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**COVER NOTE**

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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	24 March 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject:	Opinion of the European Economic and Social Committee on the: a) 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 [COM(2022) 666 final — 2022/0391 (COD)] b) Proposal for a Directive of the European Parliament and of the Council on the legal protection of designs (recast) [COM(2022) 667 final — 2022/0392 (COD)]
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Delegations will find attached the above-mentioned document.

Encl.: INT 1008 Revision of the Design Directive and Regulation



# OPINION

European Economic and Social Committee

## Revision of the Design Directive and Regulation

a) 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  
[COM(2022) 666 final — 2022/0391 (COD)]

b) Proposal for a Directive of the European Parliament and of the Council on the legal protection of designs (recast)  
[COM(2022) 667 final — 2022/0392 (COD)]

**INT/1008**

Rapporteur: **Ferre WYCKMANS**



Referral	<ul style="list-style-type: none"> <li>a) European Parliament, 12/12/2022 Council, 21/12/2022</li> <li>b) European Parliament, 12/12/2022 Council, 21/12/2022</li> </ul>
Legal basis	<ul style="list-style-type: none"> <li>a) Article 114 of the Treaty on the Functioning of the European Union</li> <li>b) Articles 114 and 304 of the Treaty on the Functioning of the European Union</li> </ul>
Section responsible	Single Market, Production and Consumption
Adopted at plenary	22/03/2023
Plenary session No	577
Outcome of vote (for/against/abstentions)	148/0/3

## 1. **Conclusions and recommendations**

- 1.1 The European Economic and Social Committee (EESC) considers an effective system of design protection to be beneficial to consumers and the general public in that it encourages fair competition and commercial practices. It also contributes to economic development by enhancing creativity in industry, products, commercial activities and exports.
- 1.2 In most Member States the design must be registered with a national industrial property office in order to be legally protected. Depending on the national legislation concerned and the type of design, it can also be protected by copyright as an unregistered design or as a work of art. In certain Member States, protection as industrial design and under copyright can be combined, while in others they are mutually exclusive. In some circumstances, a design may also qualify for protection under unfair competition law, but the conditions for protection and the scope of existing rights and means of redress may vary considerably.
- 1.3 The EESC considers it essential to adapt the legal framework for designs to the digital age in order to foster the EU's recovery and resilience and encourage innovation and competitiveness. It endorses the new definition of a design set out in the proposal for a directive; it makes it more relevant in the light of technological advances, by expanding the concept of a product to cover technological designs that are not embodied in physical objects.
- 1.4 The EESC also supports limiting protection to those features of appearance which are shown visibly in the application for registration, as this increases the legal certainty of the protection.
- 1.5 The EESC welcomes the fact that the proposal for a regulation takes up the solution put forward by the Court of Justice of the European Union in its "Acacia" judgment of 20 December 2017<sup>1</sup>, in which it clarified the interpretation of the concept of a "repair clause", especially since this solution improves consumer protection.
- 1.6 However, the EESC does not believe that merging the publication and registration fees will reduce the total cost of the fees, as the cost of renewals, as proposed, will increase drastically. This measure is therefore not as favourable for individual designers and SMEs as has been claimed. The EESC would therefore like to see lower fees for SMEs and individual designers, perhaps in proportion to their turnover.
- 1.7 In the EESC's view, the simplification brought about by abolishing the "unity of class" rule is necessary but not sufficient, as there is still a need to improve the usability of the design filing systems available on the websites of the national industrial property offices and the European Union Intellectual Property Office (EUIPO). To meet this challenge, offices could turn to patent agents, thus making it easier for SMEs and individual designers to protect their designs.
- 1.8 The EESC considers it inappropriate to use Article 290 of the Treaty on the Functioning of the European Union (TFEU) to draw up rules on disputes and appeals against EUIPO decisions. Delegated acts are intended only to supplement the basic act and must relate only to non-

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<sup>1</sup> [Joined cases C-397/16 and C-435/16](#)

essential elements, but the provisions that the proposal for a Regulation envisages for adoption by delegated act relate to the rights provided for in Chapter VI of the Charter of Fundamental Rights, on justice, and in particular to Article 47 on the right to an effective remedy and to a fair trial; they therefore cannot be regarded as non-essential elements.

- 1.9 The EESC recommends that such provisions be set out in the regulation itself.

## **2. Background**

- 2.1 In substantive law, Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 (hereinafter "the directive") partially harmonises national laws on the legal protection of designs, and Regulation No 6/2002 of the Council of 12 December 2001 (hereinafter "the regulation") establishes an autonomous system of protection of unitary rights throughout the European Union for registered Community designs and unregistered Community designs, provided that the latter satisfies the conditions of protection, i.e. they must be new and have individual character. In the absence of registration, the holder may struggle to prove the existence of a right to the design. Moreover, the duration of protection is limited to three years and the scope of the rights conferred is smaller.
- 2.2 The regulation was amended in 2006 to give effect to the EU joining the international Hague registration system, the aim of which was to establish a procedure for registering designs that would be unique, simple, inexpensive and centralised within the World Intellectual Property Organization (WIPO).
- 2.3 The regulation exempts spare parts from the protection of Community designs because no agreement could be reached on this matter during the drafting work on the directive. In 2014, in the absence of support from the Council, the Commission withdrew its proposal to revise the directive.
- 2.4 The proposal at hand follows on from this failure and stems from the Commission communication of 25 November 2020 entitled *Making the most of the EU's innovative potential – An intellectual property action plan to support the EU's recovery and resilience*, published in the wake of the trademark reforms. Its ambition is to be more fit for the digital age, more accessible and efficient for individual designers, SMEs and industries, cheaper and less complicated, and to increase the legal certainty of the protection system.

## **3. General comments**

- 3.1 An industrial design constitutes the ornamental aspect of an article. It can be three-dimensional or two-dimensional. A successful design seamlessly combines form and function. Whether it's tables or telephones, design makes the article attractive or preferable over another one.
- 3.2 Industrial design applies to various industrial and craft products, such as technical or medical instruments, watches, jewellery, luxury goods, household goods, electrical appliances, vehicles, architectural structures, textile products, leisure goods etc.

- 3.3 By making the article attractive and appealing, the industrial design increases the product's market value. Therefore, protecting a design helps ensure a return on investment.
- 3.3.1 The EESC therefore considers an effective system of protection to be beneficial to consumers and the general public in that it encourages fair competition and commercial practices.
- 3.3.2 It also promotes economic development, by enhancing creativity in industry and industrial production, and the growth of commercial activities and exports.
- 3.4 In most Member States the design must be registered with a national industrial property office in order to be legally protected. Depending on the national legislation concerned and the type of design, it can also be protected by copyright as an unregistered design or as a work of art.
- 3.5 In certain Member States, protection as industrial design and under copyright can be combined, while in others they are mutually exclusive. A design may also qualify for protection under unfair competition law, but the conditions for protection and the scope of existing rights and means of redress may vary.
- 3.6 In view of the EU's objectives of fostering recovery and resilience, and encouraging innovation and competitiveness, the EU considers it essential to adapt the legal framework for designs to the digital age. It endorses the proposed new definition, as it is relevant in the light of technological advances, while expanding the concept of a product to cover technological designs that are not embodied in physical objects.
- 3.7 The EESC also supports increasing legal certainty by limiting protection to features of appearance as prominently represented in the application for registration.
- 3.8 It also endorses adapting the scope of rights conferred by the registration of a design to address issues associated with the deployment of 3D printing technology, as well as the addition, echoing trademark law, of the right for design holders to prevent counterfeit products transiting through EU territory or being placed in another customs situation without being released for free circulation there, in order to combat counterfeiting.

#### **4. Specific comments**

##### **4.1 Repair clause and consumer protection**

- 4.1.1 Much has been written on the protection of spare parts ("component parts of a complex product"). It has an exception acquired through the regulation known as the "repair clause" to limit the monopoly of manufacturers or suppliers (particularly of motor vehicles) on the spare parts market (Article 110). This repair clause provides that the holder of a design relating to a spare part cannot exercise a monopoly and cannot prevent a third party from placing on the market spare parts destined for repairing a product or restoring it to its original appearance.

- 4.1.2 The producer of a complex finished product (car, watch, mobile phone, etc.) often controls the entire production chain. They are therefore likely to make a double profit, first on the market for the sale of the finished product and also on the market for the sale of spare parts.
- 4.1.3 However, behavioural economics has established that most consumers make choices based on the sales price of the primary product without considering the sales price of secondary services. They are therefore captive to their initial investment and subjected to a price they would not necessarily have accepted in other circumstances.
- 4.1.4 The EESC notes that this situation is therefore likely to cause problems in terms of competition law because the original producer/assembler with the rights to the design has an important competitive advantage which can ultimately harm the consumer:
- in terms of customers, by enabling it to charge high prices or tie-in sales;
  - in terms of repairers, to gain access to the market or to dictate its terms to the repairers it agrees to supply;
  - in terms of suppliers, in that it could prohibit them from supplying independent repairers or prohibit independent suppliers from copying its parts to supply the repair market.
- 4.1.5 In order to prevent monopolisation of secondary markets, the EU legislator decided to limit the rights that can be obtained on spare parts.
- The first limitation is sometimes referred to as the "must match" exception (Article 8(2)). The external appearance of a product that is necessary to connect to another product cannot be protected.
  - The second limitation concerns the protection of parts that are not visible.
- 4.1.6 A part which is not visible during normal use of the product cannot be protected by filing of a design (Article 4(2)).
- These include:
- watch mechanisms,
  - the interior of most motors for household appliances,
  - the engine of a car (not considered to be visible during normal use of a vehicle, even if it can easily be made visible by lifting the bonnet).
- 4.1.7 Therefore, the spare parts that can be protected are those that do not include any interconnection mechanism and are visible. Under the regulation, it is therefore possible to protect a large number of parts. For example, for a car this includes:
- headlights,
  - wing mirrors,
  - bonnets and doors (but not hinges),
  - steering wheels.
- 4.1.8 A product which is not protected by filing of a design can therefore be reproduced by any competing producer of spare parts and fed into the repair market.
- 4.1.9 However, the application of these provisions has raised questions. The EESC therefore welcomes the fact that the proposal for a regulation takes into account the solution put forward

by the Court of Justice of the European Union in its "Acacia" judgment of 20 December 2017, in which it clarified the interpretation to be given to the concept of "repair clause".

4.1.10 The EESC points out that the Paris Court of Appeal specifically applied this solution in its judgment of 11 September 2018 in Case No 2017/01589 in the case of rims marketed on an online sales site. The repair clause could not have been legitimately invoked by the seller since the rims were offered "for the aesthetic personalisation of vehicles" and for "tuning" purposes. The rims in question were therefore found to be counterfeit and the seller penalised for the infringement.

4.1.11 Some Member States have liberalised the spare parts market. The French Climate and Resilience Law No 2021-1104 of 22 August 2021 opened the market to the sale of certain spare car parts as from 1 January 2023.

4.1.12 The aim of this measure was to lower prices on this market; between 2019 and 2020, they had increased on average by 8%, partly due to the technical complexity of the various parts such as the motors on electric mirrors, sensors installed in windscreens, etc. The most liberal countries for this sector do not have a highly developed industry, with the notable exception of Germany, which has powerful car manufacturers but where the market is already more open.

In France, as from 1 January 2023, equipment manufacturers, whether they produce original equipment, i.e. are involved in the assembly of the new vehicle, or are independent producers, can market flat glass parts. Equipment manufacturers involved in the original assembly of other visible spare parts (optical components, rear-view mirrors, etc.) will therefore be able to market the parts like manufacturers.

## 4.2 **Cost of protecting designs**

4.2.1 The EUIPO has a system for filing designs online, the cost of which currently starts at EUR 350. The EESC points out that a registered Community design is valid for an initial period of five years from the date of filing and can be renewed every five years up to a maximum of 25 years.

4.2.2 In addition to the cost of filing, there are three types of fees:

- the registration fee of EUR 230, to which an additional registration fee of EUR 115 may be added for two to ten additional registrations and EUR 50 beyond ten;
- the publication fee of EUR 120 which may be increased by EUR 60 for two to ten additional publications and EUR 30 beyond ten;
- the deferred publication fee of EUR 40 which may be increased by EUR 20 for two to ten designs and by EUR 10 beyond ten.

4.2.3 The fees payable depend on two factors:

- the number of designs contained in the application;
- whether or not publication of the design will be deferred.

4.2.4 Their structure corresponds to the following model:



- a basic fee for a single design or the first design of a multiple application;
- a reduced fee for the second to tenth designs;
- a further fee reduction per design from the 11th design onwards.

4.2.5 The proposal for a regulation proposes reducing the cost of the first renewal (after five years) to EUR 70 and increasing the second renewal (after ten years) to EUR 140, the third renewal (after 15 years) to EUR 280, and the fourth renewal (after 20 years) to EUR 560. The total fees for the first two renewals remain the same as the current amount, i.e. EUR 210 in total, but the fees for the subsequent renewals increase drastically.

4.2.6 This measure does not seem to be as favourable for individual designers and SMEs as it claims. The EESC therefore calls for lower fees for SMEs and individual designers, perhaps in proportion to their turnover.

4.2.7 Moreover, the EESC does not believe that modifying the fee structure by merging publication and registration fees will reduce the total cost of the fees.

#### 4.3 **Abolition of the "unity of class" requirement**

4.3.1 Even though a filing may relate to several designs, they must be intended to be incorporated into or applied to products in the same "class", under the "unity of class" requirement. These classes are delineated in a list called the Locarno Classification.

4.3.2 According to Article 2(1) of the Locarno Agreement, the Locarno Classification "shall be solely of an administrative character", and comprises:

- a list of classes and subclasses;
- an alphabetical list of goods in which industrial designs are incorporated, with an indication of the classes and subclasses into which they fall;
- explanatory notes.

4.3.3 The abolition of the "unity of class" requirement provided for in the proposal for a regulation, which would allow companies to file multiple applications for designs, combining multiple designs in a single application, without needing to be limited to products belonging to the same Locarno class, aims to encourage SMEs and individual designers to file their designs for protection.

4.3.4 In the EESC's view, the simplification brought about by abolishing the "unity of class" rule is necessary but not sufficient, as there is still a need to improve the usability of the design filing systems available on the websites of the national industrial property offices and the EUIPO.

4.3.5 Offices could make use of the expertise of patent agents, thus making it easier for SMEs and individual designers to protect their designs.

4.3.6 Patent agents will of course continue to support right holders in exploiting their designs and to represent them in disputes.

#### 4.4 **Delegation of power and adoption of delegated acts**

4.4.1 The proposal for a regulation provides that the provisions relating to design law disputes will be adopted in delegated acts.

This relates to:

- the withdrawal and amendment of the design (Articles 47a and 47b);
- actions for invalidity (Article 53a);
- appeal proceedings against EUIPO decisions (Article 55a);
- oral proceedings before the EUIPO Boards of Appeal (Article 64a);
- the taking of evidence (Article 65a);
- the notification of decisions and summonses (Article 66a);
- the procedure for communications to the EUIPO (Article 66d);
- the calculation and duration of procedural time limits (Article 66f);
- the resumption of proceedings before the EUIPO (Article 67c);
- professional representation before the EUIPO in the event of a dispute (Article 78a);
- the payment of fees and charges (Article 106aa).

4.4.2 The EESC considers it inappropriate to use Article 290 of the TFEU to draw up rules on disputes and appeals against EUIPO decisions. Delegated acts are intended only to supplement the basic act and must relate only to non-essential elements, but the provisions in question relate to the rights provided for in Chapter VI of the Charter of Fundamental Rights, on justice, and in particular to Article 47 on the right to an effective remedy and to a fair trial; they therefore cannot be regarded as non-essential elements of the basic act.

Brussels, 22 March 2023

Christa Schweng

The president of the European Economic and Social Committee

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