

DESIGN AND TRADE DRESS: THE IMPORTANCE OF APPEARENCE; A COMPARATIVE PERSPECTIVE WITHIN EUROPE AND BEYOND

Cecilia Carli

ABSTRACT

Industrial design has created one of the most complex puzzle within the framework of intellectual property institutes. The international system does not provide a minimum standard to limit the discretion at national level neither in legislative nor in jurisprudential sense. There are two options: either continuing to allow protection of shapes without boundaries, therefore creating legal hybrids in a framework which allows for the adjustment of provisions over concrete individual cases, or it shall draw a clearly defined boundary which may not be overlapped in order to avoid lowering the thresholds of protection. This article intends to briefly illustrate some legislative solutions States have adopted to tackle this issue. From Europe to USA, from China to Japan, in a global perspective the same question remains: where should Judges draw the boundary line when faced with an innovative product has the same individualizing characteristics of another? What happens mostly when two fields of legislation overlaps and applicative standards divide the opinion of the courts?

KEYWORDS: DESIGN – COPYRIGHT – TRADE DRESS – UNFAIR COMPETITION – COMPARATIVE LAW

DESIGN AND TRADE DRESS: THE IMPORTANCE OF APPEARENCE; A COMPARATIVE PERSPECTIVE WITHIN EUROPE AND BEYOND

*Cecilia Carli*¹

1. Legal hybrids and shapes without boundaries: An introduction.²

Products of industrial design have created one of the most complex puzzles within the framework of institutes provided by intellectual property law; the European Commission itself has always sought to reconcile the various national diversities in its overall efforts to achieve harmonisation amongst the Member States. From a global perspective, this issue appears as a cyclical phenomenon that flows from a *status* of chronic under-protection for design products to a *status* of chronic hyper-protection. The origins of under-protection stem from the traditional patent-approach system, used by, amongst others, the United States. By adopting this approach, a little number of products fall within the scope of protection due to the lack of non-obviousness requirement: the so called “pure” patent approach, set the standard of non-obviousness as a parameter to grant protection where, instead, in the normal course of business, it is a common use to apply minor changes to design products on an already known theme at the developed state of art. Therefore, many countries seek to rectify this typical under-protection by extending the application of copyright protection to industrial design. In this regard, France is a prominent example of this approach inspired by the concept of a ‘unity of artistic forms’.³

However, copyright law inevitably becomes overprotective to the point that legislators feel compelled to revert provisions back to a kind of protection based on property rights. Thus, the *status* of under-protection often leads to a hyper-protection in terms of artistic property, and this in turn necessitates further reforms, tending to restore the initial level of

¹ Cecilia Carli obtained a Master Degree in Law **maxima* *cum laude** at University of Siena. She is currently Assistant Professor of Private Comparative Law at University of Siena and she completed courses on Comparative Intellectual Property at QMUL University of London and, recently, at University of Siena, with particular focus on design protection.

² See also Reichman R.S., *Legal Hybrids between the Patent and Copyright Paradigms*, in *Columbia Law review* Vol. 94, n. 8\1994. P.

³ G. F. Casucci, *Industrial Design e protezione giuridica: le varie opzioni e prospettive a confronto*, available at <http://ice.fotonica.com/detail.asp?c=1&p=0&id=266>

under-protection. This, however, will inevitably renew the call for copyright laws to balance the effects of this setting. Giving an initial exemplification, both the U.S. and Japanese regulatory systems adopt a type of protection for industrial design which denotes a patent-oriented approach, while Europe broadly favours the copyright approach, even if the Community legislator designed a specific communitarian framework, fully oriented in terms of design. This shows, *prima facie*, that forms of protection are widely diversified both in form and in substance, without prejudice to other provisions concerning unfair competition, design and utility models which affect the boundaries between other special regulations directly. The better we understand the intrinsic relationship between design law and other special laws in terms of a field, surrounded or rather constrained and blended by other provisions, the better we comprehend the difficulty in framing the reality of design products and its appropriate form of protection.

The term 'design' itself summarizes a range of elements and values *per se*, and has to be described as a 'factor of humanizing technology' or a 'sort of necessary interface between technological opportunities and the constraints of the human being'⁴. It has clearly been designed from an outcome perspective, i.e. what perceivably appears. Therefore, the absence of a uniform doctrine and clear definitions of the matter is understandable. However, the need for operators, and for the market itself to protect the appearance of certain products, makes defining the term crucial, especially considering the issue from an economic initiative point of view and the related monopolistic insinuations within the free market. These values shall be balanced with the fostering of innovation, assisted by a virtually monopolistic, but limited, protection of single products. There comes a further problem: the extension of the term of protection. The boundaries between the various applicable forms of protection are undefined, and setting them in stone could create a category of "legal hybrids" composed of all the parallel forms of available protection in synthesis. This not only leads to a lack of certainty in terms of predictability of protection and a disincentive for both future production and innovation. It could also potentially cause problems in terms of cumulative protection, with the sole result being that a product, once a certain form of protection has expired, continues to benefit from other forms of protection, thus effectively creating an indefinite monopoly over products.⁵

Assuming that a particular product of industrial design may also be simultaneously protected through the use of design law, trademarks, copyright and unfair competition rules, could its authors or producers claim cumulative or simultaneous protection by

⁴ Definition by Augusto Morello, former president of Industrial Design Association (ADI) and International Council of Societies of Industrial Design (ICSID), in G. F. Casucci, *Industrial Design e protezione giuridica: le varie opzioni e prospettive a confronto*, available at <http://ice.fotonica.com/detail.asp?c=1&p=0&id=266>

⁵ De Very R.W., *Unfair competition law. A clash between legal families*, 2005, in *Utrecht Institute of legal studies*.

invoking all of these regulations? Answering yes to this question would lead one to inevitably conclude that there was an over-protection of design products:⁶ a producer who misses the opportunity to get protection or register his works might just as well claim protection for the same design under copyright law, which is available without the same formalities.⁷

Design and aesthetics generally address the promotion in sales, but the average consumer is not confused simply because of a similarity of forms. In addition, a three-dimensional design is also treated as a graphic or artistic work, involving applicable provisions for registration and copyright certification. In this regard, many Courts require the product to have acquired a high level of artistic or aesthetic value so as to be classified as a piece of artistic work. In fact, the aesthetic shape of a product becomes one of the parameters to be considered to grant protection to design products under copyright law, but domestic laws are not unanimous on the definition of 'aesthetic': it is inherent to the requirement of 'originality' in UK or 'Eigentumlichkeit' in Germany; in Italy it becomes relevant when the threshold of 'speciale ornamento' - that is called 'physionomie proper' in France and 'fuerza diferencia dora' in Spain - is exceeded. Even from this brief list it follows that the issue of aesthetic value implies a case by case evaluation to be made by the Courts. In China, India and Italy, for example, Courts set high levels of standards to grant protection to designs products in some recent cases, while Argentina's law, for example, excluded the requirement of aesthetics at all. Compared with other forms of protection, copyright has its own advantages: it does not require confusion to determine a violation, the term of protection is longer, and the scope of protection is not territorially limited. It also retains the residual protection afforded by unfair competition law. This kind of protection could re-emerge once all the other terms have expired.

This struggle evidences the eternal balance between privileges of private and public interest inherent in intellectual property law. Among these we find the promotion of technological and creative development, the promotion of cultural dissemination in an orderly market requiring a regulatory system which protects individual consumers', and producers' rights balanced with the public interest. This inevitably addresses a differentiation in terms of the scope of protection, strength of protection and defence requirement. The dichotomy inherent in the nature of intellectual property persistently places various interests at odds with each other: such as

⁶ See also "*La concorrenza sleale: le nuove tendenze della giurisprudenza e i problemi del look-alike*", Conference papers "*Il futuro della proprietà intellettuale*", G. Casabuti, Università di Parma, 22 ottobre 2010, available online at <www.filodiritto.com/la-concorrenza-sleale-le-nuove-tendenze-della-giurisprudenza-e-i-problemi-del-look-alike/#.UkL1noZSjSk> accessed on 23 April 2014

⁷ Reichman R.S, *Past and current trend in the evolution of design protection law. a comment*, [1993] Fordham Intellectual Property Media and Entertainment Law, Vol 4., 357

authors versus those of the society; producers versus consumers, the private and public domains. In addition, the various intellectual property justifications under different national and international legal frameworks attempt to strike this precarious balance. Hence, the concept of 'balance' has become a fundamental notion that various legal policies are not only striving to achieve, but also involve an orienting principle of amelioration. However, it could be discerned that the concept of 'balance' or the act of striking the right balance does not provide any substantial amelioration in that respect, but only widen the gap between the various positions on the subject matter.⁸

The aim of this article is, therefore, to provide an overview of the models adopted in some countries to solve the delicate issue of balancing interests relating to the protection of industrial design. It will address the articulation provided by different countries between cumulative protection and coexistence of different forms of protection. Between these two options lies a subtle but substantial difference: coexistence means that the author has the right to choose which form of protection is to be invoked, with the exclusion of the others, in a system which provides parallel forms of protection. National policies and laws have dealt with this issue in different ways: cumulative protection exists in France and Germany, whilst a co-existence prevails in most of other countries. In this *spectrum* of protection argue that the state of the syndrome of 'thickness'⁹ of industrial design protection is addressed and the international system omits to provide a minimum standard to limit the discretion at national level neither in legislative nor in jurisprudential sense. Courts often provide overprotection for single products or on specific issues impacting the overall costs and benefits of the system.¹⁰ Courts may either continue to allow an aesthetic form of protection without boundaries, or else draw clearly defined boundaries which may not allow any overlaps.

The questions we need to ask however are: where should justices draw the line when an innovative product has the same individualising characteristics of another? What happens when two fields of legislation overlap and applicative standards divide the opinions of the Courts?

⁸ Mandic D., *Balance: Resolving the conundrum between copyright and technology?*, Working Paper, May 2011, available at <http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic2-related2.pdf> accessed on 23 April 2014

⁹ Reichman, "*Information Law Towards the 21th century*", [1992] Fordham Intellectual Property Media and Entertainment Law, Vol. 4325

¹⁰ Hyper-protection within intellectual property law could result in an increase in social costs and investments in protected forms of innovation, but under-protection could lower the same thus eliminating any incentive for general innovation. Goldstein P., *Derivative Rights and derivative works in copyright*, 30 J. Copyright Soc'y 209(1983).

2. The EU paradigm and the Europeanization of the American system

The Court of Justice of the European Union (hereinafter the “CJEU”) in landmark decision delivered on January 27th, 2011 in *Flos v. Semeraro*¹¹ sought to clarify the complex issues concerning the transitional provisions on the term of protection granted by copyright law in the field of industrial design, and with this ruling re-opened a historic confrontation between original holders of reproductions of famous design products rights and those who started their imitation once their model\design term of protection expired,. This issue has been the subject of a troubled regulatory action through the implementation of EU Directive 98/71¹², which re-opened the possibility of cumulative protection granted by model/design law and copyright law, leaving to Member State’s discretion over the definition of the scope and conditions of protection. However, as has already arisen from the legislative history of the Directive, achieving this cumulative protection appeared as one of the main objectives Member States were called to achieve, rather than as an optional choice.¹³

Therefore, the approach shared by the Community legislator emphasises a focus on the objectively ingenerated “*impressionistic*” effects, rather than on the will of the author. The EU had a substantially uneven legal framework with regard to model protection, despite the many attempts made to harmonise certain aspects of it. An identical product could be protected in substantially different ways, or could even lack any protection at all, depending on the Member State in which it is exported, so reaching the paradoxical situation of non-protection within domestic boundaries offset by a full and effective protection in a neighboring State. It is superfluous, therefore, to underline the seriousness of the situation, due to uncertainty and lack of confidence in the exportation of certain products. The Directive on industrial design, dated 1998¹⁴, whilst making important steps in the direction of harmonisation, did not possess sufficient strength to lead to homogeneous rules and to ensure a certain minimum level of protection in all Member States.

The protection of designs and of their appearance within the Community goes beyond the registration of shape-marks and provides other forms of protection such as registered and unregistered designs, national laws implementing the Unfair Commercial Practices

¹¹ *Flos S.p.A v. Semeraro Casa e Famiglia SpA*, C-168/09

¹² European Parliament and Council Directive (EC) 98/71[1998]concerning the legal protection of designsOJ1998289, (Design Directive)

¹³ Borcher E., *Design protection throughout Europe*, in Deauville Conference Acts, June 20-27th, 2007

¹⁴ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs

Directive (UCDP)¹⁵, as well as the protection granted by both copyright and unfair competition law. From this very first list of regulatory instruments, it is immediately clear that the EU model has a hybrid nature, which allows the coexistence of multiple concurring standards. For example, the system of registered designs, the “Registered Community Design” (RCD)¹⁶ coexists with the protection of the rights of unregistered designs, the latter being a form of protection resulting from an automatically acquired right, with no regard to any deposit or registration. Trademark protection is also available for distinctive elements of a design product, but there are circumstances that make protection under design law easier to obtain: a certain form or shape with both an aesthetic and a functional aspect could be more easily recordable as a product of design rather than as a trademark due to its aesthetic value, or it may even fall over the scope of protection granted by trademark law due to the lack of other stringent requirements.

An additional problem comes from the category of shape-marks, which has a scope of protection not clearly defined, which potentially excludes shapes which ‘give substantial value to the goods’.¹⁷ This exclusion has not yet been fully established, but in the *Benetton Group SpA v. GStar International* case¹⁸ some guidelines were offered. Comparing the terms of implemented protection under the two sectorial regulations mentioned above, it becomes evident that they are different both in form and substance. This results in an overall lower protection for functional shapes under the trademark system compared to design system. The question on the *spectrum* of exclusion from protection of shapes giving ‘substantial value to the product’ therefore remains unresolved.¹⁹

Another problem stems from the requirement of ‘graphic description’: even if a certain combination of colors or fabrics has, in theory, been defined worthy of protection, in practice²⁰ it remains the case that there is a lack of clarity or inconsistency over the degree of adequacy that the same graphic descriptions shall have to be protected.

The *Unfair Commercial Practices Directive* (UCPD), then, provides protection on a broader scale, with reference to inhibitions against unfair trade practices including confusing

¹⁵ European Parliament and Council Directive (EC) 2005/29 concerning unfair business-to-consumer commercial practices in the internal market and amending; Council Directives (ECC) 84/450, (EC) 97/7, (EC) 98/27 and (EC) 2002/65 and European Parliament and Council Regulation (EC) 2006/2004 [2005] OJ L149/22

¹⁶ Council Regulation (EC) 6/2002 [2001] on Community Designs OJ L3/1

¹⁷ Community Trademark Regulation 40/94, Article 7(1)(e)(iii). See also *Trianon v. Revillon* (2006), ECJ C-2-12.

¹⁸ *Benetton Group SpA v. GStar International*, (2007), ECJ C-371/06

¹⁹ Marsland V., *Aspects of EU protection for designs and trade dress*, in *World trademark review*, July/August 2008

²⁰ *Heidelberger Bauchemie GmbH v OHIM*, (2004) ECJ C-49/02 and *Daimler Chrysler AG R 1174/2006*

practices contained in Article 6,²¹ as well as a list of practices considered *a priori* unfair, meaning without proof of impact on the consumer. These include ‘promoting a product similar to another made by a manufacturer in a manner that deliberately misleads the consumer into believing that product to be made by the same manufacturer when it is not’.²² It is clear by Recital 14 of the Directive that this also included the so called ‘copycat packaging’ of goods. It achieved the aim of harmonising different approaches but, outside the strict protection of certain well defined issues, the present Regulations are highly unharmonised.

The central idea of the cumulative protection of design could be explained considering the different arguments put forward by member States as a basis for justifying intellectual property protection, among which we find the several powers conferred by the market to encourage innovation and creation, and the appearance of a product. The underlying principles of copyright and trademarks not only provide effective protection of designs, but could also replace predictions and *sui generis* theories on design. This assumption derived from a comparative analysis with the common law approach, especially the American model.

In the EU, the current regulations protecting designs include a plurality of elements also notable in American copyright and trademarks provisions, but which are absent in design patent law. For example, the ownership right which can exist even if the product has not been formally registered nor application been filed. Non-registered products are protected for a period of three years, assuming that they are ‘...published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the specialised user in the relevant sector’.²³ The principles underlying copyright and trademark law not only provide an effective means of protection for design products, but could also replace entirely the *sui generis* predictions and theories on design. This assumption derived from a comparative analysis with the Anglo-Saxon approach.

The fact that in the EU unregistered design products can be publicly exhibited in any way, highlights an implied policy of non-enforceability of the right of utilisation of a product without an explicit claim by the original author. This trend is similar to U.S. legislation, which requires that the holder of the copyright prove that the products have been marketed in such a way as to attribute to them the character of a protected design. This aspect is particularly evident in the U.S. recent proposed bill to support creative fashion

²¹ Council Directive (EC) 2005/29, *Unfair Commercial Practices Directive (UCPD)*, Article 6: Misleading actions

²² UCPD, Annex 1, Paragraph 13

²³ UCPD, Art 6

designers. Unlike in London, Milan and Paris, American fashion designers lacked the intellectual property protection that would prevent the runway of new models into the hands of copyists. These proposals will protect only new and original items, and just for three years – the shortest term of intellectual property protection in the world. Only substantially identical copies could be considered an infringement, provided that the original designer meets a heightened pleading standard. The eventual passage of a fashion design protection law will benefit consumers, will strengthen the domestic industry and, ultimately, innovative American designers, like their counterparts abroad and in other industries, should be able to reap what they sew. Another distinctive character of the EU model, which can be found also in American trademark law, is the opportunity to renew the registration. The EU system provides registered design products with an initial term of five year protection, renewable for a further period of five years which may be extended for further five years periods up to 25 years. The *ratio* of this likelihood of renewal is the same for both EU design law and U.S trademark law.

Finally, the fundamental right of the EU setting which has been taken up by U.S. patent law is that designers can prevent others from building, using, offering for sale and importing their products. It is important, however, that the EU provides some exceptions: primarily, these rights do not cover private or non-commercial use of products, and neither do they apply to reproduction or experimentation for the purpose of academic research or teaching. There is also an assumption that these actions shall always be compatible with fair use and shall not unduly prejudice the normal exploitation of design, with the author being credited. These exceptions are similar to those required by U.S. copyright law and reflect the fact that, assuming the artistic value of design, the public need these uses to promote innovation and development. Finally, the EU allows limited forms of exploitation and utilisation of design by third parties who produce a protected design in good faith. This exception is only available to early users, a notion also found in the American system for the exploitation of three-dimensional shape unregistered trademarks.

While the EU seems to protect its own products in terms of a patent approach, at the same time the provisions show a correspondence with the parallel American framework on copyright and trademarks. Design protection offered by the EU is therefore a kind of hybrid between U.S. copyright and trademark law. Thus, the EU legislation supports the proposition of a system which is not only taken into high consideration overseas, but which is also widely preferable and more adoptable than the narrow U.S. patent setting.²⁴ The

²⁴ Peritz R.J.R, *The Roberts Court After Two Years: Antitrust, Intellectual Property Rights, and Competition Policy*, in *New York Law School Legal Studies, Research Paper Series* 07/08-17 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1105063>accessed on 23 April 2014

only problem is that a ductile piece of legislation without clear boundaries exposes national implementing laws to a domestic inconsistency with relevant Community standards.

3. The never ending story of cumulative protection:²⁵ the paradoxes of the Italian case

The shape of products in the Italian legal tradition finds its place within the provisions on designs. The definition set in Article 5 of the Royal Decree n. 1141 of 25 August 1940, Laws on Patents for Industrial Designs²⁶ highlighted the possible interference with other institutions of intellectual property, including trademark law.²⁷ In fact, the rules governing patents and trademarks are parallel regulations which have different qualities and justifications, but in terms of the practical protection they offer, tend to converge. The possible collision of 'borderline'²⁸ and ontologically indistinguishable institutions is accentuated by the ambiguity of the relevant legislation.²⁹

The economic trend of operators and the holders of ornamental shapes was about using the rules of trademark law and unfair competition, because they were more comfortable, having the protection granted under these provisions without time limits and free from any formality or control. However, it has been noted that the free access of producers of ornamental shapes to such protection would depress the temporally limited character of the rights on drawings and models. In addition, the absolutely majority doctrine and jurisprudence consistently held that the patent system is intended to stimulate research which would have instead been hampered by a potentially perpetual right of exclusion. The need to suppress parasite forms of competition, and the private interest of protecting some specific shapes and models, is countered by the public interest consideration to make the same 'fall' into public domain to prevent unjustified monopolies. Hence, there is a need to

²⁵ Mari G., *Tutela delle opere di design: la lunga e travagliata storia normativa del "cumulo" e della sua opponibilità*, in *Il diritto di autore*, 2011, p.416-431

²⁶ Shapes able to "give a special ornament to certain industrial products, both in shape, either for a particular combination of lines, colors or other elements", in Mondini, "La direttiva comunitaria sulla protezione giuridica di disegni e modelli", in *Nuove leggi civ.*, 1994, 994

²⁷ "the shape of the product in addition to responding to aesthetic needs can also perform other functions at the same time ... because each of these functions attributed to the form receives protection by the Legislator through the recognition of a separate exclusive right, and it comes inevitable the risk of overlap between the different exclusive rights", Mondini, 'La direttiva comunitaria sulla protezione giuridica di disegni e modelli', in *Nuove leggi civ.*, (1994), 994

²⁸ M. Montanari, *L'industrial design tra modelli, marchi di forma e diritto d'autore*, in *Riv. dir. Ind.*, 2010, I, p. 7 ss

²⁹ Cacciamani C., *La concorrenza sleale e la tutela brevettuale*, <<http://www.ciseonweb.it/download/Atti%20del%20seminario%20%20Avv.Cacciamani.pdf?chk=03615it291&DWN=3>6,85>> accessed on 22 April 2014

exclude the potential over-protection of ornamental shapes beyond the patent-term in order to avoid the contradiction between the principles of free competition and the exceptionality nature of industrial property rights.³⁰In summary, therefore, the majority rejected the possibility of interference between trademarks and design, meaning that the protection offered by one form of protection is an alternative to the other. These are considered incompatible, and cannot be combined.

As the wording 'special ornament' resulted in the division between what is protectable as trademarks and what is protected by means of other regulations, it was subject to unpredictable interpretations. For the purpose of design protection it was not sufficient as an aesthetically pleasing aspect, but rather a consistent level of aesthetic value was required.³¹ Ornamental shapes not covered by patent law remained freely imitated, within the limit of i.e. harmless versions, according to which the imitator shall take action to eliminate the confusion regarding the origin of the product using suitable measures. This corrective interpretation has been radicalised by authors³²in favour of partial cumulative protection, starting from the assumption that 'every form has in itself some ornamental value'. The coexistence of shapes and models proved an advantage in adjusting relationships

when the various rights belongs to different owners (e.g., the creator of a shape and the entrepreneur who uses it), but also in avoiding the need to introduce a distinction between them, it being difficult to identify the relevant threshold for creativeness or improvement³³

SENA, Il nuovo diritto dei marchi.

The regulatory framework illustrated above has been amended by Legislative Decree n. 95 of 2 February 2001, as subsequently amended, which implemented Directive (EC) 98/71

³⁰ Giudici, "Alcune riflessioni sui marchi di forma, alla luce della nuova disciplina dei disegni e modelli (nota a Trib. Napoli 26 luglio e 5 ottobre 2011)" in *Riv. Dir. Ind.* 2002, II, 174. In addition Stella Richter Jr. observes that non-cumulating protection would derive from an interpretation of provision based on the traditional cultural as well as jurisprudential orientation. *Riv. Dir. ind.* 2002, II, 174

³¹ Patent protection has been available for those aesthetical shapes for which public interest requires a protection from perpetual monopolization. It would be registrable and protectable under the law of unfair competition those shapes which, even if aesthetically beautiful, do not overlap the threshold of "speciale ornamento", therefore not registrable as models. The jurisprudence is divided on the point of quantitative level of beauty required. LIUZZO, *Modelli, disegni, forme, marchi tridimensionali e loro tutelabilità alla luce della nuova disciplina*, in *Dir. ind.*, 2002, 213

³² For example see Marchetti, Ubertazzi, Di Cataldo

³³ Sena, *Il nuovo diritto dei marchi*, 2001, 279

of 13 October 1998 on the legal protection of designs and models³⁴. This law, however, did not fully address the systematic contradictions and the jurisprudential paradoxes created by previous relevant standards. The Community legislator first, and the national one thereafter, attempted to meet the needs of the business community, which complained about the inadequate protection available for industrial designs whilst facing the endemic counterfeiting of their products. The amendment affected the relationships between forms of protections, approaching them to such an extent as to be almost overlapping and moving away from the traditional patent-oriented approach focused on a unified vision of intellectual property rights. In so doing, it resulted in a more complex interpretation and various systematic issues.

The repeal of the requirement of '*special ornament*', has been the turning point in the new structure. The Italian Legislator transposed the Directive almost literally,³⁵ and in doing so he set the requirements of novelty and individual character as requirements intimately connected in their evaluation. Novelty has been defined according to the own individual character of the design, which makes the product recognisable and identifiable among the others. Here is perhaps the greatest divergence of the new legislation from that on inventions and patents, which made reference to the requirement of non-obviousness for a person skilled in the relevant sector. Therefore, designs or models, which aroused a feeling of *déjà vu* in the informed consumer, were not protectable. The aim of the legislator was in fact to take an objective criterion (allegedly) in protecting the commercial value of shapes, or rather the product having a certain shape³⁶ manifested through its individual character. In other words, it is important that 'the shape's ability to drive the attention of the consumer',³⁷ results in broadening the protectable forms and a low threshold of access to protection.³⁸ The overlapping area and concurrence between designs and shape-marks

³⁴ Legislative Decree no. 95\2001

³⁵ French legislator in transposing the Directive with *ordonnance 25.7 2001*, which amended the "*code de la propriété intellectuelle*", preferred the wording "*character individual*" in "*caractère propre*". The difference is not only formal, the new wording excludes any aesthetical evaluation in artistic sense: the word *proper* impose an objective consideration of the shape, without reference to the author, while the word *individual* is more ambiguous. French law has also substitute the "*utilisateur averti*" with the more general "*observateur averti*". See POLLAUD-DULIAN, *Droit de la propriété industrielle*, 2010.

³⁶ "Italian legislator "legislatore italiano" clearly set aside an aesthetic evaluation criterion to make more neutral the discipline", Panucci in *Il disegno industriale tra brevetto, registrazione e diritto d'autore*, (2001) *Riv. Dir. autore*, 445

³⁷ Sena, *Il Nuovo diritto dei marchi*, 2001.

³⁸ Cacciamani C., (2008), *La concorrenza sleale e la tutela brevettuale*, available online at <<http://www.ciseonweb.it/download/Atti%20del%20seminario%20%20Avv.Cacciamani.pdf?chk=03615it291&DWN=3685>> accessed on 17 April 2014

seems certain and quite extensive.³⁹ A legal basis seemed detectable by reference to Recital 7 of the Directive:

This Directive does not exclude the application to designs and models of the rules of national law or Community legislation providing for protection other than that conferred by registration or publication as design, such as provisions concerning the rights on the drawings and models unregistered trademarks, patents and utility models, unfair competition and civil liability.⁴⁰

In addition, Recital 31 of the Regulations on models and Article 16 of the Directive, state that national provisions applicable to unregistered designs, trademarks or other distinctive signs, patents, models of utility, civil liability and unfair competition remain without prejudice, in favour of cumulating, from a systematic point of view, the very notion of the individual character.

Another profile of interference between models and design law is that of counterfeit and infringement proceedings, as both the owner of the mark and that of the model could commence an action for infringement against the unlawful conduct of third parties. Conditions for gaining protection against imitations under the law of inventions do not deviate from the necessary criteria for confusion in trademark matters: the *deviant impression* is nothing different from the ordinary parameter of reference used for trademarks. Nevertheless, there are some signs of discontinuity such as benchmarks: the average consumer with high attention in trademarks has a degree of attention considerably above the medium level required for inventions. It goes without saying that this aspect suggests an alternative rather than cumulative types of protections.

The Italian doctrine is not unanimous on the issue of cumulative protection⁴¹. Even the Recitals of the Directive cannot be considered to tip the scales in one direction or the other, as they have no binding legal significance. Nor can the Italian implementation law be univocal, keeping the patent-approach, which is limited in time, nor could the TRIPS Agreement help in defining this crucial point, because Articles 25 and 26 only set a minimum standard of rights, leaving the discretion up to the national legislator on the choice of protection techniques. The starting point is the principle of free trade, which seeks to protect the physiognomy of a competitive market. The institutions of intellectual property themselves, which satisfy a monopolistic interest of the individual, are also a

³⁹ Sena, *La diversa funzione ed i diversi modelli di tutela della forma del prodotto*, (2002) *Riv. dir. ind.*, I, 577

⁴⁰ *Commission of European Communities, Brussels, June 1991, III/F/5131191-EN*

⁴¹ Casucci G. F., 2007, *Industrial Design e protezione giuridica: le varie opzioni e prospettive a confronto*, available online at www.bg.camcom.gov.it/export/sites/default/macroaree/camera/atti-dei-seminari/20130611-tuteladeldesign/design-Casucci.pdf, last revised 19.04.2014

means to pursue a general interest and constitutional status in research and progress: reference is made to article 9 of the Italian Constitution.⁴² This should be balanced with the interest of business, manufacturing and marketing as part of a constitutional framework as set out in article 41 of the Italian Constitution. The interpreter shall opt for a pro-competitive reading of these rules, otherwise there would be the risk that industrial law becomes a protectionist barrier in favour of the dominant firms.

Another intersection between the scope of protection set by various laws remains to be considered: the scope of copyright law in relation to that of industrial design. The cumulation of models/drawings and copyright has been seen as exceptional in the Italian system.

This ambiguity derived from the absence of protection of Italian industrial design under copyright law in the last century: article 2 paragraph 4, (in force until 2001), emphasised the fact that artistic value of design was severable from its industrial character as a condition for protection.⁴³ With the implementation of the EU Directive, the sole design 'that presented itself an artistic value' was expected to be protected, regardless of the criterion of severability. The fate of those investments made by companies which relied on the non-existence of copyright on the design in good faith has been questioned. This resulted in further legislation, which solved nothing but instead added a new stratification within the already confused framework: art.25-bis of Decree 95/2001 has been approved, allowing those who embarked 'no later than 19 April 2001 the manufacture, supply or marketing of manufactured designs products in public domain to continue producing and marketing these works within the limits of prior use, for a period originally determined within ten years (the so-called grace period).⁴⁴

Since then, reforms and counter-reforms have taken place, which confused the matter instead of simplifying it: the wording of article 239 of the Code of Industrial Property⁴⁵ attempted several changes in vain, in an attempt to find a balance between the interests of rights holders and those who made investments trusting that the designs protected by copyright would fall into the public domain. Italy has also been subject to an

⁴² Costituzione Italiana, Art 9, available online at www.governo.it.

⁴³ Callegari E., *Il design di prodotta tra diritto d'autore e marchio di forma*, available online at <http://www.callegarimartinimanna.it/il-design-di-prodotto-fra-diritto-dautore-e-marchio-tridimensionale/> accessed on 18 April 2014

⁴⁴ Maschietto Maggiore Studio Legale Newsletter, *Copyright protection of industrial design in Italy: taking stock of recent case-law developments*, http://www.mmlex.it/categoria/news/name_/copyright-design/page_news/2 accessed on 18 April 2013

⁴⁵ Italian Intellectual Property Code (CPI), Art 239, as amended by Legislative Decree no. 70/2011, *Italian Code on Intellectual Property*

infringement procedure initiated by the European Union relating to article 239, itself for violation of Article 17 and 19 of Directive 98/71/EC. The Court of Milan on 20 June 2008 and the Court of Monza on 12 July 2008,⁴⁶ ruled that the transitional provision contained in article 239 shall be subject to corrective interpretation. Following the preliminary ruling of the Court of Milan, the Court ruled that

[A]rticle 17 of Directive 98/71/EC precludes a legislation of a Member State which excludes from the scope of protection for copyright the same national registered designs which become public prior to the date of entry into force of that legislation, despite having all the requirements to enjoy such protection.⁴⁷

With this decision, the Court deemed the grace period of 10 years excessive and thus not in line with the Community system. This decision is a clear example of how justices, using a Communitarian-oriented interpretation, could go beyond the mere literal wording of the law's provisions to follow their objective and function instead.

Another intervention succeeded: the legislator with Legislative Decree no. 131/2010 sought to adapt the system to the instructions provided by Communitarian legislation and case-law, providing that copyright protection would also operate in favour of designs falling into the public domain before 2001, including those works not protected by copyright, as they were considered inseparable, and that those subjects who manufactured or marketed such works before the entry into force of the legislation could continue to do so for 5 years (until 19 April 2006). At this point another legislative action came into force. The conversion law, the so-called 'decree thousand extensions' introduced a standard, in February 2012, which led to a 13 year grace period in favour of those who, before 19 April 2001, produced or marketed copies of works of design. It was a strange amendment which surprised commentators. This latter amendment, in contrast to the Community system and national design protection, has no reason to exist except to protect corporate interests and cause damage to the image of Italy: it is no coincidence that some lower courts (in particular Court of Milan in *Cassina High Tech*,⁴⁸ and Court of Milan in *Vitra High Tech*)

⁴⁶ Ubertazzi L., AIDA - *Annali italiani del diritto d'autore, della cultura e dello spettacolo*, Giuffr  Editore, 2008, 378

⁴⁷ *Flos v. Semeraro and Cassina v. High Tech*, Court of Milan, Industrial Specialized Section(2009),

⁴⁸ *Vitra patente Ag v. High Tech Srl*, Court of Milan, n. 9173, 2012. The defendant produced, imported and marketed the famous "Phantom" design-chair. The Court stated that evidence of the artistic value by means of *ex post* deductions shall be considered incorrect. By contrast, it shall be used an *aborigine* test, with reference to the time of creation. On this point the Court added that an *ex post* evaluation would also be "unreasonable and contrary to the very purpose of the provision, since it would introduce a subsequent investigation on the basis of elements foreign to the creative process. This claim has been

disregarded article 239 CPI as currently in force, considering it contrary to Directive 98/71/EC.⁴⁹

Of course, this amendment expanded the protection of shapes, but not to the point of covering all its different levels and possible functions. Cumulative protection caused prejudice, adding a pro-monopolistic aspect within the competitive market and altering the meaning of legal institutions which still remain different in purpose. What is more, the combination, if permitted, would highlight an irreconcilable contradiction between the two standards and the legislation, or even worse, would outline a legal hybrid *praeter legem* in breach of the principle of close number institutions in this field.⁵⁰

Moreover, both the Italian legislation and the Directive itself have also prompted criticism from those in favour of a cumulative protection solution. It has been noted that

[T]he shape of products may be subject to an exclusive right on the basis of various regulations and the problem which arises for the interpreter has been made particularly difficult by the number of rules that concur on this matter, on the basis of principles and purposes not always consistent among them. It could be observed, in other words, that the major difficulty stems from the need, or by the desire, to force in a rational regulatory system a complex on rules that rational per se is not.⁵¹

4. Oriental echoes

In April 2009, more than 100,000 Chinese counterfeit products were found in Bay Bridge, Brooklyn, leading to numerous arrests for counterfeit trademark second-hand material.⁵² The Chinese government tried, on this occasion, to help solve the problem, but nowadays,

rejected by the Court of Milan which recognized the “Phanton Chair” as a “work of art”, sentencing a violation of plaintiffs’ rights related to copyright.

⁴⁹ Prandin D., Caneva D., *Design and trade dress in Italy*, in *World Trademark Review* n.14,2008. See also Sena G., *La tutela attuale del disegno industriale in Italia*, in *Impresa e Stato*, 85,2008.

⁵⁰ *La concorrenza sleale: le nuove tendenze della giurisprudenza e i problemi del look-alike, Il futuro della proprietà intellettuale*, Università di Parma, Conference Act, 22 October 2010, available online at <www.filodiritto.com/la-concorrenza-sleale-le-nuove-tendenze-della-giurisprudenza-e-i-problemi-del-look-alike/#.UkL1noZSjSk>; see also on the point “Disegni e Modelli: cumulo di tutele /interferenze con normative parallele”, Conference Act “Disegno europeo, marchio tridimensionale e recepimento della direttiva europea disegni e modelli”, Milan, 29 October 2002.

⁵¹ Sena, *cit. ibidem*

⁵² Moynihan C., *Counterfeiters Favoured Nike, and Obama, Too*, N.Y. Times, (April, 25th 2009), available at <<http://www.nytimes.com/2009/04/25/nyregion/25counterfeit.html?scp=&sq=Counterfeiters%20Favoured%20Nike,%20and%20Obama,%20Too&st=cse>>, accessed on 18 April 2014

China continues to be a land of manufacturing rather than of a country famous for its design creators, thus the State would obtain little benefit from this direct action.

According to the current Chinese regulations on intellectual property protection⁵³ the visual design appearance of a product and its elements could be protected under a number of provisions, such as Patent Law, Trademark Law⁵⁴ and Copyright Law.⁵⁵ Furthermore, in case of denied protection basing on the above mentioned provision, Anti-Unfair Competition Law⁵⁶ is an available *catch-all* alternative protection. A Western observer could point out the inconvenient situation of a legislative choice of overlapping (only *de facto*) and cumulative protection in a country set against imitative practices and perpetually on the border of legitimacy.⁵⁷

In recent years these provisions have been subject to significant fluctuations regarding the scope of product protection. Currently, in one of the most important decisions, Case No.16 (2010),⁵⁸ the Supreme People's Court ruled on two key issues: first, the Court decided that the essential elements of a product subject to the expiration of the relevant patent is also *de facto* worthy of protection by means of Anti-Unfair Competition Law. Second, the Court stated that such a configuration would qualify for protection only if the applicant will be able to demonstrate the aesthetical value of the products and the possession of both the requirements of distinction and 'secondary meaning' acquired in the relevant market. In its decision, the Court addressed an area of frequent uncertainty: the scope of protection for the external appearance of a product.

The Court claimed that this could be further divided into two categories: the first consisting in the details of text and image, as 'written, colors and combinations thereof, precisely, on the outside of the product'. The second concerns the configuration of a product, the form which is 'inherent and belongs to the product' and which also includes 'the entire portion of

⁵³ Legal and Regulatory Framework for Intellectual Property in the People's Republic of China

⁵⁴ Patent Law of the People's Republic Of China, 1984 and amended in 1992 (CHI) Patent Law: Art 2 "Designs shall mean, with respect to a product, new designs of the shape, pattern, the combination thereof, or the combination of the color with shape and pattern, which create an aesthetic feeling and are fit for industrial application."; PRC Trademark Law, Art 8: "Any visually perceptible signs, including words, devices, letters, numbers, three-dimensional marks, color combinations, and combinations of the aforesaid elements, which are capable of distinguishing goods of one natural person, legal person, or other organization from those of another, can be registered as trademarks through application."

⁵⁵ CHI, Art 4.8

⁵⁶ Law of the People's Republic of China Against Unfair Competition, 1993, Art 5.2

⁵⁷ *Fiat Group Automobiles s.p.a. v. Great Wall Motors Co. Ltd*, Trib. Torino ord. n. 5282, 2008, 834. In this case a Chinese company has been condemned for the imitation of the Fiat Panda car design, as "Peri" model presented the same characteristics in the overall design image of the original Italian car.

⁵⁸ CHI (2010), Min Ti Zidella

the outer structure', but excludes aspects concerning 'only the nature of the product, namely those necessities to achieve a technical effect, or that which constitutes the essential value of the product'. In the opinion of the Court, the requirements for granting protection are (i)'the configuration should have distinctive features unlike general common designs', and the public to have (ii)' already associated the configuration to a specific manufacturer or this association have derived through the use in the market, which means the configuration has acquired secondary meaning'. This decision followed decades of uncertainty, since the implementing law on Certain Regulations Prohibiting Unfair Competition activity concerning imitating specific Names, Packaging or Decoration of Well-known Commodities, set in 1995, which ruled that the 'Decoration Refers to the text, pattern, color and their combinations attached to a commodity or its packaging to identify and beautify the commodity' . Only in 2004 did the Civil Division of the Court rule that, in the judicial interpretation on the Discussion Draft of anti-Unfair Competition Law⁵⁹, the configuration of the product could be protected through an application to obtain a patent for a three-dimensional shape trademark, but could not be protected under Anti- unfair Competition Law.

Then in 2005, the Guangdong Shenzhen Intermediate People's Court in *Reigncom Ltd v Statutes Shenzhen Songshang Electronic Ltd*, a case regarding a breach of reputation and imitation of the packaging of a famous product, ruled that 'the two applicants had no legal basis for the submission of the request'.⁶⁰ Subsequently the jurisprudential opinion on the nature of protection for the appearance of a product under Anti-Unfair Competition Law changed again. Chief Judge Kong Xiangjun ruled that the configuration or shape of a product protected under the Anti-Unfair Competition Law shall be defined as a decoration and shall have also acquired a secondary meaning and a precise identity in the relevant market. Finally in 2008, the Zhejiang Jiaxing Intermediate Court in *Shantou Denghai Huada Toy Ltd. V. Ping hu Beisida Children Carriage Factory (2005)*, an unfair competition case, ruled that 'the configuration of a product acquires its significance decoration', but the Court did not specify how to test this acquisition of identity within the market. In its ruling, the Court issued an opinion on the existence of a protected configuration, claiming that

[T]he configuration itself cannot be apart from the body of the product, the relevant public tends to treat the configuration as a part of the product itself. Therefore, the relevant public generally would not associate the latter with the specific origin of the product.

⁵⁹ Judicial Interpretation Discussion Draft of Anti-Unfair Competition of the Civil Court Department III of Supreme People's Court(2004), Art 5

⁶⁰ Lou C., Yao S., *A Landmark Decision for Trade Dress Protection in China*, in *China Bulletin*, 2011

The Court created a central doctrine for the protection of the appearance of a product: in order to receive protection, the configuration of the product shall have more than a general recognition characteristic, and it shall be also individualizing for the consumer, who must immediately be brought to identify the origin or manufacturer in light of its secondary meaning.

Thus we can see another example of regulations which provide a flexible scope of protection in a system which is strongly influenced by the dominant European culture, by the impulses of the American market and by political interests. This could be dangerous in a legal framework, like the Chinese one, which ends up destabilising the default granted protection, leaving the definition of the relevant approach to follow at the mercy of the Courts. This is a type of hybrid protection in a territorial context which is at the crossroads of global businesses and which fails to provide certainty. Thus, regulations are unable to establish adequate protection even if there is a legal obligation to protect design products.⁶¹

Also Japan has a special *sui generis* design law known as the Design Act, which was last amended in 2011 and which often creates conflicts and practical problems. This is because the Design Act comes under the influence of patent law approach, which is significantly identical to US legislation, hence it shifts between the protection of design rights and patent rights.

From this point of view it follows that the Japanese proposal to abolish patent rights and copyright for design product, or shrink them substantially⁶² is emblematic. This is because Design Law⁶³ is considered more favourable than provisions of intellectual property implemented in most countries, but with predictions severely limited due to the multilateral conventions which have been signed.

In general, Article 1 of Japanese Law,⁶⁴ which came into force after the Second World War, provides that the object of protection is 'to encourage design creation and thereby

⁶¹ Paris Convention, Art 5, Clause 5 and TRIPS Agreement, Art 25

⁶² Xiao-Mei D., *Conflict between Trademark Right and Prior Copyright. Case and Academic Research on Solutions to this Conflict in the Chinese and Japanese Legal Systems*, in JPO Study-Cum-Research Fellowship Program, September 2010

⁶³ BreanD.H., *Enough is Enough: Time to Eliminate Design Patents and Rely on More Appropriate Copyright and Trademark Protection for Product Designs*, in Texas Intellectual Property Law Journal 16, (325);

⁶⁴ DesignAct No. 125(1959), Art 1: Purpose: "The purpose of this Act is, through promoting the protection and the utilization of designs, to encourage creation of designs, and thereby to contribute to the development of industry"

contribute to the development of industry, by providing for the protection and use of designs'.⁶⁵

There is still some uncertainty as to what the legislator had in mind with the words 'the development of industry'. Did they intend to strengthen *international* competitiveness and economic growth? Alternatively, did the provision aim to encourage the development of production and the optimal allocation of resources? It was, however, made very clear that Japanese Design Law was created as part of the country's Industrial Policy and not for the promotion of its culture.

5. Dilemmas for evolution. A postscript

In comparing industrial design protection in the US, the EU, Italy, China and Japan, it is seen that these jurisdictions follow divergent approaches. From this brief analysis, some long term conclusions were made.⁶⁶ First, the international system appears to prefer a framework based on *know-how*, rather than a system capable of generating further *sui generis* legislation on design. In this regard, any *sui generis* protection, even if merely protecting the appearance of designs, would be one of the already numerous 'legal metaphors' used by the legislator to provide indirect protection for non-patentable products. These neither fall within the scope of protection afforded by copyright nor are configurable within the classical categories of intellectual property law, or the original patent and copyright-oriented paradigms⁶⁷. If the object of protection is inspired by the necessity of protecting all innovative shapes or all forms with a useful industrial application, then we should ask why this type of innovation, but not others, should come out of the regulated market. It is difficult to estimate how strong a design protection is desirable in the view of policy perception. The proposed legislation is not the best solution, because it fails to reconcile the competing concerns of moral rights and the expansion of the uniform market.

Second: the issue of industrial works, which are the most remote and controversial legal hybrid,⁶⁸ within intellectual property should be subjected to the principle of *primum non nocere*.⁶⁹ A legislative framework on design effectively protecting all functional designs for

⁶⁵ Cha S., *Legal Protection of Design or Applied Art With the focus on the comparison of the Korean and Japan legal approaches to design law, unfair competition law and copyright law for design*, in *IP Bulletin*, 2009

⁶⁶ See Afori O.F., *Re-conceptualizing property in design*, in *Cardozo Art & Entertainment* 25, III, 2008

⁶⁷ See Su J. e Xu A., *Dilemma and options for the intellectual property protection of product design*, 2010, available online at www.lexology.com/library/detail.aspx?g=282f1a44-bf89-4741-a1ffefc57618591e;

⁶⁸ Reichman R.S., *Legal Hybrids between the Patent and Copyright Paradigms*, in *Columbia Law review*, 94, 8, 1994

⁶⁹ Prowda J.B., *The trouble with trade dress protection of product design*, in *Albany Law Review*, 2008

an extensive term (if not undetermined), without requiring an appreciably creative contribution would violate this basic test. In the name of the fight against counterfeiting and piracy, this form of protection would frustrate honest competition and multiply monopolies and spurious interests, in a contest where the integrated global market requires that we leave some remnants of protectionism inherited from a political custom of anti-entrepreneurial policy. In the Paris Convention industrial designs were recognized as dynamic features of trade. Presently, however, these intangible assets are more essential corporate assets for implementing successful corporate strategy. The balance between moral rights and the benefits of free market competition is not easy to establish. An emerging designer's worst nightmare is to discover copies of his original designs in stores for a fraction of the price, but without this kind of commerce much would be lost in economic terms.

Third, with the rise of new technology and evolving consumer behaviors, this balance has become even more difficult, and some have States preferred not to create a specific protection for designs, because the industry is thriving and the sharing ideas is a vital part of the process.

In conclusion, in this legal conundrum, industrial design emerges as an incomparable industry. It is anomalous because it is both artistic and functional, distinctive and indistinctive and it does not fit within a legal definite framework, because any change of intellectual property law in this field shall consider both market and industry regulations. A *sui generis* protection could do more harm than good, and a limited attribution-focused solution would be a better fit for the industry. Design protection has been undergoing reformation as an essential factor in the world economy. As a consequence Europe, the US and Asia have become concerned about the influence of design in the market performance. But for States to create an additional stratum of regulations which creates problems of implementation and coordination between themselves could lead to the collapse of the system. Other solutions would be also preferable, ones that provide a limited amount of protection to designs *via* certifications or trademarks, providing designers with a means to protect their name, while still permitting competition and preserving the unique copying dynamic within the industry.

As design lies at the intersection of copyright, patent and trademark, taking the benefit of protection of these three disciplines, a uniform design definition and mechanism should be

On the topic see also Afori O.F., *Reconceptualizing property in design*, in *Cardozo Arts & Entertainment Law Journal*, 25/3/2008, pp. 1177-78; Monseau S., *The challenge of protecting industrial design in a global economy*, in *Texas Intellectual Property Law Journal*, 20,2012,502; Rahman S.S., *Industrial Design in different jurisdictions: a comparison of laws*, in *Journal of Intellectual Property rights*, 19, 2014, pp.223-228.

created first. Moreover, legislators ought to understand the hybrid nature of industrial design as well as the necessity for a coherent system. The EU should promote harmonization among Member States, reconciling in particular copyright and design right. US should take efficient steps to eliminate distinctions between ornamental and functional designs. Oriental jurisdictions should work on a unity of design doctrine instead of fluctuate according to market demands. With these measures design protection system would be more logical and comprehensive, or at least aligned with the principles inspiring international standards.