19 Generation and Development of the Structure of Systematic Distinction between Design Law and Copyright Law in Germany

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For the purpose of exploring some of the significant aspects of the systematic distinction between industrial property law and copyright law, this research examines the generation and development of the approach to systematically distinguish between design law and copyright law by using German law as reference material.

Generally speaking, the research can be divided into three parts: the process of generation of the approach to systematically distinguish between the two laws; the details and development of the distinction approach under the 1876 Design Act; and the significance of the 2004 Design Act viewed from the development of the distinction approach in recent years. The theoretical contents of the approach to distinguish between design law and copyright law are founded on the "gradation theory," which gradually distinguishes between the subject matter of the two laws based on the aesthetic level of the subject matter. In this research, the generation and development of this gradation theory is analyzed based on Supreme Court decisions, dominant academic theories, the "kleine Münze" concerning demarcation of the subject matter of copyright, and the recent revision of the Copyright Act in response to EU directives and recent trends of academic theories. The analysis results indicate that the development of discussions over the gradation theory had the effect of gradually diluting the distinction between design law and copyright law as well as diluting the significance of systematic existence of design law. The significance of the 2004 Design Act is examined in relationship with such developments of the systematic distinction approach.

Preface

Design law and copyright law are similar in that they both protect aesthetic expressions of thoughts. Therefore, as long as design law and copyright law constitute separate legal systems, the significance of the distinction between industrial development and cultural development, which are expressed in the purposes of the respective laws, or the distinction between industrial protection law and copyright law that may be discussed by scholars must be the factors that have to be questioned the most strictly with respect to the systematic positions of the two laws. Hence this research attempts to explore some of the significant aspects of the approach to systematically distinguish between industrial property law and copyright law, using the distinction between design law and copyright law as the reference material. In addition, the German design law and copyright law have historically shown an extremely close systematic relationship with each other, and the systematic distinction between the two laws has always been keenly recognized and discussed. This is the very reason that this research intends to delve into the generation and development of the structure of systematic distinction between German design law and copyright law.

I History before the enactment of the design act

1 Origin of the discussion on the design protection system

The discussion on the design protection system in Germany was already part of the discussion on the copyright system from the time it emerged. The 1837 Prussian Copyright Act, which was the first German copyright act in a modern format, excluded industrial designs from the subject matter of copyright as an exception to the artistic copyright system, under Section 25. The movement toward establishing a federal-level unified copyright system started in the second half of the 1860s, but Section 60(iv) of the copyright bill submitted to the Reichstag at the beginning of 1870 allowed use of artistic works as industrial design, and a norm to exclude industrial designs from the subject matter of copyright was clearly stated. Recent studies have revealed that the theoretical ground for such approach to exclude industrial designs from copyright protection can be sought in the free trade policy or the principle of freedom of industry at the time. After all, the approach to exclude industrial designs from copyright protection deriving from the free trade policy caused the artistic copyright

act to be repealed upon establishment of the first German federal copyright act in 1870 (1870 LUG), and caused division of the copyright system until the German copyright law was reunified by the current act of 1965. Nevertheless, the important perspective in the awareness of issues in this research is the fact that the approach to exclude industrial designs from protection arose not from a context unrelated to the copyright system, but as "an approach to exclude industrial designs from the copyright protection system." The united relationship between the discussions on the design protection system and that on the copyright system was also indicated by the presence of a provision approving nondiscriminatory copyright protection for industrial designs and artistic works in the Bundesrat's preliminary bill, which marked the beginning of the legislative deliberation of the 1870 LUG. The demand for design protection legislation was inseparable from discussions on the copyright system from the start.

2 First sign of the distinction approach

At the same time, while it is naturally not possible to learn about the structure to distinguish between the design protection system and the copyright system that actually existed as concrete legal systems, the first sign of the approach to distinguish between the two systems could already be observed in this period. It is because, when the provision on excluding industrial designs from copyright protection was criticized in the legislative deliberation on the 1870 LUG, a path to simply avert such criticism by approving nondiscriminatory protection for industrial designs and artistic works was not taken, but repeal of the entire artistic copyright system was daringly chosen. The deliberations did not clearly indicate the ground for the need to distinguish between the design protection system and the artistic copyright system by even sacrificing establishment of an artistic copyright system. However, an important hint in finding out such ground is that, in relation with other types of works, namely literary works and illustrative works, influential scholars at the time had focused on the qualitative differences in the subject matter, such as the presence or absence of "an original expression of intellectual contents," as the ground for justifying discriminatory treatment of industrial products within the copyright system.

3 Summary

In this manner, in the history before the enactment of the design act, the discussions on the design protection system occurred as part of the discussions on the copyright system, while indicating a sign of the approach to distinguish between the design protection system and the copyright system. When the design act is eventually established, a substantive distinction approach develops. The formation process of this distinction approach is examined next.

Ⅱ Formation of the structure that distinguishes between design law and copyright law

1 Enactment of the 1876 Design Act and generation of the distinction structure

Germany's first federal-level design act (the 1876 Design Act) was established concurrently with the artistic copyright act for protection of artistic works (the 1876 KUG) in an organic relationship with it. Section 5(3) of the 1876 KUG included industrial use of artistic works within the scope of copyright protection, and its Section 14 provided that once an artistic work is put to industrial application, protection of the industrial design will be left to the regulation under the 1876 Design Act. Industrial designs gained a foothold for protection in a domain adjacent to the copyright system, but at the same time, it meant generation of the structure to distinguish between design law and copyright law. The statement of legislative reasons sought the ground for regulating protection of industrial designs and artistic works separately by the 1876 Design Act and the 1876 KUG in the qualitative evaluation of the subject matter. It referred to the subject matter of the 1876 KUG as "high art (hohen Kunst)," which is a concept that implies the qualitative level, and proposed an approach to distinguish between design law and copyright law based on qualitative evaluation of the subject matter. Section 14 of the 1876 KUG, bridging between design law and copyright law, was a legal technique type of system that divided the scopes of application of the two laws by using a formal trigger, i.e. the presence or absence of industrial application. The systematic reason for requiring such a legal technique was in the distinction of the subject matter based on a qualitative criterion or based on the level of aesthetic originality.

2 Criticisms against Section 14 of the 1876 KUG and the 1907 amendment of the KUG

Section 14 of the 1876 KUG, which left the protection of artistic works to design law based on the trigger of industrial application, immediately became subject to criticisms due to its failure to meet the demand of the modern arts industry among other reasons. Thus, amendment was made, and the 1907 KUG abolished Section 14 of the old act, while clarifying in Section 2(1) that productions of the arts industry are subject matter of copyright as artistic works. This meant that industrial designs expanded the scope of their protection to the copyright system. However, Section 2(1) did not approve copyright protection of industrial designs unconditionally. The statement of reasons for this provision clearly stated that qualitative differences should be sought between the subject matter of design right and that of copyright based on the presence or absence of "an original and artistic achievement." In other words, the qualitative differences between the subject matter of the two systems limited the scope of protection of industrial designs that had expanded to the copyright system. At this point, the legal technique type distinction system based on the presence or absence of industrial application that Section 14 of the 1876 KUG had relied on was abolished formally as well, and the qualitative differences between the subject matter of design right and that of copyright came to the fore as the theoretical ground supporting the structure of distinction between design law and copyright law and came to bear important significance.

3 Generation of the gradation theory

Later, the theoretical contents of the approach to distinguish between design law and copyright law, which could be reduced solely to the distinction approach based on the difference in nature of the protectable subject matter, are concretized by the gradation theory (Stufentheorie) that was developed through German case law and eventually gained the recognition of academic theories.

Supreme Court decisions that indicated findings about the issue of distinction between the subject matter of design right and that of copyright under the 1907 KUG included the Imperial Court decision of June 10, 1911 [German school typeface case] as the first, followed by the Imperial Court decision of April 17, 1929 [cutlery set design case], the Imperial Court decision of June 12, 1937 [furniture fabric case], the Imperial Court decision of September 12, 1939 [tableware set design case], the Federal Court of Justice decision of January 22, 1952 [children's craftworker doll case], the Federal Court of Justice decision of November 27, 1956 [Europapost title typeface case], the Federal Court of Justice decision of May 30, 1958 [Candida typeface case], and the Federal Court of Justice decision of September 30, 1964 [food processor case]. As clearly indicated in the statement of reasons for legislation of the 1907 KUG, the qualitative difference between the subject matter of design right and that of copyright carried decisive significance in distinguishing between design law and copyright law, and through the accumulation of the court decisions, such qualitative difference was made more concrete. As a result, a proposition that "subject matter of design right and that of artistic copyright do not differ in essence in that they are both aesthetic creations, but they gradually differ in the level of their aesthetic contents" was established as a theoretical proposition supporting the approach to distinguish between design law and copyright law. In addition, consideration should be given to the theoretical relationship between the fundamental ground supporting the approach to distinguish between the two systems and the formal differences between the two protection systems, that is, the differences in the term of protection and the protection method. As stated in the court decision in the [Candida typeface case], the formal differences between the two protection systems were not the basis for deriving the need for distinguishing between the two systems, but merely a factor that affected the level of the criterion for the distinction. In other words, discussion on the need for the distinction and discussion on the criterion for the distinction were different, and the former discussion on the need for the distinction was derived not by the formal differences between the two systems, but by the above theoretical proposition.

This theoretical proposition was also accepted by academic theories. An influential academic theory cited the court decisions that had been rendered since the decision in the [school German typeface case], and emphasized the difference in the level (Gradunterschied) that existed between the creative achievement respectively required for the subject matter of design right and that of copyright. Academic

theories called this theoretical proposition the "gradation theory (Stufentheorie)." In this theory, the difference between design right and copyright was construed to be merely a difference in the level (Grad) instead of an essential difference, and subject matter protected by the two rights were gradually distinguished by a criterion of the level of aesthetic originality or the level of creativity (Gestaltungshöhe).

4 Development of arguments over the graduation theory

The gradation theory is a theory for demarcating the subject matter of design right within the domain of industrial art in relationship with subject matter of copyright. Therefore, it has a theoretical relationship with a generality on the protection criterion for subject matter of copyright, more specifically, the "kleine Münze" argument over the protectability of practical achievements that exist in the marginal domain of the subject matter of copyright, which has been discussed since the 1920s in German academic theories on copyright law. The gradation theory can be positioned as one of the "kleine Münze" arguments in relationship with the category of artistic works. Therefore, it was indispensable to understand the "kleine Münze" argument in examining the development of discussions over the gradation theory.

According to systematic research analyzing court decisions and academic theories on the "kleine Münze" argument, the "kleine Münze" argument showed a good contrast, under the 1901 LUG and the 1907 KUG, between works of formative art for which the gradation theory was supported and "kleine Münze" was excluded from copyright protection, and literary, scientific, and musical works for which copyright protection of "kleine Münze" was basically approved. The attitude to be taken against the presence of this theoretical contrast has been an important issue in discussions on copyright law and design law in Germany. At the time of legislation of the current 1965 Copyright Act, the "kleine Münze" argument was consciously discussed by also taking into view the systematic relationship between design law and copyright law in the wake of introduction of the first-ever unified concept on protected works in German law. As a result, however, approval of copyright protection of "kleine Münze" was only stated in the statement of legislative reasons. In other words, in the fundamental amendment of the Copyright Act, neither the statute law nor the statement of reasons gave a clear answer as to whether or not the above-mentioned systematic contrast in treatment of "kleine Münze" will be corrected, that is, whether or not the systematic relationship between design law and copyright law will be reviewed. Later, under the current Copyright Act, many academic theories on design law and copyright law supported the distinction theory or the gradation theory, which required a high level of creativity (Gestaltungshöhe) for copyright protection of applied art and uses the level of creativity as the criterion for distinguishing between the subject matter of design right and that of copyright, while dividing opinions as to approval of general copyright protection for "kleine Münze" of all types of works. On the other hand, there were also publications of systematic research proposing that general approval of copyright protection for "kleine Münze" including applied art as well as the gradation theory would become unnecessary by restructuring the criterion for copyright protection, and also denying the significance of existence of design law, with an intention to totally abandon criteria for copyright protection that involve arbitrary decisions. Meanwhile, court decisions consistently supported the gradation theory by distinguishing between subject matter of design right and that of copyright, which have essential commonality, based on the level of creativity (Gestaltungshöhe), from the standpoint of understanding design law to be an industrial protection law founded on copyright law.

5 Development of European copyright systems and their impact on the gradation theory

The recent debate over the European copyright system in response to the EU directives and the various amendments to the current Copyright Act had quite an impact on the course of development of the gradation theory. As long as assuming to secure compliance with the EU copyright law system that requires abandonment of a high-level copyright protection criterion for works of computer programs, works of databases, and photographic works, it would be difficult to generally maintain the high-level copyright protection criterion that supports the gradation theory, that is, an approach to exclude "kleine Münze" from protection under the current Copyright Act. Also, the current Copyright Act adopted a unified concept of works

in its provisions, and the statement of its legislative reasons had clearly mentioned avoidance of discriminatory protection criterion for different types of works. As a result, the influence of the gradation theory also decreased from a systematic point of view. Influential academic theories started off their inquiry from such European copyright system of recent years, and proposed to give up a high-level copyright protection criterion and to generally approve copyright protection for "kleine Münze" as a result, while suggesting views that deny the need for or show doubts against the gradation theory in the domain of applied art.

6 Summary

Already at the time of establishment of the 1876 Design Act, the qualitative difference between the subject matter of the two rights carried important significance as a theoretical ground supporting the structure to distinguish between design law and copyright law. After the establishment of the 1907 KUG, this qualitative difference gained theoretical contents and became the gradation theory through accumulation of court decisions and approval by academic theories. Then the gradation theory developed theoretically correlating with the "kleine Münze" argument on demarcation of subject matter of copyright under the current Copyright Act. The dominant view in academic theories and court decisions had supported the gradation theory, but the abandonment of the high-level copyright protection criterion for specific types of works based on the development of the European copyright law system in recent years was not irrelevant to the subsequent course of the gradation theory. Influential and convincing opinions that also took into view European copyright law system began to indicate doubts against maintenance of the gradation theory.

Industrial designs gained a foothold for protection in a domain adjacent to copyright system with the establishment of the 1876 Design Act, and then, with the establishment of the 1907 KUG, they expanded this domain into the copyright system. The gradation theory had provided limitation to such scope of protection of industrial designs within the copyright system both before and after the legislation of the current Copyright Act. However, the gradation theory recently faced an influential and convincing approach that requires no gradation theory, backed by development of the European law system. This approach that requires no gradation theory implies an approach to deny the need for the 1876 Design Act. It is because, just as the view generally approving copyright protection for "kleine Münze" proposed in the "kleine Münze" argument, if full and unrestricted copyright protection is approved for industrial designs, the 1876 Design Act will lose its significance of existence. Looking at the overall trend of the systematic relationship between design law and copyright law, the structure to distinguish between design law and copyright law had basically been heading toward dilution since the enactment of the 1876 Design Act, and the significance of existence of the 1876 Design Act had also been heading toward dilution. Thus, the significance of the 2004 Design Act is explored from the viewpoint of restructuring the significance of existence of the design law system in the following part.

Ⅲ Development of the distinction structure and the significance of the 2004 Design Act

1 Basic concept of the EU directive on designs

The purpose of enactment of the 2004 Design Act was to integrate the EU directive on designs, which was drafted in October 1998, into national law. Therefore, accurate understanding of the basic concept of the EU directive is important as the premise for examining the significance of the 2004 Design Act. The key reference material for understanding the basic concept of the EU directive on designs was the Max Planck draft drawn up in 1990.

Conventionally, there was a difference among European countries in the understanding of whether design law should be considered a domain adjacent to patent law or copyright law. This difference, symbolically expressed as the "patent approach" and the "copyright approach," showed up as differences in the details of the novelty requirement and the status of the overlapped relationship with subject matter of copyright with regard to the understanding of subject matter of design right. The "design approach" of the Max Planck draft was an idea to release design law from such needless dilemma of patent law versus copyright law, and to prepare an original and independent position for design law in the system of intellectual property law by restructuring the subject matter of design from a

perspective specific to the design law system. This idea started off by questioning the peculiarities of the domain of protection, that is, the realistic and economic functions of the protected designs in the market. As a result, a design was understood as a marketing instrument and design law as a system for protecting designs in their relationship with the actual market function (Marktwirkung). At this point, distinction between a functional design and an aesthetic design was no longer relevant. A design was to be protected as a marketing instrument under the design system as long as it could be distinguished from publicly known designs.

The basic concept of this Max Planck draft was passed on to the EU directive on designs. Preamble 14 of the EU directive on designs proclaims that the aesthetic quality (ästhetische Gehalt) of subject matter is irrelevant to protection of designs. In addition, the design protection requirements – novelty and individual character – which were concretized as legal propositions, must also be read while bearing in mind the basic concept underlying the EU directive on designs. The novelty requirement is not the absolute novelty that is required under the patent system. It is objective, relative novelty. Article 6(1) of the directive provides that even if a design has been made available to the public at the time when novelty is determined under Article 4, it does not lose novelty as long as it has not become known among circles specialized in the sector, operating within the EU. Meanwhile, an issue that is decisively important with respect to the individual character requirement is not the aesthetic originality, which is required under the copyright system. As a matter of course, whether or not the design at issue has an individual creative character and exceeds the average skills of a design creator is no longer questioned. The individual character requirement derives from the economic market function of the design as a marketing instrument, and it requires a distinction (unterscheiden) from publicly known designs that is recognized not from the viewpoint of the design creator, but from the viewpoint of the informed user (informierter Benutzer). It requires a difference (Deifferenzierung) from other similar designs. What is indicated here is a determining method that has the quality of competition law.

2 The 2004 Design Act and subject matter of design right

Since this research attempts to examine the significance of the 2004 Design Act in relation with the development of the structure to distinguish between design law and copyright law, it is important to understand the subject matter of design right under the 2004 Design Act. It is because, the gradation theory that had theoretically supported the distinction structure was the very theory concerning qualitative understanding of the subject matter of design right, as already mentioned.

Section 2 of the 2004 Design Act mentions two requirements for design protection, similar to Section 1(2) of the 1876 Design Act: novelty and individuality. Of these two requirements, the concept of "individuality" was important as the key concept that reflected the essential commonality between design law and copyright law, which was the basic quality of the 1876 Design Act. However, the term "Eigentümlichkeit" used in Section 1(2) of the 1876 Design Act was replaced with "Eigenart" in Section 2 of the 2004 Design Act for the same concept of "individuality." There is already an academic theory pointing out that change of the term for the concept of individuality is found to imply not only modernization of the legal term, but also the competition law-style restructuring of the design law.

Indeed, this concept of individuality (Eigenart) adopted by the new Design Act was a concept that had been carefully separated by the Supreme Court as a competition law-like concept from the concept of "Eigentümlichkeit" that meant "individuality" for justifying design protection or copyright protection. The following court decisions clearly indicated this point: the Federal Court of Justice decision of May 21, 1965 [ignition cap case]; the Federal Court of Justice decision of January 23, 1981 [wheel stool case]; the Federal Court of Justice decision of April 4, 1984 [Vitra series case]; Federal Court of Justice decision of January 30, 1992 [pullover design case]; and the Federal Court of Justice decision of July 15, 2004 [metal bed case]. In relation to the concept of individuality (Eigenart) under competition law, the question is whether or not the design at issue has the function to indicate the source or quality of the product associated with a specific company through distinction from other existing designs. On the other hand, in relation to the concept of individuality (Eigentümlichkeit) under creative law, that is, copyright law or design law, the question is whether or not the creative design at issue itself has creative features.

If we were to premise an understanding compliant with such a case law principle, it would mean that the 2004 Design Act has intentionally adopted the concept of competition law-like individuality (Eigenart) that questions the presence or absence of the function to indicate the source of goods or the function to distinguish goods from other goods, instead of the presence or absence of creativity in the subject matter. In this regard, the replacement of the term can be considered to imply competition law-like restructuring of design law, similar to the indication in the earlier academic theory.

3 Significance of the 2004 Design Act

If an attempt were to be made to understand the significance of the 2004 Design Act in a way that is at least theoretically compliant with the basic concept of the EU directive on designs and the subject matter of design right expressed in the concrete legal proposition, it would be a break away from the basic nature of the 1876 Design Act and conversion of quality into competition law-like design law. The statement of reasons for the draft clearly states that the new Design Act has broken away from the conventional close relationship with copyright law, and has secured an independent position in industrial protection law. The presence of the aesthetic contents (ästhetische Gehalt) that had constituted an essential element of a design under the 1876 Design Act no longer need to be taken into consideration when protecting designs under the 2004 Design Act. The remaining option for the 2004 Design Act, which has cut loose from its relationship with copyright law, would be competition law-like restructuring, if the basic concept of the EU directive on designs were to be premised.

Taking a look at the general trend of the systematic relationship between design law and copyright law, the structure to distinguish between design law and copyright law has been heading toward dilution and the significance of existence of the 1876 Design Act has also been heading toward dilution since the enactment of the 1876 Design Act. Such basic tendency was inseparable from the basic nature of the 1876 Design Act – "industrial protection law based on copyright law" – which was the starting point of the gradation theory. The 2004 Design Act secured its own significance of existence by breaking away from the basic nature of the 1876 Design Act and qualitatively converting into a competition law-like design law. In facing the modern situation where design law was at a risk of losing its own significance of existence due to its close systematic relationship with copyright law, it tried to secure its own significance of existence by breaking away from the systematic relationship with such copyright law – the author thinks it is possible to find one significant aspect of the 2004 Design Act in this point.

Closing remarks

It can be said that, under the 2004 German Design Act, which broke away from the basic nature of "industrial protection law founded on copyright law" and converted into a competition law-like system, the significance of distinction between industrial property law and copyright law has decreased in the systematic relationship between design law and copyright law. It is similar to the fact that the distinction framework of industrial law and cultural law is not so decisively significant in distinguishing between the domains of patent law and copyright law due to the difference in the subject matter of the two systems. If design law and copyright law have different subject matter, the two laws will secure separate systematic positions.

Then, what kind of function does the distinction framework of industrial property law and copyright law actually have in the intellectual property law system? There is a legal reality that the systematic position of the copyright law cannot be simply explained by such words as cultural or non-industrial. Exploration of the theoretical and practical significance of the distinction between industrial property law and copyright law will continue to be the author's important research theme in the future.