Cofemel - How a jeans and a t-shirt may have influenced the fate of the EU design system

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- Facts & Portuguese law
- CJEU decision: according to article 2(a) of Directive 2001/29 (InfoSoc Directive), Member States' copyright laws can no longer protect models (works of applied art or designs) on the ground that, beyond their utilitarian purpose, they generate a distinctive and significant visual effect from an aesthetic viewpoint
- => the originality criterion applicable to all other works ie the author's own intellectual creation (AOIC), applies

Decision and reasoning

- CJEU refers to its case law on the notion of work and originality (mainly *Infopaq* and *Levola*) => AOIC is *necessary and sufficient* to establish originality + work must be in a precise and objective form of expression
- So if jeans and t-shirt fulfil this condition, they are protected (paras 29-30) **BUT caveats:**
- Para 50: “the protection associated with copyright, whose duration is very significantly higher, is reserved for objects worthy of qualifying as works.”
- Para 51: “the grant of copyright protection to an object protected as a design cannot lead to the undermining of the respective purposes and effectiveness of [copyright and design laws]”.
- Para 52: “although the protection of designs and the protection associated with copyright may, under EU law, be granted cumulatively to the same object, that cumulation can be envisaged only in certain situations.” [my translations from French]

Decision and reasoning

- CJEU relies on paras 51, 52 and 55 of AG Szpunar's opinion though more muted
- No clear restatement of AG's reasons ie risk that copyright law undermines the design law system with the following negative effects:
  - devaluation of copyright because it would protect banal objects
  - restriction of competition owing to copyright's long duration
  - legal uncertainty because competitors cannot know if an expired design is still protected by copyright
- Reason of CJEU's answer ≠ AG: relies on *Levola* ie not desirable to use a subjective criterion (aesthetic quality)
- Usual meaning of the term "aesthetic": "the aesthetic effect likely to be produced by a model is the result of the intrinsically subjective sensation of beauty felt by each person called to look at it" (para. 53)

Implications of the decision - Potential consequences on the Design Directive and Regulation

- Will the Portuguese court decide the jeans and t-shirt are protected by copyright? AG Szpunar hinted they were not but CJEU's reasoning leaves this more open
- AOIC = relatively low level – free and creative choices, not dictated by technical considerations, rules or constraints which leave no room for creative freedom
- Risk that national courts are 'too generous' and grant copyright protection to low originality functional 3D designs and at infringement level will find infringement more easily

Implications of the decision - Potential consequences on the Design Directive and Regulation

- 1) => less likely designers will use Community and national registered and even unregistered designs because copyright is a longer and easier right to acquire (no registration, no need to prove novelty and individual character), although it requires proof of copying
- => *Cofemel* => incentive to register and litigate reduced? Absorption of design system by copyright?
- The EU design system retains clear advantages: proof of ownership + true ‘monopoly’ + registration system = informs third parties of the existence and perimeter of protection

Implications of the decision - Potential consequences on the Design Directive and Regulation

- 2) => competition issues:
  - Much longer term
  - No exclusion similar to article 8(1) Regulation
  - No interconnecting features exclusion
  - Repair exception in Infosoc directive not mandatory
  - Different test of infringement
  - Moral rights

Implications of the decision - Potential consequences on the Design Directive and Regulation

- 1) Evidence of absorption of design system by copyright?
- Church, Derclaye & Stupfler "An empirical analysis of the design case law of the EU Member States (2019) International Review of Intellectual Property and Competition Law 685-719 + see previous EUIPO webinar 11 June 2019
- Use of, including litigation upon, unregistered Community design right (UCD) for 3D designs should be higher in countries where copyright only protects works of applied art if they display artistic merit (eg Germany, Italy, Portugal and the UK).
- Our litigation statistics show at the 95% confidence level that this may very well be the case: % of 3D designs litigated upon on basis of CUDR = Germany 17.6%, Italy: 20.1%, Portugal: 10%, UK: 9.3%

Implications of the decision - Potential consequences on the Design Directive and Regulation

- Compared to the other 3 countries with the highest amount of litigation, namely Bulgaria (2.3%), Poland (5.8%), Romania (2%) and which protect 3D designs at the normal level of originality, the proportions in Germany, Italy, Portugal and the UK are substantially higher than those of these countries, except for the Netherlands (20%).
- The overall proportion of UCD litigation in all Member States is 13.9%
- In France, the country of the ‘unity of art’, while copyright remains well used, UCD is used substantially too – in 13.7% of the litigations
- Interesting – so maybe UCD (and thus RCDs and RDs) will still be used or will this change in the UK, Italy, Portugal?
- Wait and see/watch this space…

Implications of the decision - Potential consequences on the Design Directive and Regulation

- 2) Competition issues: Will copyright keep ‘unworthy’ 3D works out of protection?

Copyright law	Design law
Idea/expression dichotomy	// solely dictated by function in EU design system i.e. *Doceram*? Unclear cf. *Brompton Cycles*
Merger doctrine	
AOIC	≠ interconnecting features
Copyright does not protect functionality (*SAS Institute* should apply to all works)	Requirement of visibility
Infringement – i/e dichotomy + AOIC	Infringement – overall impression + degree of freedom
Repair exception (art. 5(3)(l) Infosoc directive: “use in connection with the demonstration or repair of equipment”) – not mandatory	≠ repair exception (art. 110 Design Regulation)?
	≠ interconnecting features?
Moral rights	≠ as non-existent except attribution

Positives of the CJEU's decision

- 1) rejects subjectivity = good as not a appropriate criterion even for works of applied art
- BUT another criterion can work = number of copies made of the work
- See E. Derclaye, "A Model Copyright/Design Interface: Not an Impossible and Undesirable Task?", in E. Derclaye (ed.), *The Copyright/Design Interface: Past, Present and Future,* Cambridge University Press, 2018, p. 421-458
- But CJEU rejected this option, as no other criterion can apply apart from AOIC
- EU legislature could reverse *Cofemel* if design system reform eg adopt number of copies criterion
- 2) *Donner* – free movement of goods

Negatives of the CJEU's decision

- Will national courts confronted thereafter with the same issue read the judgment's paragraphs 50-52 in light of the AG's opinion and always have in mind the consequences of their decisions for the survival of the carefully crafted and, so far, successful EU design system and for competition concerns?
- Even if they do so, some designs may slip especially and unfortunately spare parts
- Make repair exception mandatory and imperative in copyright law + align **causality approach** in both design and copyright laws + legislate on the ©/design interface
- Otherwise, copyright risk trumping the EU design system or increase competition ocncerns when there is an overlap and overlaps will be more frequent than previously

Continued important role of EUIPO and legislature

- Important role of EUIPO: webinars + biannual national judges' symposium + training for judges to better understand the CJEU decisions and achieve harmonisation at the practical level
- Important role of EU legislature: reform of EU design law, following the consultation by DG GROW

Thank you for your attention
Questions?

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