <u>cannot</u> be invoked to prevent the manufacturing and sale of such components for the purpose of repairing the complex product in order to restore its original appearance.

³⁸ See art. 110 CDR.

teachings from EU case law (see, in particular, the *Acacia* judgment³⁹), the new provisions⁴⁰ expressly state that design protection is <u>not</u> conferred on a component part which is used for the sole purpose of repairing a complex product so as to restore its original appearance (hence, the <u>repair clause</u> applies), provided that:

(i) the design of the component part is <u>dependent</u> upon the appearance of the complex product (so-called *must-match* component), and

(ii) the manufacturer or seller⁴¹ of the spare part has <u>duly informed consumers</u>, through a clear and visible indication on the product or in another appropriate form, about the commercial origin of the product and the identity of the manufacturer, so that they can make an informed choice between competing products that can be used for the repair (**duty of diligence**).

On the other hand, (iii) it is specified that manufacturers and sellers of spare parts are <u>not required to guarantee</u> that the component parts they make or sell are ultimately used by end users only for repair purposes.

Member States will have a transitional period of eight years to implement the new repair clause in their national systems⁴².

Point (i) above addresses the keydistinction between *must-fit* and *mustmatch* components. The former (*must-fit* <u>components</u>) are to some extent interchangeable, because their outline and dimensions only partially depend on the need to be inserted or assembled into a complex product: e.g. the wheel rims or rear-views mirrors of a vehicle. The latter (<u>must-match components</u>) need, instead, to exactly reproduce the shape of the original component in order to be inserted or assembled with other components into the complex product: e.g. parts of the car bodywork, like a door or the bonnet.

In this respect, the EU legislator seems to depart somewhat from the Acacia judgment (which concerned car wheel rims), whereby, under the repair clause contained in the CDR, the exclusion from protection as a Community design was not subject to the requirement that the design of the repair spare part was dependent upon the appearance of the complex product. However, in the same judgment, the CJEU found that the repair clause could apply on condition that the replacement part showed an identical visual appearance to that of the component which was originally incorporated into the complex product when placed on the market⁴³.

The clarification supplied by the Design Reform ought to prove good news for design holders, inasmuch as the applicability of the new repair clause is limited to shape-dependent spare parts.

Points (ii) and (iii) reflect at large the findings of *Acacia*, despite certain variations. The CJEU held that, "... while the manufacturer or seller of a component part of a complex product <u>cannot be expected to guarantee</u>, <u>objectively and in all circumstances</u>, that the parts they make or sell for use in accordance with the conditions prescribed ... are, ultimately, actually used by end users in compliance with those conditions ...", in order to rely on the repair clause they are under a duty of diligence as regards <u>compliance by</u>



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³⁹ CJEU, 20.12.2017, C-397/16 and C-435/16, Acacia judgment.

⁴⁰ See art. 20a New Regulation and art. 19 New Directive.

⁴¹ One might wonder whether other market players, such as service providers, should be allowed to invoke the repair clause.

⁴² "Where on 8 December 2024, the national law of a Member State provides protection for designs ..., the Member State shall ... continue until 9 December 2032 to provide that protection for designs for which registration has been applied for before 8 December 2024" (para. 4 of art. 19 New Directive).

⁴³ See points 1 and 2 of CJEU judgment, in C-397/16 and C-435/16.

downstream users with the conditions laid down in that clause⁴⁴.

"... In particular, they must, first of all, <u>inform</u> the downstream user, through a clear and visible indication on the product, on its packaging, in the catalogues or in the sales documents, on the one hand, that the component part concerned incorporates a design of which they are not the holder and, on the other, that the part is intended exclusively to be used for the purpose of the repair of the complex product so as to restore its original appearance.

Next, they must, through appropriate means, in particular <u>contractual means</u>, ensure that downstream users do not intend to use the component parts at issue in a way that does not comply with the conditions prescribed ...

Finally, the manufacturer or seller <u>must</u> <u>refrain</u> from selling such a component part where they know or, in the light of all the relevant circumstances, <u>ought</u> <u>reasonably to know</u> that the part in question will not be used in accordance with the conditions laid down ...^{*45}.

It is noted that the two latter requirements – to adopt appropriate / contractual means and to refrain from selling in case of non-compliance by end users – are not specifically mentioned in the new repair clause. This may be at the source of some uncertainty in applying the new legislation, which would be left to court interpretation.

As regards the informative requirement towards downstream users, the wording adopted in the New Regulation and New Directive expressly refers to the commercial origin of the product and the identity of the spare part manufacturer. On the other hand, some uncertainties may arise in practice as to where an "appropriate form" of giving the information (other than a clear and visible indication on the product) subsists. As a whole, as the Max Planck Institute noted, "... by stipulating that the limitations cannot be invoked if the manufacturer or seller failed to duly inform the consumers about the origin of the product, the ... [new] repair clause effectively rebuts the argument brought forth by opponents of the repair clause that consumers might be exposed to risks that they are not aware of when buying a non-original part.

Fee adjustments

Structure and levels of fees payable to the EUIPO are rearranged. The new scheme is set out directly in the New Regulation (while Regulation (EC) no. 2246/2002 is repealed⁴⁸).

Looking at the new fee amounts provided by the Annex to the New Regulation, one sees that registration and publication fees are unified into a <u>single application</u> <u>fee</u> (of 350 EUR). In case of <u>multiple</u>

⁴⁴ See para. 85 and 89 Acacia judgment, and point 3 in the ruling thereof.

⁴⁵ See points 86, 87 and 88 Acacia judgment.



⁴⁶ See point III.5(b) of the Max Planck Institute's Position Statement.

⁴⁷ Room for debate can concern issues of coordination, and possibly tension, between design law and other branches of IP law which do not contemplate the repair clause. As to trademark law, case law provided guidance in *Audi* (CJEU, 25.01.2024, C-334/22). The case concerned a radiator grille for a motor vehicle which contained an element intended for the attachment of the well-known AUDI rings, protected as a trademark; the shape of such element was identical/similar to the emblem/trademark. The Court held that Regulation on the EU Trademark (Regulation (EU) 2017/1001, EUTMR) "... must be interpreted as meaning that it <u>does not preclude</u> the manufacturer of motor vehicles which is the proprietor of an EU trade mark from prohibiting a third party from using a sign identical with, or similar to, that trade mark in relation to <u>spare parts</u> for those motor vehicles, namely radiator grilles, where that <u>sign consists of the shape of an element</u> of the radiator grille designed for the attachment thereto of the emblem representing that trade mark, regardless of whether or not there is a technical possibility of attaching that emblem to the radiator grille without affixing that sign to it …" (point 2). In this sense, the repair clause is not applicable to trademark law.

⁴⁸ See footnote 6.

<u>application</u>, a <u>flat fee</u> (equal to 125 EUR) per additional design is introduced, eliminating bulk discounts based on the number of designs applied for. On the other hand, <u>renewal fees are increased</u> (e.g. that for the 4th renewal rises from 180 to 700 EUR)⁴⁹.

The underlying aim is to make design registration more accessible, but at the same time to discourage maintenance of unused or less worthy designs and to reflect the greater value of EU design registration compared to the national ones.

Procedural improvements

Besides fee adjustments, the EU legislator took certain measures to <u>update</u>, <u>simplify</u> and <u>speed up</u> <u>procedures</u>, as well as enhance legal certainty and predictability⁵⁰. This driver is appropriately summarized through the slogan "*easier*, *cheaper and faster*"⁵¹. As to Member States, it was considered that the procedure for national design registration should be efficient and transparent, and follow rules similar to those applicable to EU designs⁵².

Among the most significant procedural improvements, the following are worth mentioning.

 The possibility to <u>amend</u> the design <u>application</u> and <u>alter</u> the design <u>registration</u> in <u>immaterial details</u>⁵³ is introduced. In interpreting the concept of "*immaterial details*" a potential risk of legal uncertainty cannot, though, be ruled out.

- The <u>"unity of class" requirement</u> for multiple applications is <u>abolished</u>. More particularly, the possibility to combine several designs in a oneshot multiple application for registration is no longer subject to the condition that the products concerned all belong to the same class of the Locarno Classification⁵⁴. This change relieves applicants from the burden of filing more applications in the event of simultaneous launch of non-homogeneous products / product features.
- Member States are now expressly allowed to provide for an <u>administrative procedure</u> before their IP offices for the declaration of <u>invalidity</u> of registered national designs, which should be substantially aligned to that applicable before the EUIPO to registered EU designs, and can be resorted to without prejudice to the parties' right to turn to courts⁵⁵.

⁴⁹ Furthermore, some specific fees (among others, those for late payment of registration/publication fees and for registering the transfer of a registered Community design) are eliminated, while fees of applications for a declaration of invalidity and appeal are reduced. More details on fee adjustments are included in this summary provided by the EUIPO: <u>LINK</u>.

- ⁵⁰ See recital 23 of the Modifying Regulation.
- ⁵¹ See quotation in this press release from the Council of the EU, dated 05.12.2023: LINK.
- ⁵² See recital 38 of the New Directive.
- ⁵³ See art. 47a.2 and art. 50e of the New Regulation.

⁵⁵ See art. 31 and recital 43 of the New Directive.



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⁵⁴ See art. 27 New Directive and art. 37 New Regulation. Under art. 37 of the New Regulation, the number of designs that can be filed in a multiple application is capped at a maximum of 50 (this should avoid too wide applications).

- The applicant for a registered national design is now entitled to request, when filing the application, the deferment of design publication for a period of up to 30 months from the application date (or, in case priority is claimed, from the date of priority)⁵⁶. This possibility was already provided for Community registered designs under the CDR, whereby the deferment period was precisely of 30 months (whilst the New Regulation⁵⁷ provides a more flexible duration: "*up to 30 months*", in the same way as under the New Directive). This change aims at preserving the novelty requirement in view of further future applications of the same design filed in distinct jurisdictions. <u>Harmonization</u> in this regard should make filing strategies easier across the EU.
- Further procedural changes include, for example, the <u>harmonization of the</u> <u>application requirements</u> for registered national designs⁵⁸, as well as, for designs registered before the EUIPO, the <u>postponed payment of</u> <u>application fees</u> (due within one month form filing of application documents)⁵⁹ and the provision whereby requests for <u>renewal</u> must be submitted – and renewal fees paid – within a six-month period <u>prior</u> to the expiry of the registration (no longer by the last day of the month in which protection ends)⁶⁰.

Some further changes

The changes brought about by the Design Reform also encompass, among others, the following.

Transit rule – In line with existing • EU provisions under trademark law⁶¹. a so-called "transit rule" is introduced, whereby the holder of a registered design is entitled to prevent counterfeit products from transiting the EU territory, even if such products are not intended to be placed on the EU market⁶². This new right applies subject to certain conditions: in particular, it lapses if, during the proceedings to determine whether that registered design right has been infringed, evidence is provided by the counterparty that the holder of the registered design is not entitled to prohibit the placing of the products on the market in the country of final destination⁶³.

- ⁵⁶ See art. 30 of the New Directive.
- $^{\rm 57}$ See art. 50 of the New Regulation.
- ⁵⁸ See art. 25 of the New Directive.
- ⁵⁹ See art. 38 of the New Regulation.
- ⁶⁰ See art. 50d.3, of the New Regulation.

⁶¹ See art. 9.4 of Regulation (EU) 2017/1001 on the EU trademark (EUTMR) and art. 10.4 of Directive (EU) 2015/2436 approximating trademark laws of Member States (Trademark Directive)

⁶² More particularly, "The holder of a <u>registered</u> design right shall be entitled to prevent all third parties from bringing products, in the course of trade, from third countries into the Member State where the design is registered, that are not released for free circulation in that Member State, where the design is identically incorporated in or applied to those products, or the design cannot be distinguished in its essential aspects from such products, and the right holder's authorisation has not been given.": see art. 16.3 of the New Directive. See also the homologous art. 19.3 of the New Regulation.

⁶³ See second subparagraph of art. 16.3 New Directive and of art. 19.3 New Regulation.



- Unregistered designs: protection excluded at national level – Member States are expressly not allowed to provide national protection for unregistered designs. Art. 3.1 of the New Directive provides that domestic protection may be achieved "solely" through registration⁶⁴. Hence, only EU unregistered designs, (governed by the New Regulation) will be capable of protection within the European Union.
- Unregistered designs: second sentence of art. 110a.5 CDR deleted - Art. 11.1 CDR provides that an unregistered Community design is protected for a period of three years as from the date on which it was first made available to the public within the Community. The Modifying Regulation removed the second sentence of art. 110a.5 CDR, whereby "Pursuant to Article 11, a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design.". As a matter of fact, the sentence now delated generated some inconsistency with other provisions of the CDR (artt. 5 and 7), whereby also prior designs disclosed outside the Community (rectius, the EU) destroy novelty (thus preventing design validity), except where the disclosure event could not reasonably have become known, in the normal course of business, to the specialized circles in the relevant sector operating within the EU.
- Cumulation with copyright protection confirmed and adjusted

 The principle of cumulation of design and copyright protection (operating where also requirements under copyright law are met), already established under the CDR and Design Directive, is confirmed and adjusted in light of the more advanced harmonization of copyright law within the EU.⁶⁵
- Critique and parody exception, referential use exception - New specific limitations to exclusive design rights are introduced, namely, with respect to acts carried out for the purpose of identifying or referring to a product as that of the design right holder, or for the purpose of comment, critique or parody⁶⁶. According to the EU legislator, the list of permissible uses should also include "acts of reproduction for the purpose of ... referential use in the context of comparative advertising, and use for the purpose of comment. critique or parody, provided that those acts are compatible with fair trade practices and do not unduly prejudice the normal exploitation of the design"67. Besides, it is emphasized that the use of a protected design by third parties for the purpose of artistic expression should be considered to be fair, as long as it is in accordance with honest practices in industrial and commercial matters, and design rules should be applied in a way that ensures full respect of, in particular, the fundamental freedom of expression⁶⁸.

⁶⁵ See recital 36 Modifying Regulation, art. 96.2 New Regulation, as well as recital 12 and art. 23 New Directive.

- ⁶⁶ See art. 20.1(d)(e) New Regulation and art. 18.1(d)(e) New Directive.
- ⁶⁷ See recital 31 New Directive and recital 18 Modifying Regulation.
- ⁶⁸ See again recital 31 New Directive and recital 18 Modifying Regulation.



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⁶⁴ However, under Article 22 New Directive (on relationship to other forms of protection), this applies "*without* <u>prejudice to</u> any provisions of Union law relating to unregistered design rights, or to any provisions of Union law or the law of the Member State concerned relating to trade marks or other distinctive signs, patents and utility models, typefaces, civil liability or unfair competition". Hence, in the absence of a registration, at national level a product shape may be protected for example as a *de facto* trademark, inasmuch as the Member State in question confers protection on unregistered trademarks.

- Cultural heritage The New Directive introduces a further possible - specific ground for nonregistrability and invalidity for national designs that Member States may provide for: namely, where the design contains a total or partial reproduction of elements belonging to cultural heritage of national interest (e.g. monuments or a group of buildings, artefacts, handicrafts or costumes). Such elements of cultural heritage are identified within the meaning of certain UNESCO Conventions, and the underlying aim is to prevent the improper use/registration or misappropriation of symbols of particular public interest in the Member State concerned⁶⁹.
- Technically determined features -The Design Reform has not changed the provision, contained in both the CDR and the Design Directive, whereby design protection cannot be claimed for features of appearance of a product that are solely dictated by their technical function⁷⁰. However, the relevant recital of the Design Directive was somewhat revised. Among others, mirroring the wording used by some EU case law⁷¹, the following sentence was added: "A registered design right could be declared invalid where no considerations other than the need for that product to fulfil a technical function, in particular those related to the visual aspect, have played a role in the choice of the features of appearance."72.73 It remains to be seen whether and to what extent the "restyling" of this recital will produce an impact on the concrete application of the provisions on technically determined features.

⁶⁹ See art. 13.3, art. 14.2 and recital 26 of the New Directive.

⁷⁰ See art. 8.1 CDR and art. 7.1 Design Directive.

⁷² See recital 19 New Directive.

⁷³ Besides, the following part (which featured in recital 14 of the Design Directive) was deleted: "whereas, likewise, the interoperability of products of different makes should not be hindered by extending protection to the design of mechanical fittings; whereas features of a design which are excluded from protection for these reasons should not be taken into consideration for the purpose of assessing whether other features of the design fulfil the requirements for protection".



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⁷¹ In particular, the first point of the ruling in CJEU, 08.03.2018, C-395/16, DOCERAM GmbH vs. CeramTec GmbH reads as follows: "Article 8(1) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs must be interpreted as meaning that in order to determine whether the features of appearance of a product are exclusively dictated by its technical function, <u>it must be established that the technical function is the only factor which determined those features</u>, the existence of alternative designs not being decisive in that regard.".

- Prior use defense harmonized -A right of prior use was already provided in respect of Community designs under the CDR. Now this defense against infringement is also introduced in respect of national registered designs in Member States. More particularly, pursuant to the New Directive, a right of prior use exists for any third party who can establish that, before the date of application (or, if priority is claimed, before the date of priority), it has in good faith commenced use within the Member State concerned, or has made serious and effective preparations to that end, of a design included within the scope of protection of a registered design right and not amounting to a copy of the latter. Such right of prior use entitles the third party to exploit the design for the purposes for which its use was effected, or for which serious and effective preparations were made, before the application (or priority) date of the registered design right.74
- A circled "D" as design registration symbol - The holder of a registered EU or national design will be entitled to inform the public that such design is registered by displaying on the product concerned (in which the design is incorporated or to which it is applied) the capital letter D enclosed within a circle⁷⁵. The aim is to facilitate the marketing of design-protected products, in particular by SMEs and individual designers, and to increase awareness of the EU/national design registration regime, through the adoption of a commonly accepted sign available for use by design owners and third parties with their consent⁷⁶.
- Updated terminology Last but not least, registered/unregistered
 "Community Designs" will now be called "European Union Designs" ("EU Designs"). This is not an aesthetic touch-up, but rather a necessary adaptation to the Treaty of Lisbon and an alignment to the terms of the EUTMR⁷⁷.

Some final remarks

Ultimately, the concrete impact of the Design Reform will depend, to a significant extent, on how it will be implemented by the EUIPO, national IP offices and courts.

Based on its objectives, the new legislation should have an overarching improving effect, and the underlying digital driver could lead design protection towards cutting-edge ways of interaction between aesthetics and technology. However, to exemplify, in order for new

⁷⁵ See art. 26a New Regulation and art. 24 New Directive, which also specify that such design notice may be accompanied by the registration number of the design or hyperlinked to the entry of the design in the register.

⁷⁶ See recital 21 Modifying Regulation and recital 37 New Directive.

⁷⁷ See recital 9 of the Modifying Regulation, as well as title and art. 1 of the New Regulation.



⁷⁴ See art. 21 New Directive. The underlying aim is explained in recital 36, whereby "*In order <u>to avoid divergent</u> <u>conditions in the Member States</u> regarding prior use <u>causing differences in the legal strength of the same</u> <u>design</u> in different Member States, it is appropriate to ensure that any third person who can establish that, before the date of filing of a design application, or, if priority is claimed, before the date of priority, that third person has in good faith commenced use within a Member State, or has made serious and effective preparations to that end, of a design included within the scope of protection of a registered design right, which has not been copied from the latter, is entitled to a limited exploitation of that design".*

dynamic designs and purely non-physical objects to be effectively determined and protected, instead of remaining something abstract or ephemeral, a key role is likely to be played by very down-to earth factors, like the concrete definition of technical specifications by secondary legislation, the set-up/upgrade of appropriate IT platforms, and the momentum of the legal community and IP practitioners in familiarizing with new tools and formats.

From a separate perspective, it is noted that neither the New Directive nor the New Regulation address the hotly debated issue of whether and to what extent Al-generated designs should be eligible for protection. This in another story, and arguably a facet of numerous upcoming challenges to be coped with by the EU legal system in the Al age.





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