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From: Presidency
To: Permanent Representatives Committee

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Subject: Meeting of the Council (Competitiveness (Internal Market, Industry, Research and Space)) on 25 September 2023: Preparation
Review of EU legislation on design protection:
(a) Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the legal protection of designs (recast)
(b) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 6/2002 on Community designs and repealing Commission Regulation (EC) No 2246/2002
- General approach

I. INTRODUCTION

1. On 10 November 2020, the Council adopted conclusions on *Intellectual property policy and the revision of the industrial designs system in the Union* which called on the Commission to present proposals ‘to modernise the EU design protection systems and to make design protection more attractive for individual designers and businesses, especially for SMEs’¹.

¹ Doc. 12750/20, p. 8.

2. On 28 November 2022, the Commission published a legislative package to modernise the 20-year-old EU system of design protection. This initiative is one of the key elements of the Commission's 2020 Intellectual Property Action Plan².
3. The legislative package comprises the above-mentioned proposals for a Directive on the legal protection of designs (recast of Directive 98/71/EC)³ and for a Regulation amending Council Regulation (EC) No 6/2002 on Community designs⁴.
4. The proposed Directive is based on Article 114(1) of the Treaty on the Functioning of the European Union (TFEU), while the proposed Regulation is based on the first subparagraph of Article 118 TFEU.
5. Industrial design rights protect the appearance of a product. The visual appeal created by a design is one of the key factors influencing a consumer's choice in preferring one product over another. Well-designed products therefore constitute an important competitive advantage for producers.
6. The proposed revision aims to encourage innovation by making the EU Designs *acquis* fit for the digital and green transitions. In addition, it aims to make the design protection system more accessible and efficient for SMEs and individual designers. To that end, the package streamlines and modernises registration procedures, clarifies the subject matter, definitions and scope of rights and limitations – in particular, to clarify the scope of protection of digital graphical user interfaces or icons, and doubts as regards design rights in the context of 3D printing.
7. In line with the successful 2017 trade mark reform, the revision provides for new and further substantive and procedural harmonisation in the field of designs protection at national level.
8. In the context of this further harmonisation, the package aims, in particular, at completing the single market in repair spare parts by introducing a 'repair clause' into the Designs Directive. A repair clause was already contained in the 2002 Designs Regulation.

² Doc. 13354/20.

³ Doc. 15400/22.

⁴ Doc. 15390/22.

9. The European Economic and Social Committee adopted an opinion on the proposal on 22 March 2023⁵.

10. In the European Parliament, work in the Committee on Legal Affairs (JURI) is well underway, and the adoption of Parliament's report is expected by late autumn.

II. WORK CONDUCTED IN COUNCIL PREPARATORY BODIES

11. The examination of the package in the Working Party on Intellectual Property started on 19 December 2022 under the Czech Presidency and has likewise been prioritised by the Swedish and Spanish Presidencies, with the objective of reaching a General Approach at the meeting of the Council (Competitiveness) on 25 September 2023.

12. The Working Party discussed the proposals at 10 meetings, during the course of which it deliberated on three Presidency compromise texts on the draft Regulation and four Presidency compromise texts on the draft Directive. The (joint) impact assessment accompanying the proposals was examined at two Working Party meetings, on 19 December 2022 and 10-11 January 2023. That examination showed that delegations generally welcomed the two proposals and their aims, as well as the methods and criteria, and the preferred policy options in the impact assessment.

13. A broad consensus was achieved on the Presidency compromises on the proposed Directive and Regulation at the meeting of the Working Party on Intellectual Property (Attachés) on 19 July 2023. To accommodate comments of delegations made at the Attachés meeting, the Presidency inserted some further adjustments in the level of certain fees in points 4 and 6 of Annex I to the Regulation and made an adjustment in the provisions relating to the grounds for non-registrability.

⁵ Doc. 7835/23.

14. For sake of completeness, the three technical Annexes of the Directive and the Regulation that were included in the Commission proposals are also now added (namely, correlation tables for both acts and, in the case of the Directive, an Annex to Directive 98/71/EC setting out the time-limit for transposition of that act). Finally, the text also contains a couple of proof-reading corrections (such as obvious errors in cross-referencing).
15. On this basis, the Presidency considers that the texts for a Directive and Regulation, as set out in ADD 1 and ADD 2 to this Note, achieve a balance between the different views of Member States expressed during the negotiations.
16. In the light of the above, the Presidency suggests that these compromise texts be forwarded by the Committee of Permanent Representatives to the Council for a General Approach.

III. MAIN ELEMENTS OF THE COMPROMISE

17. As many of the issues covered in the proposed Directive and the proposed Regulation are similar, the proposals were examined in parallel in the Working Party. Most of the discussions related to the Directive, and any adjustments made to the text of the Directive have – as and when applicable – also been inserted into the text of the Regulation.

a) Main issues in the Directive

i) Repair clause (Article 19)

18. The repair clause proposed to be introduced into the Directive is limited to form-dependent ‘must match’ parts of complex products; it would provide for a transitional 10-year period to safeguard the protection of existing design rights.
19. While delegations generally supported the introduction of the repair clause, they expressed diverging views, at both ends of the spectrum, when it came to the proposed specific scope of application (form dependency or not) and the duration of the transitional period for existing rights (longer or shorter term than 10 years).

20. The Presidency text aligns with the original proposal, as discussions confirmed that it seems to constitute an appropriate compromise, or middle point, balancing the different views and interests expressed.

ii) Representation requirement of the design in the application and its link to the filing date (Articles 26 and 28)

21. Delegations generally supported the proposal to lay down common requirements for the representation of designs but preferred the text to focus rather on essential aspects only. It also proved important for several delegations to make explicit in the text that for the purpose of the grant of a filing date there is no need for all those requirements of design representation to be already complied with at that stage. In the compromise text, the relevant provisions of Article 26 have therefore been amended accordingly and a new paragraph 1a has been inserted into Article 28 to accommodate delegations' views.

iii) Deferment of publication (Article 30)

22. The proposal related to deferment of publication generally met with broad support by delegations. However, in order to respect Member States' procedural traditions, some more flexibility has been added to the compromise text (new paragraphs 4a and 4b of Article 30), in particular, to ensure that Member States may continue to provide that a registered design is not to be published automatically after expiry of the deferment period but only on request by the right holder.

iv) Administrative invalidity procedures (Article 31)

23. The Commission proposal suggested to introduce mandatory administrative invalidity procedures also in the area of designs, as they have been introduced for trademarks by Directive (EU) 2015/2436.

24. However, this proposal met with considerable opposition from many delegations, who considered introducing an obligation to set up such procedures as disproportional and not justified by actual needs.

25. To accommodate delegations' concerns, in the compromise text this provision has therefore been turned into an optional provision only.

v) *Transposition period (Article 36(1))*

26. Regarding the proposed period of 24 months for transposing the new provisions of the Directive into national law, delegations broadly emphasised the need for a longer period. In the compromise text, the transposition period has therefore been amended to 36 months.

b) *Main issues in the Regulation*

i) *Fees (Annex I of the Regulation – ‘Amounts of fees as referred to in Article - 106aa(1)’)*

27. The Commission proposal on EU design fees suggested a significant reduction of the level of the application fee; in addition, the abolition of the ‘unity of class’ requirement for multiple applications was suggested, in order to allow more applicants to benefit from bulk discounts.

28. However, discussions at the Working Party demonstrated that it was of great importance for delegations to ensure a viable co-existence of the national and EU designs protection systems, and to avoid any inappropriate competition between the fees for design protection at Union level and protection at national level. In this context, a very large number of delegations considered that the registration of a national design, with a national reach only, should continue to be appreciably less expensive than registering an EU-design, and that national-level fees should not compare to EU-level fees.

29. Meanwhile, it was also considered that setting the fees for an EU-design at an equivalent level to fees for a national design would not adequately reflect the value of the EU-design, and such equivalence was seen as putting at risk the appropriate balance between the EU and national design protection systems.

30. Furthermore, it was of great importance to delegations that the financial sustainability of the EUIPO be ensured, not least in view of new tasks being assigned to the Office. Moreover, in the light of recent high inflation, to be future proof, most delegations were strongly of the view that particular caution should be exercised in revising the level of fees, and that the amount of these fees should rather not be decreased at this point in time.
31. Having regard to all these considerations, the Presidency considers that the compromise proposed amounts for fees, as set out in the Presidency compromise text in Annex I to the Regulation (as set out in Annex I of Annex II below), accommodates all these various objectives in a balanced way.

c) Other issues relating to both the Directive and the Regulation

i) Definitions of ‘design’ and ‘product’

32. Delegations broadly welcomed the suggested modernisation of the definitions of ‘design’ and ‘product’ (in Article 2 of the Directive and Article 3 of the Regulation), which are aimed at making the definitions fit for the digital transition.
33. To accommodate delegations’ requests to make the definition of ‘product’ even more future proof, some further adaptations in the terminology have been introduced in the Presidency texts (e.g. ‘digital’ was replaced by ‘non-physical’).

ii) Grounds for non-registrability

34. The proposal to make the examination of design applications across the EU subject to the same limited grounds for non-registrability generally met with support. However, several delegations considered it important that these grounds also allow, in particular, to safely be able to refuse applications for items covered by Article 6ter of the Paris Convention.
35. In this context, the list of grounds for non-registrability has been complemented accordingly in the compromise texts (Articles 13 and 14 and recital 27a of the Directive; Articles 25 and 47 of the Regulation).

iii) Principle of cumulation of design and copyright protection

36. While delegations broadly supported the proposal to maintain the principle of cumulation of design and copyright protection (Article 23 of the Regulation, Article 96 of the Directive), many of them considered that it was not accurate to make such cumulation dependant on whether requirements only under Union copyright law are met.
37. Hence, in the compromise texts the exclusive reference to Union law has been deleted in order to also cover requirements under national copyright law.

IV. CONCLUSION

38. COREPER is invited to examine and endorse the compromise texts on the draft Designs Directive and the draft Designs Regulation as set out in ADD 1 and ADD 2 to this Note, with a view to submitting them for a general approach to the Competitiveness Council at its meeting on 25 September 2023.
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