

# 14 Designs - the Underestimated Weapon against Product Piracy<sup>(\*)</sup>

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*Designs are Intellectual Property rights meant to protect the aspect of industrial products and play a fundamental role in the society, encouraging innovation and increasing market's competitiveness. They are vital for companies, as they add value to industrial products and stimulate the demand for new appealing items, and for consumers, as they enable the assortment of various similar products satisfying the demand of appealing items as much as possible and enlarging the possibility of choice among price differentiated industrial products. Design rights are exclusive absolute rights, excluding all third parties from their commercial exploitation. They thus are the suitable tools to effectively protect against imitation of products. Nevertheless these rights represent a limitation to the competition, which is based on the undisputed principle of freedom. The balance between the freedom of imitation and the exclusive right onto the shape of industrial products is essential for the healthy growth of the globalized market and the protection of all interest involved. It is therefore essential to understand the requirements allowing the rise of the exclusive design right and determine its scope of protection. European design law and Japanese design law seem to set forth different requirements allowing the protection of design and most of all its enforcement. Both jurisdictions, though, seem not to have clearly determined yet the requirements set forth by the respective design systems. The purpose of this research is to comparatively analyze how the scope of protection of design right is established within European Union and Japan, highlighting the problematic aspects, if any, and trying to establish whether the protection recognized to designs is satisfactory against the product piracy.*

## I Introduction

Design rights are competition tools, enhancing innovation and industrial development. They concern the outward aspect of industrial products, combining appearance and functionality.

The role of the appearance of products on the market is undeniable: consumers refer to it to judge the benefits they gain from purchasing products.

Designs recognize their owners the exclusive rights to commercially use the designs and represent exceptions to the principles of competition.

Taking inspiration from the state of art is common. It is tough to establish when this act becomes something proceeding. The unlimited possibility to imitate third party's products would not incentive innovation.

For the healthy growth of economy and to enhance designs' strength as market tools is important to clearly determine the requirements for the rising and enforcement of these rights.

Aim of this research is to analyze design rights' protection as achieved in Europe and Japan, verifying whether it is satisfactory for companies

and whether some adjustments should be needed to enhance designs' protection and enforceability.

## II European Design Law

### 1 Law framework

European Union (following referred as EU) achieved a certain level of harmonization between the Member States through the European Directive 98/71/EC on the legal protection of designs (following referred as the Directive) and the European Council Regulation on Community Design No. 6/2002 (following referred as CDR), establishing a unitary Communitywide law of registered and unregistered designs.

CDR objectively defines designs focusing on their outward appearance, without any reference to aesthetic or artistic values, as it was the cases of the previous design laws of Italy and Germany.

Design is the "appearance of the whole or a part of a product resulting from the features of, in particular, the *lines, contours, colors, shape, texture, and/or materials of the product itself and/or ornamentation*"<sup>1</sup>.

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Requirements giving rise to design rights are novelty and individual character, similarly defined by the Directive and CDR and by the national laws of the Member States, following the common principles of the Directive.

Novelty is defined in terms of relative novelty; individual character is the different overall impression produced on the informed user, taking into consideration the degree of freedom of the designer<sup>2</sup>.

Designs' protection extends to any shapes characterized by a non different individual character.

These concepts determine designs' validity and scope of protection and represent new requirements in respect to the provisions set forth by the previous national laws of EU Member States.

## **2 Scope of protection: new introduced requirements**

Designs' enforcement is based on individual character, overall impression, informed user and degree of freedom of the designer.

The EU Acts do not concretize these requirements and there is still uncertainty as to their concrete meaning and to a consistent set of principles to refer when applying CDR and national design laws deriving from the Directive in the most possible harmonized way.

### **(1) Individual character, overall impression, evaluation criteria**

The individual character is the set of characteristics allowing the design to distinguish itself from the shapes of products already existing on the market.

It is given when the overall impression arising from the relevant design and perceived by the informed user differs from the one given to the same informed user by known designs or by alleged infringing products.

The overall impression shall not communicate the informed user the feeling of something already seen.

Aim of this requirement is to ensure a time limited protection for shapes having an impact on the market, leaving common or neutral shapes lacking in individuality to the public domain.

Determining the individual character is the hardest and crucial challenge in infringement judgments.

The reference to the overall impression suggests that designs shall be considered as a whole throughout a synthetic judgment. The

comparison has to be made from the point of view of the informed user who is expected to be able to catch differences in the shapes which would escape to the average consumer's attention, and shall consider each shape as a whole in order to establish whether their overall impression is different.

The different overall impression shall be determined by the most attractive features of the designs.

The informed user is someone that uses the product according to its intended purpose and is attracted by those features distant from common shapes and most exposed to user's feelings during the normal use.

EU design system focuses on the overall impression and does not explicitly refer to products as a parameter to consider in validity or infringement judgments.

If the market through the informed user perceives that the overall impression of the enforced design is not different from the one of the allegedly infringing design, an infringement has to be found even if the nature of products to which both designs refer is different.

In the Japanese system products are strictly considered in the judgment of infringement. In these terms EU system seems abstractly more flexible than the Japanese one, relying only on the perception of the overall appearance perceived by the informed user.

### **(2) The informed user**

He is the yardstick on which design's individual character is target and determines designs' scope of protection. He seems to recall the average consumer known by the trademark law. Nevertheless the adjective "*informed*" recall as well to the expert, known by the patent law, whose level of knowledge and attention is higher than the one of the average consumer.

To be informed the user should know the existing design corpus "*taking into consideration the nature of the product to which the design is applied or in which it is incorporated, and in particular the industrial sector to which it belongs*"<sup>3</sup>.

In various decisions rendered by the Court of Justice of the European Union (following referred as ECJ) this hypothetical character has been defined in a negative way: he is neither a designer nor a technical expert, manufacturer or seller of the products in which the designs are intended to be incorporated<sup>4</sup>.

He has knowledge of the designs and their features in the sector concerned and shows a

relatively high degree of attention when using the relevant products because of his interest.<sup>5</sup>

This character is someone between the average consumer and the expert, whose specific features is assessed on a case by case.

In the lack of EU common principles, the above might be detrimental to the legal certainty of the scope of protection of design right and to the outcome of infringement actions.

### **(3) Influence of the degree of freedom on the scope of protection**

The degree of freedom of the designer in developing the design is considered when assessing the individual character.

The space for the development of characterized designs might be narrowed by the crowded art or by functional features necessary for the products to perform their functions.

Prevailing consumer demand, trend of the field, ergonomic factors, manufacturing and production costs shall not be considered limiting the degree of freedom. It is indeed the distance from common or expected features that leads designs to be strongly individually characterized.

The reference to the degree of freedom enables protection of shapes having a low individual character and allows enforcement of these rights against almost identical shapes.

## **3 Critical considerations**

It is questionable whether the requirements set by the current design law, responding to the demand coming from the industries for a wider protection of the appearance of industrial products, are satisfactory for design rights' owners, especially in technical fields.

In order to enhance designs' protection and to satisfactorily protect their market value, it seems proper to reconsider them under a stricter approach: by specifying the degree of individual character necessary for shapes to access to design protection, determining their scope of protection in terms of "*significant difference*" and defining the informed user as the user of the relevant product, averagely informed on the development of the state of the art, excluding a too high knowledge.

Only those shapes significantly distinguish themselves from prior art, also in crowded and technically characterized fields, would be worth to be object of exclusive rights, gaining consequently a broader scope of protection. Infringement would be excluded only in case of

significant different overall impression.

The above would seem to comply with the principles ruling competition, as shapes not strongly characterized could be protected through unfair competition law if its requirements are met. Interest of the general consumer to quality and priced competitive products of the same type would also be ensured, as well as innovation. Companies would be forced to develop particularly characterized shapes in order to obtain the time limited exclusive right to commercially exploit industrial products bearing them.

## **III Protection of design in Japan**

Act No. 125 of April 13, 1959 establishes the protection of industrial designs (following referred as JDA), imprinted on the patent approach<sup>6</sup>.

The purpose of protecting designs is to contribute to the development of industry, as explicitly recognized by the JDA.

Designs are defined with reference to aesthetic impression, border line differentiating them from utility models. Aesthetic impression is something able to capture consumers' attention towards the industrial product and seems similar with EU individual character.

JDA provides for formal and substantive examination proceeding, setting strength requirements for the establishment of the right. Unregistered design is not contemplated and is protected through unfair competition law.

### **1 Novelty**

Absolute and objective novelty is defined in terms of identity or similarity with prior disclosed designs .. Reference point is the consumer's aesthetic perception.

It is still disputed what shall be the basis of the judgment on similarity. Reference is usually made to the aesthetic of the elements to which the general consumer would pay attention.

There are different views on who should be the yardstick of this judgment, relevant to determine design's validity and scope of protection.

JDA refers to "*juyosha*", closed to the English words "*observer*" or "*user*" of the product incorporating the design. In validation and infringement cases the yardstick shall thus be the observer, the user, the industrial buyer, the trader, whose level of attention and knowledge is higher than the one of the general consumer.

Identity and similarity of products are also considered in the judgments of novelty or

infringement, though no reference is made by JDA.

## **2 Creativity**

Creativity excludes from registration those designs that a person ordinarily skilled in the art would have been able to easily create based on the outward appearance of prior publicly known designs.

Since it is not considered in the judgment on infringement, there seem to be a discrepancy between the establishment of the right and its enforcement.

## **3 Scope of protection**

Design right is the exclusive right to commercially exploit the registered design and designs similar thereto. Similarity refers to the aesthetic impression created by designs in the eye of the consumer.

The judgment on infringement considers identity or similarity of designs and identity or similarity of products, not creativity. No infringement is to be found in the lack of similar aesthetic impression, even if the alleged infringing product could have been easily created by the person ordinarily skilled in the art.

This judgment faces the same concerns of novelty as to the definition of aesthetic impression, consumer, similarity and relevance of products.

In particular, the theories of creation, confusion and demand side, have been trying to highlight the base of the judgment on similarity<sup>7</sup>.

Most of the Case Law seems to share the theory of confusion, stating that the purpose of the design act is to prevent confusion towards consumer and/or traders.

Controversial issues are the reference only to the requirements of identity or similarity, the relevance of products and the reference to consumer, those characteristics are not generally determined but evaluated on a case by case with the consequence of legal uncertainty on the outcome of judgments and on design's scope of protection.

## **IV Case Law**

### **1 European Case Law**

Case Law of EC is still rare and thus there is uncertainty and ambiguity how individual character, informed user and overall impression shall be uniformly interpreted and applied.

ECJ ruled on CDR and stated some common principles only 10 years after its coming into force, ruling in case C-281/10<sup>8</sup>.

In this decision the ECJ identified the informed user as someone familiar with the relevant products, having some awareness of the prior art and being between the average consumer and the expert of the sector.

The comparison between designs might be based on the imperfect recollection of the elements constituting the questioned design and not necessarily has to be a direct comparison<sup>9</sup>.

Similar principles were applied also in a further decision concerning the shapes of a sitting figure<sup>10</sup>.

This research analyzes as well cases hold before the General Court of the European Union and the national Courts of Italy and Germany.

## **2 Japanese Case Law**

JDA defines the scope of protection in terms of similar aesthetic impression to the eyes of the consumer.

The broader protection which would seem to be recognized to registered designs by JDA than the one accorded by EU law is tempered by the substantive examination applied by JPO.

When it comes to enforcement, it is questionable whether the scope of protection of registered designs is as broad as the law leads to think.

From the analyzed Case Law it seems that the parameters to consider in judgments on infringement are unclear, depending to a large extent on the concrete cases.

Especially in respect to the yardstick to establish similarity and to his level of knowledge and attention in examining designs there are no common rules.

Courts seem to adopt different definitions of consumer: operator, end-consumers, general consumer, purchaser, spectator, trader, user<sup>11</sup>.

## **V Comparison of design systems**

Relevant differences between EU and Japanese systems concern novelty, similarity and the yardstick to consider in the validation and infringement judgments.

Japan grants registrations after a substantive examination.

Absolute novelty and creativity seem to give rise to protection to designs that represent significant improvements in respect to prior art.

Designs seem though to be strictly bounded to the product referred to in the application. The examination is based on a rigid approach, evaluating the relationships between shapes and products with reference to consumer and the non easy creation for the person skilled in the art. On the side of enforcement, protection is recognized on the sole base of lack of identity or similarity of aesthetic impression for the consumer, without reference to creativity.

The characteristics of the consumer are not fixed by JDA and depends on the concrete case so that is not possible to reasonably predict the outcome of the judgment, unless in case of identity or almost identity of both designs and products.

In evaluating the aesthetic impression Courts consider the identity or similarity between the products to which the enforced designs refer and the alleged infringing products.

The items to which the designs refer are deemed to be identical or similar according to either their purpose of use or function.

Japanese Courts seems thus to refer to confusion between products as perceived by consumers.

The Directive and CDR did not introduce a substantive examination procedure and designs are granted after a formal examination. It seems though easier for applicants to obtain a registered design right in EU than in Japan.

Novelty is defined in a more narrow way than the JDA, namely in terms of relative novelty and lack of identity between the applied design and the prior art or the alleged infringing product. Excluded from novelty are differences concerning immaterial details.

Though through the individual character features not affected by novelty might become relevant, still the former seems more exposed to subjective evaluations. In the infringement judgment is up to the ability of the parties to determine Courts' conviction on the different overall impression.

The indication of products made in the application is not *per se* relevant for determining the scope of protection: in the EU system central is the individual character of the shapes as perceived by the informed user. Design rights theoretically extend to all later designs not producing on the informed user a different overall impression, irrespectively from the industrial fields.

Though in practice the informed user is likely to consider products in order to establish

the overall impressions, nevertheless infringement is not *ex ante* excluded because of different products.

The level of knowledge and attention of the informed user is higher than the one usually conferred to the consumer.

The consequence of informed user's vague characteristics, defined depending on the specific case, brings to legal uncertainty of designs' scope of protection, detrimental for design right owners and third party.

It would seem that the same design is more likely to be enforced according to JDA, referring to the consumer who is not likely to perceive differences between designs under comparison, which would be on the opposite caught by the EU informed user.

The above seems though to be tempered by Japanese substantive examination.

The strict reference to products, the sole reference to identity or similarity and the concretization of consumers' characteristics on a case by case, lead to conclude that design rights' owners struggle to successfully enforce their rights also in Japan.

## VI Conclusion

EU and Japan base the requirement establishing design's protection on similar concepts, though differently expressed in the respective Acts, and face similar difficulties in determining them.

Japanese aesthetic impression created by the design to consumers is comparable to EU overall impression; the features of the Japanese consumer are defined on a case by case basis as the ones of the EU informed user.

Common in both jurisdictions is the lack of common principles, especially concerning the characteristics, level of knowledge and attention of the yardsticks to refer to in determining designs' scope of protection.

In both countries the discussion is open on these issues, extremely relevant to consider design as tool protecting the outward appearance of products and to recognize satisfactory protection to design's owner based on clear and settled principles, avoiding reference to confusion.

The risk to consider the informed user or *juyosha* too close to the general consumer is to enlarge the protection of design and to base the judgment of overall impression or similar aesthetic impression on confusion, with

detriment to the value of designs as competition tool.

On the opposite, qualifying the characters of the informed user or *juyosha* as particularly careful observers, with high knowledge of the relevant field and able to catch the differences between features, narrows design's scope of protection, leading to its protection mostly in case of identical shapes, which is detrimental for design owner.

The need for a balance between a satisfactory enforcement of exclusive designs rights as market tools and the rules of competition is felt by both jurisdictions.

At EU level, after the ECJ's decision C-281/10 is clear that the informed user is someone in between the general consumer and the expert.

It is now to see how the IP Specialized Courts of the Member States will apply ECJ's principles.

Japan seems as well aware of the opportunity to refer to a character between consumers and experts, avoiding references to general consumers, though it would be helpful having the Supreme Court clearly stating this.

Designs in the terms analyzed by this research seem to be good tools to protect shape's attractiveness against identical or almost identical products, which is a satisfactory result, since taking actions on the base of registered designs is easier in terms of burden of proof than enforcing unregistered designs or acting on the base of copyright or unfair competition.

Nevertheless designs could recognize their owners a broader scope of protection both in EU and in Japan, extended to designs giving respectively raise to non different overall impression and to similar aesthetic impression.

Render this scope effective would strengthen designs as competitive market tools, enhancing the protection of companies' investments.

For the above purpose it might be proper to regain a stricter interpretation of the requirements giving raise to design rights and to their enforcement, by for instance: requesting a significant different overall or aesthetic impression to exclude infringement; avoiding protection strictly bounded to products; clarifying that the informed user/*juyosha* is someone between consumer and expert, establishing *ex ante* his average characteristics and determining concrete categories to refer in concrete cases (web forum belonging to the relevant fields; journalists of the fields; subscribers of magazines of relevant fields, ect).

The issue is challenging. The self awareness of EU and Japan on these issues, the results achieved so far towards harmonization and the ongoing comparative studies between EU and Japan are though the right steps for a more unified and smooth designs' protection and enforcement.

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<sup>1</sup> Article 3, I, a) CDR.

<sup>2</sup> Article 5 of the Directive; Article 6 CDR.

<sup>3</sup> Whereas No. 13 of the Directive and No. 14 of the CDR.

<sup>4</sup> EU General Court's decision in Case T-10/08, of September 9, 2011. Source:  
[http://oami.europa.eu/ows/rw/resource/documents/RC D/case-law/jj080011\\_en.pdf](http://oami.europa.eu/ows/rw/resource/documents/RC D/case-law/jj080011_en.pdf).

<sup>5</sup> ECJ's decision in Case C-281/10P, of October 20, 2011. Source:  
[http://oami.europa.eu/ows/rw/resource/documents/RCD /case-law/jj100281\\_2\\_en.pdf](http://oami.europa.eu/ows/rw/resource/documents/RCD /case-law/jj100281_2_en.pdf).

<sup>6</sup> See *Design Law*, by P. Ganea, op. cit., p. 461.

<sup>7</sup> See *Establishing Infringement of Design Rights and the necessity of visibility of the protected design - Limits to the effect of design Rights to Components*, Kenji Yamaguchi, in A.I.P.P.I., vol. 30, No. 2/2005, pp. 70. The Author proposes to rename the sub-category of the theory of confusion in "*Theory of the Demand Side*". See op. cit., p. 72. Furthermore *Similarity of designs*, Tomoji Yamada, Shin Saiban Jitsumu Taikei 4 Chiteki Zaisan Kankei Soshôh, pp. 374.

<sup>8</sup> Decision of October 20, 2011. Source  
<http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/appe alsCFI.it.do> as per March 1, 2013.

<sup>9</sup> PepsiCo argued that the EUGC had failed in relying on the imperfect recollection of the questioned designs on the side of the informed user, rather than on a direct comparison.

<sup>10</sup> Cases C-101/11P and C-102/11P, H. Neumann, A. Galdeano and OHIM vs J.M. Baena Grupo SA, decided on October 18, 2012. The cases involve a figurative TM. In the decisions, though, designs' requirements were applied. Source:  
[http://oami.europa.eu/ows/rw/resource/documents/RC D/case-law/jj110101\\_2\\_en.pdf](http://oami.europa.eu/ows/rw/resource/documents/RC D/case-law/jj110101_2_en.pdf).

<sup>11</sup> Reference is made to the following judgments, kindly provided by Mr. Chikashi Yoshida, Patent Attorney at Suzuye & Suzuye, Tokyo: Osaka District Court, February 20, 2001 Heisei 11 No. 11203; Osaka District Court, April 5, 2001, Heisei 12 No. 2240; Tokyo High Court, June 27, 2002, Heisei 13 No. 5158; Tokyo District Court, August 28, 2002, Heisei 13 No. 26362; Tokyo District Court, January 31, 2003, Heisei 14 No. 5556; Osaka District Court, December 15, 2005, Heisei 16 No. 6262; Intellectual Property High Court, October 31, 2005, Heisei 17 No. 10079; Tokyo District Court, March 16, 2007, Heisei 18 No. 9943; Tokyo District Court, April 18, 2007, Heisei 18 No. 19650; Tokyo District Court, October 30, 2008, Heisei 20 No. 1089; Osaka District Court, November 5, 2009, Heisei 21 No. 2726.