European Communities

EUROPEAN PARLIAMENT

Working Documents

1984-1985

7 May 1984

DOCUMENT 1-216/84

REPORT

drawn up on behalf of the Legal Affairs Committee

on United Kingdom Copyright Design Law

Rapporteur: Mr James JANSSEN VAN RAAY

PE 89.579/fin.

English Edition

At its sitting of 10 October 1983, the European Parliament referred the motion for a resolution by Mr Rogalla on United Kingdom copyright design law (Doc. 1-746/83) to the Legal Affairs Committee.

At its meeting of 19 October 1983, the committee appointed Mr. Janssen van Raay rapporteur.

The committee examined the draft report at its meeting of 24 and 25 April 1984, and adopted it unanimously at this meeting.

The folowing were present at the vote: Mrs Veil, Chairman; Messrs Luster, Turner and Chambeiron, Vice-chairmen; Mr Tyrrell, acting rapporteur; Messrs D'Angelosante and De Gucht, Mrs Macciocchi, Messrs Malangré, Sieglerschmidt and Vié.

This report was tabled on 2 May 1984.

The deadline for the tabling of amendments to this report appears in the draft agenda for the part-session at which it will be debated.

C O N T E N T S

	Page
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	7
ANNEX : Motion for a resolution (Doc. 1-746/83)	12

A

The Legal Affairs Committee hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on

United Kingdom Copyright Design Law

The European Parliament,

- having regard to the motion for a resolution on United Kingdom copyright design law (Doc. 1-746/83),
- having regard to the jurisprudence of the Court of Justice of the European Communities on national intellectual property rights and Community law, and in particular its decision of 14 September 1982 in Case 144/81 (Keurkoop B.V. v Nancy Kean Gifts B.V.),
- having regard to the relevant United Kingdom Government publications on the subject of intellectual property rights,
- having regard to the position of the Commission of the European Communities as expressed in its answers to written questions by Members of the European Parliament,[1]
- having regard to the report of the Legal Affairs Committee (Doc. 1-216/84),

A. whereas it has long been established that the exercise of national intellectual property rights can, in some circumstances, constitute a violation of Community law,

B. whereas imports into the United Kingdom of certain types of goods are being impeded by the exercise or threatened exercise of rights arising from provisions for copyright protection on industrial designs in that Member State,

C. whereas the application of Community law to this factual situation has not yet been authoritatively decided upon,

D. whereas both the authorities in the United Kingdom and the Commission of the European Communities are currently examining the problems to which the present United Kingdom legislation gives rise,

---

1 See, for example W.Q. No 2017/82 by Mr Seal: OJ C 189, 14 July 1983, p.7; W.Q. No. 855/83 by Mr Von Wogau, OJ C 335, 12 December 1983, page 17; W.Q. No. 856/83 by Mr Von Wogau, OJ C 326, 30 November 1983, page 6

1. Calls upon the Member States to ensure the fullest respect for the provisions of Community law, in particular, relating to the free movement of goods and the maintenance of competition, in their legislation on protection for copyright on industrial designs;

2. Calls upon the Commission to exercise fully its duty as guardian of the Treaty to ensure the fullest respect for the provisions of Community law, to fully investigate individual complaints of breaches of Community law, and to take the appropriate action within a reasonable period of time;

3. Notes that a number of questions concerning the application of Community law and the exercise of intellectual property rights arising from the law of the United Kingdom on protection for copyright on industrial designs have been raised;

4. Calls upon the Commission to examine the situation of functional articles in its forthcoming green paper on copyright and design protection as an area deserving priority consideration and, if necessary, legislative action at Community level;

5. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.

B

EXPLANATORY STATEMENT

Introduction

1. The motion for a resolution (Doc. 1-746/83) tabled by Mr Rogalla raises a number of complex legal issues concerning the exercise of national intellectual property rights to prevent the importation of certain types of goods into one Member State of the Community. Mr Rogalla alleges that the behaviour of certain British manufacturers, relying on their rights under British law, may constitute a barrier to the free movement of goods not justifiable under Article 36 EEC and "is capable of amounting to an abuse of a dominant position contrary to Article 86 of the Treaty of Rome". He therefore calls upon the Commission to propose a directive to harmonize the laws of the Member States on copyright in the design of functional articles.

2. It should also be noted, though the motion for a resolution does not mention this expressly, that the continuance in force by the United Kingdom of legal provisions which give rise to violations of Community law would also be considered a breach by the United Kingdom of its obligations under Article 5 of the EEC Treaty, by which the Member States are bound to take "all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising out of this Treaty" and to "facilitate the achievement of the Community's tasks".

3. The expression "functional articles" is understood to describe those articles whose design is dictated by their function; this includes many types of spare parts and especially spare parts for cars and for electrical goods. Under United Kingdom law, functional articles are excluded from the procedure for design registration (Registration of Design Act 1949 and Copyright Design Act 1968); they are however, eligible for full copyright protection such as is provided for, say, original literary or musical works, notwithstanding their lack of "artistic quality" if derived either from an original engineering drawing or from an original three-dimensional prototype. The term "reproduction" for the

purposes of copyright covers two to three or three to two dimension form conversion and hence any copying of the article would amount to an infringement of the copyright in the design.

4. The resulting protection for purely functional articles is in some respects greater than that which can be accorded registered designs or patents. The holder of the copyright in the drawing of a functional article giving him the right to prevent infringement in three dimensional form can claim compensation estimated on the basis of the sales of a product rather than on the profits gleaned from the sales; the protection lasts for 50 as opposed to 15 years; yet to acquire the registration of a design a fixed procedure must be followed and a number of conditions must be satisfied, while copyright protection for functional articles is acquired automatically.

Design copyright protection in other Member States

5. The Commission will have to compare the situation in Britain with that in the other Member States where different degrees or types of protection appear to exist (apart from Ireland which partially follows United Kingdom law).

Application of Community law

6. The limits of the application of Community law to the area of design protection has recently been examined by the European Court of Justice in a reference under Article 177 EEC from a Dutch court (Case 144/81, 1982 ECR, page 2853). The Court of Justice noted that "the protection of designs comes under the protection of industrial and commercial property within the meaning of Article 36" [EEC Treaty] "inasmuch as its aim is to define exclusive rights which are characteristic of that property".

7. On the question of whether a particular national law (in this case the Uniform Benelux Law on Designs) comes within the scope of Article 36, the Court could only state that

> "in the present state of Community law and in the absence of Community standardization or of a harmonization of laws the determination of the conditions and procedures under which protection of designs is granted is a matter for national rules".
>
> (Nancy Kean Gifts 1982 E.C.R. 2853, at 2871)

8. It could be argued on the basis of this decision that the United Kingdom copyright provisions do not come within the scope of Article 36 on the protection of industrial and commercial property precisely because the exclusive rights protected might be said not to be characteristic of that property, either in most of the other Member States or in terms of the general scheme of United Kingdom intellectual property law. Indeed, it may be argued that no copyright design protection for functional articles is either necessary or desirable, or that were the European Court of Justice seized of a question on the United Kingdom law, it might just decide differently from the Nancy Kean Gifts Case.

Position hitherto taken by the Commission

9. In his motion for a resolution, Mr Rogalla raises two types of potential violation of the EEC Treaty, relating to the rules of freedom of movement of goods (Articles 30 to 34) and the prohibition on the abuse of a dominant position (Article 86). The possible application of Article 36, which allows derogations from the rules on free movement of goods, is also considered.

10. As guardian of the Treaty, it is for the Commission of the European Communities, under the supervision of the Court, to establish the existence of such violations of Community law as may occur, rather than the European Parliament or its committees. In answer to a number of written questions, the Commission has already hinted that there is a certain amount of justification for the views expressed by Mr Rogalla. In answer to Written Question No. 856/83 by Mr Von Wogau, the Commission noted that

> "United Kingdom copyright law is being used to prevent the marketing there of certain functional objects such as spare parts for machines. As a consequence, imports of such products from other Member States have in some cases been prevented"[1].

The Commission does not indicate, however, what action it has taken to abolish such hindrances to the importation of functional articles into United Kingdom as cannot be justified by reference to Article 36 EEC.

11. In a subsequent answer to another written question by the same member, the Commission has indicated that it considers "that the use made of industrial property laws including copyright laws may in certain circumstances constitute a disguised restriction on trade between the Member States within

[1] OJ C 326, 30 November 1983, page 6

the meaning of Article 36. In order to reach such a conclusion, however, each case must be examined in the light of its particular facts"[1]. The committee awaits with interest the conclusion of the examination of a number of such cases which have already been brought to the attention of the Commission.

12. As regards the possible breaches of Article 86, the Commission has indicated that the applicability of this article depends not only on the industrial or intellectual property rights in question, but also on the actual market conditions and the possibility of substituting a given product for the product protected by the property rights; hence "the enforcement of a copyright is not of itself an abuse of market power. The decisive question is whether the national right as such is compatible with the Treaty's provisions". In its answer to the same question, the Commission has also opined that

> "substantial differences in the extent of industrial and intellectual property rights protected by Member States are undesirable from the point of view of Community law, in particular of the rules on free movement of goods and on competition"[2].

Necessity for a directive on copyright design protection

13. The subject of national intellectual property rights and their relationship with Community law is a rather vast one. It is clear that the present uncertain state of affairs in the United Kingdom, described in the motion for a resolution by Mr Rogalla, cannot be allowed to subsist; it is to be hoped that the Commission and the United Kingdom Government are making some headway in their negotiations and that the Commission is taking every step in its power to prevent breaches of Community law, including a thorough and forceful examination of the individual complaints to which paragraphs D and E of the motion for a resolution advert.

14. The problem of design copyright has not yet shown itself to be of generalized extent throughout the European Community and it would, therefore, be unwise to take too hasty a decision on the desirability of a directive on copyright design protection. Not only must the question of whether Community legislation is necessary be examined (there are those who feel that the instruments provided by the EEC Treaty and derived legislation are adequate and that further legislation would be merely a substitute for effective action), but if the reply were affirmative, the form and content of the necessary measure or measures must also be carefully considered.

---

[1] OJ C 335, 12 December 1983, pages 17-18

[2] OJ C 189, 14 July 1983, pages 7-8

15. In the United Kingdom itself, it has already been perceived in some official circles that the "design copyright anomaly" does not ensure the best conditions of competition. In July 1981, a consultative document on the "Reform of the Law relating to Copyright, Designs and Performers Protection" was presented to Parliament by the Secretary of State for Trade, which indicated that "the purely functional should not be protected against copying, indeed unless it t attracts patent protection as being inventive it should not be protected at all"[1]. More recently in the report on "Intellectual Property Rights and Innovation", prepared by the Chief Scientific Officer in the Cabinet, presented to the United Kingdom Parliament by the Prime Minister in December 1983, it was recommended that "there should be further examination of the feasibility ... of replacing design copyright with registered designs as the intellectual property right available for functional articles manufactured in quantity"[2].

16. For its part, the Commission has already taken the first bold step towards the harmonization of national laws on intellectual property in its proposal for a first directive to approximate the laws of the Member States relating to trade marks (OJ C 351, 30 December 1980, page 1), a step which Parliament approved wholeheartedly[3]. The area of copyright is currently under examination by the Commission with a view to the publication, expected toward the latter end of 1984, of a comprehensive green paper which should identify key problems for Community law in this field and outline a number of possible solutions, including for the copyright protection of functional articles.

17. While the present explanatory statement deals exclusively with the situation of the law of the United Kingdom on design copyright and the relevant provisions of Community law, the principles upon which it is based are of general application. This is reflected in the motion for a resolution.

---

[1] Cmnd. 8302, H.M.S.O., London 1981

[2] Cmnd. 9117, H.M.S.O., London 1983

[3] OJ C 307, 14 November 1983, page 66: TURNER report, Doc. 1-611/83

Motion for a Resolution (Doc. 1-746/83) ANNEX

tabled by Mr Rogalla
pursuant to Rule 47 of the Rules of Procedure
on the United Kingdom copyright design law

The European Parliament,

A. having regard to the Commission's answer to Written Questions 2015/82, 2016/82 and 2017/82 (OJ C 189/7 14.7.83), in which it indicated that United Kingdom legislation which confers copyright protection for designs of functional articles constitutes at least a potential barrier to trade between Member States,

B. whereas the Untied Kingdom is the only Member State except Ireland which has copyright law which grants protection for designs of functional articles,

C. whereas the copyright law of all other Member States requires some artistic design before protection is granted,

D. whereas the United Kingdom copyright law permits certain manufacturers to maintain de facto monopolies in the supply of parts for their products in the United Kingdom by preventing imports of competing products from other Member States where they are in free circulation,

E. whereas enforcement by a manufacturer of its copyright in drawings of functional articles is capable of amounting to an abuse of a dominant position contrary to Article 86 of the Treaty of Rome,

F. whereas it is probable that copyright in such designs does not constitute industrial or commercial property under EEC law (Article 36), since it is unique to the United Kingdom and Ireland,

1. Calls on the Commission to make proposals for a directive harmonising the laws of the Member States relating to copyright in the design of functional articles, requiring such design to possess a certain degree of novelty or artistic merit before it receives copyright protection;

2. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.