

Industrial Design in Different Jurisdictions: A Comparison of Laws

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Commercial success of a product nowadays largely depends upon its attractiveness and visual appeal. Design nourishes creativity in the industrial and manufacturing sector and thereby helps to expand commercial activities ultimately leading to economic development. For this reason companies use intellectual property laws to protect industrial designs which are important tools for branding. Brand names affirmed by industrial designs have become the most important strategic factor for an increasing number of companies. This article explains how intellectual property laws protect design and compares different design protection systems in the US, the EU, Australia and Japan. This evaluation shows that design protection is considerably different amongst these four developed countries. The article also highlights some of the most important cases relating to industrial design in these jurisdictions. These four countries account for a significant number of design registrations and applications globally. Moreover, these countries have innovated and developed the industrial design protection system which entails that a rigorous comparison of these design systems could provide valuable insights for other jurisdictions.

Keywords: Industrial design, design patent, *sui generis* law, coherent design protection

For a long period, the contribution of industrial designs to the development of global economy has been evidently neglected. There is no doubt that industrial design protection ensures handsome return on investment. It nourishes creativity in the industrial and manufacturing sector and thereby helps to expand commercial activities ultimately leading to economic development. It also benefits consumers by developing competition and fair trade practice. That is why companies use intellectual property laws in an effort to protect their industrial design. Industrial design is basically the ornamental or artistic feature of a product. Design relates to the visual features of shape, three dimensional configuration, two dimensional pattern or ornamentation of an article. Design falls at the intersection of aesthetic appearance and technical function. Therefore, it is difficult to draw concrete boundary lines for industrial designs. The three main intellectual property regimes i.e. patent, copyright and trademark laws can be used to protect designs.¹ However, any one of them on its own does not accurately protect designs. Industrial design and copyright protection exists concurrently in some countries while they are mutually exclusive in other countries. Design owners have to decide which regime is most appropriate for design protection. This

decision relies on the intended use of a design. Copyright gives longer protection but design protection is stronger. This article discusses how intellectual property laws can protect designs and compares the design protection regimes in the US, EU, Australia and Japan.

Comparison of Legal Provisions Relating to Designs in Different Jurisdictions

Most of the rules and leading decisions regarding industrial design have emerged from the United States, European Union, Australia and Japan. The rules of industrial design protection are however, significantly different in the US, the EU, Australia and Japan. In US, the design protection relies on a combination of different laws but EU is moving towards uniform European design protection. Australia has a special design law while Japan also has *sui generis* forms of design protection. In these four countries industrial designs are protected using a variety of intellectual property rights; trademark law plays a vital role in the protection of designs in the US, the EU and Australia. Moreover, patent law also influences the protection of design in Japan and the US.

Special Design Law or Patent Law

Both the EU and Australia have *sui generis* forms of design protection. In both these countries, design

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systems are independent of the preexisting copyright or patent protection regimes. The Australia Designs Act, 2003 repealed and replaced the Designs Act, 1906 (Cth).² The EU Community Designs Regulation (CDR) was adopted on 12 December 2001. It established the notion of registered and unregistered community designs.

On the other hand, in the US, design patents are protected using United States Patent Law (35 USC). There is no independent design patent law. This discrepancy is not simply significant, but also implies differences in practice such as the non-obvious provision in the US for design patents that originate from utility patent law.³ Though Japan has a special design law known as the Design Act, 1959 which was last amended in 2011; the patent law is still applied in *mutatis mutandis* in Japanese design law. In Japan, design law comes under the influence of patent law approach; this is significantly identical to US legislation which also follows the patent approach to design protection.

Protection of Unregistered Designs

Unlike the US, Australia and Japan, unregistered designs are protected through the unregistered community design route in the EU. In the US, Australia and Japan unregistered designs may only be protected through trademark and copyright law. Unregistered community designs are suitable mainly for small companies or freelancers to protect their products for a short period, for example, fashion since the registration process is costly and time consuming.

Definition of Design

In the *Bonito Boats v Thunder Craft Boats* case, the Supreme Court of USA stated that a design to be eligible for protection must have an aesthetically pleasing appearance (which is not merely for functional purposes) along with other criteria of patentability.⁴ Alternatively it can be said 'any new, original and ornamental design for an article of manufacture'⁵ qualifies for design patent protection.

Article 3(1) of CDR defines 'design' as 'the appearance of the whole or a part of a product, resulting from the features of, in particular, the lines, contours, colours, shapes, textures and/or materials of the product itself and/or its ornamentation'. The term 'product' has a broad definition and consists of industrially-produced or handcrafted items, while also including parts of a complex product, as well as

packaging, get-up, graphic symbols and typefaces. However, computer programs are excluded from this list [Article 3(2)].

As per Section 5 of Australia Designs Act, 2003 'design' means 'the overall appearance of the product resulting from one or more visual features of the product.' The term 'product' includes a thing that is manufactured or handmade and a component part of a complex product (Section 6).

According to Article 2 of Japan Design Act, 1959 'design' means the shape, pattern or colour or any combination thereof in an article which produces an aesthetic impression on the sense of sight.

The EU community patent law, the Australian design law as well as the Japan law describe 'design' more broadly than the US design patent law. In US only articles of manufacture are eligible to be protected by design patents. As a consequence, a product which is protected in EU, Australia or Japan would not qualify for design patent protection in the US, e.g. fashion, packaging, graphic user interfaces, logos and other graphic symbols.⁶

Substantive Requirements for Protection

As per the CDR, design must meet two main requirements for protection i.e. novelty and individual character (Articles 5, 7). As in the EU, in Australia a 'design' is registered if it consists of new and distinctive visual features in comparison to the prior art base of the design (Section 15 of Australia Designs Act). A design is new if it is not identical to prior art base. Moreover, 'distinctive' as well as 'individual character' requirements are met if design has substantial differences in overall impression to the prior art.

On the other hand, in the US only a design which is (1) new, (2) non-obvious, (3) original, (4) ornamental, and (5) used for an article of manufacture, qualifies for design patent protection for a period of 14 years from the date of issue (35 USC 2000 § 173).

According to Article 3(1) of Japan Design Act, 1959 a creator of a design which is industrially applicable may be entitled to obtain a design registration. A design is new unless it is identical to a design known in prior art. Also designs must not be publicly known in Japan or a foreign country prior to the filing of the application for design registration. As per Article 5 (iii), a design shall not be registered if it solely consists of a shape that is indispensable to securing function of the article. Since a design must

meet novelty, individual character as well as have industrial applicability; the substantive requirements for design protection in Japan are almost similar to US design system.

It appears to be easier to meet the requirement of individual character or distinctiveness than the non-obviousness set forth in 35 USC § 103 in the US. That is why it is anticipated that a design patent in the US is tougher to obtain than a registered community design under the EU law or a design under Australian Designs Act.⁷ However, this proposition may not be correct in fact. Actually, the 'individual character' and 'non-obvious' provisions are two sides of the same coin representing different notions of US and EU. The design form in US is strongly linked to patent system and a design patent is only approved if the invention goes beyond the ordinary expertise of the designer; whereas, in the EU, when the design generates a special impression on an informed consumer, a registered community design is granted.⁸

In the EU, and Australia, originality criterion is not essential for design protection, which is different from the US approach. Nevertheless, in practice the originality requirement is as same as that in copyright and so it does not create any significant problem.³

In the EU a community design shall not subsist in features of appearance of a product which are solely dictated by its technical function [Article 8(1) of CRD]. In Australia however, a visual feature may, but need not, serve a functional purpose. The ornamental condition under 35 USC § 171 is quite similar to the non-functionality requirement mentioned in Articles 4, 8 of CDR and in Section 7(2) of Australia Designs Act. The design applicants have to prove that the intended design is ornamental i.e. non-functional.⁹

Fees and Term of Design Protection

In comparison to the EU and Australia, design application fees are significantly higher in the US. A registered community design costs € 350 in fees¹⁰ and in Australia a design application as well as examination costs 770 AUD.¹¹ On the other hand, in US the total cost for a design patent application is 1520 USD.¹² In Japan the design application fees is 16,000 yen while a request for secret design fees costs 5,100 yen.¹³ The design application fees are thus lowest in Japan. In Australia it takes about seven months for grant of a design application; but if there is any adverse report on the application it could take six months longer.¹¹ As per the USPTO Report¹⁴,

it takes approximately thirteen months for grant of a design patent after submission of the application. In comparison, 80 per cent of registered community designs in the EU are granted within eight weeks.¹⁵ Since during the processing of a design application, the novelty of the product is not examined; European community designs are promptly processed and registered.

In Australia, a design is registered for a period of five years from the application filing date and can be renewed up to a total period of 10 years hence (Section 46, 47 of the Designs Act). On the other hand, as per Article 21(1) of Japan Design Act, the duration of a design right (excluding that of a related design) shall expire after a period of twenty years from the date of registration. In the US, the term of protection of design is 14 years from the date of grant. A community design in the EU can be renewed for a period of five years from the date of the filing of the application and the period of protection can be renewed up to a total term of 25 years from the date of filing (Article 12 of CDR). The distinction as regards the period of protection brings another important differentiation in practice, especially regarding industrial design that enjoys long-term popularity.²

The Notion of Violation

In Japan, infringement occurs when a design creates confusion with regard to an article pertaining to another person's business [Article 5(ii)]. Both the aesthetic impression and industrial aspects of the alleged infringing design are decisive for the test of infringement. While in Australia, a visual comparison between the registered design and the allegedly infringing design is crucial for a finding of infringement [Section 30(1) (a)]. If a person is required to decide whether a design is substantially similar in overall impression to another design, the person making the decision is to give more weight to similarities between the designs than to differences between them [Section 19(1) of Australian Designs Act]. In *Malleys Ltd v J Tomlin Pty Ltd*¹⁶, it was decided that infringement occurred since the visual shapes of the registered design and the allegedly infringing article were significantly the same and was thus an obvious as well as a fraudulent imitation of the registered design. Lockhart J in *Dart Industries Inc v Décor Corp Pty Ltd*¹⁷ decided that whether a design was infringed was a matter for the court, as informed by the reference to the eye of the customer.²

In the EU, the perception of informed user is influential for determining infringement. In case of infringement the court will observe whether the alleged infringing design creates confusion in overall impression on the informed consumer (Article 10 of CDR). Designs shall be deemed to be identical if their features differ only in immaterial details (Article 5 of CDR). That means if the breached design does not generate a distinctive overall impression on the informed consumer, it will cause violation.

Prior to 2008 in the US, two requirements constituted violation. First, the alleged design created confusion among ordinary observers in a way that they could not distinguish the original and the alleged violating design. Second, evidence presented by the design owner that the imitation design incorporated characteristics that were found novel in the original, protected design. This second test was known as an issue of originality test. Thus, under former law, a copied design did not violate the original product's design, as long as the test of novelty was not proved. The landmark judgment in *Egyptian Goddess v Swisa*¹⁸ overruled this issue of originality test. Now, only those acts leading to confusion in the customer's mind between the original and imitated design constitute violation. This modification makes the US design patent protection regime similar to EU and Australia design protection regime.

There is another vital distinction in the infringement proceedings in these four jurisdictions. In the US a right holder can only file a suit for infringement before the competent court. However, in the EU a design owner can claim invalidity at the Office for the Harmonization in the Internal Market (OHIM) and this procedure is generally cost-effective and time saving as compared to court proceedings.¹⁵ In Australia, in order to enforce design rights against third party infringing a design, the owner of the registered design can first send a 'cease letter' describing the infringement and ask the infringer to stop. If the infringement continues, the holder before taking legal proceedings must request the Registrar of Designs to examine the design. After issuing a certificate of examination the right owner can go to the court for remedies.¹¹ Like Australia in Japan, a holder of a design right or an exclusive licensee may demand of a person who infringes or is likely to infringe the design right or exclusive licence to stop or prevent such infringement (Article 37 of Japan Design Act).

Leading Case of *Apple Inc v Samsung Electronics Co Ltd*

Apple and Samsung have been recently involved in several suits in several jurisdictions. Both parties fought for design protection in the US, the EU, Australia and in Japan but with varying results in different jurisdictions. This difference only highlights the diverse approaches of these jurisdictions to design protection. In the US, Apple was not initially successful in earning preliminary injunction against Samsung.¹⁹ The reason behind the decision was that, the court was in doubt about the validity of the design patent of Apple, as it perceived that Apple's design lacked novelty. However, Apple went to the Appellate Court against the decision of lower court's judge. The Appellate Court reversed the decision of lower court and ordered it to issue injunction.

In Germany, Apple was successful in getting a preliminary injunction against Samsung's Galaxy, through the community design law suit. The Court barred distribution of Samsung's allegedly infringing tablet throughout the entire EU except the Netherlands. The judge affirmed that there was clear impression of similarity. Samsung lodged an application in the High Court of Justice, Chancery Division to declare that Samsung's Galaxy tablet was not similar to Apple's product. Apple counterclaimed in that case. It was ruled by the British judge that Samsung's product was not 'cool' enough to be confused with Apple's product.

In Australia, one Federal Court granted injunction against Samsung's Galaxy tab on the application of Apple in this case²⁰ in early 2011. The High Court of Australia however, denied the injunction which was sought to block the Samsung's product, in July 2012.

Samsung's complaint in Japan's Tokyo District Court cited two infringements. Apple filed other patent suits in Japan against Samsung, most notably one for the 'bounce-back' feature. Samsung also sued Apple claiming that iPhone and iPad infringed on Samsung patents. On 31 August 2012, the Tokyo District Court ruled that Samsung's Galaxy smart phones and tablets did not violate the Apple patent on technology that synchronizes music and videos between devices and servers. The three-judge panel in Japan also awarded legal costs to be reimbursed to Samsung. The presiding judge said: 'The defendant's products do not seem like they used the same technology as the plaintiff's products so we turn down the complaints made by [Apple].'

Design Protection Law: Position of US, EU, Australia and Japan

In comparing industrial design protection in the US, the EU, Australia and Japan, it is seen that these four jurisdictions follow divergent approaches. In fact, the EU protects a wide variety of designs including, for example fashion. Moreover, it is considerably quicker and cheaper to obtain design protection in the EU and Australia than it is in the US. The numbers of design patents issued in the US were 204,120 between 2003 to 2012 (ref. 15). On the other hand, in the EU 488,303 community designs were registered in the same period.²¹ So it is clear that more community designs were registered in the EU than design patents in the US. Nevertheless, US design patents have been increasing during last few years. In Australia, the number of designs issued between 2006 and 2013 were 41,308 (ref. 22); while in Japan 2,94,889 industrial design applications were granted out of 3,51,945 design applications between 2003 to 2012 (ref. 13).

It is difficult to estimate how strong a design protection is desirable in the view of policy perception. Industrial design is generally the combination of visual and functionality features. Industrial design laws usually protect designs that are ornamental or aesthetic, and are applied on industrial products. It is logical that legislators do not desire such strong protection that makes the competition impractical. It is pertinent to note that internationally there is no homogeneous design protection regime, which is why design protection regimes appear disorganized.⁷

In respect of the scale of protection, there is still significant dissimilarity among the Member States in the EU, although it has a *sui generis* community design regime and harmonized regional design law system. The divergent copyright law is one of the main reasons behind this different level of protection. Also many Member States protect designs against copying under unfair competition laws, which is not synchronized at the European level.²³

In the US, design protection is more discordant. Companies do not depend on design patent law as designs that integrate form and function are frequently rejected. This observation is also accurate for copyright. Therefore, trademark protection is becoming more popular even as it is difficult to acquire. Japan has a *sui generis* design law but it is mainly influenced by patent law; hence often creates conflict between the protection of design rights and patent rights.

Industrial Design and the Global Market

At the end of the 19th century in the Paris Convention industrial designs were recognized as dynamic features of trade. Presently however, reputation and intangible assets are more essential corporate assets for implementing successful corporate strategy. The value of intangible assets such as brands names are often protected by designs. Industrial designs have become a decisive factor and integral part of the financial transactions.

Several studies show that design protection has been undergoing reformation as an essential factor in competitiveness playing an important role in the world economy.²⁴ As a consequence, Europe, Asia and the US have become concerned about the influence of design in the market performance. Through supplying new features which were previously unknown to consumers, designs generate pioneering markets. Corporations such as GE and P&G are always on the lookout to introduce newer products with innovative designs.²⁵ The UK Design Council conducted a research which shows that companies which are successful users of design have had significant gains in the stock market. In this research those companies were included which won design-related awards. The study concluded that design focused companies not only beat their competitors in the market; they also improved market share drastically even during economic turmoil. It was observed in a US study that those companies which spent a significant amount in design innovations performed better in the financial and stock market.²⁶

In order to advance the market competitiveness of products, it is essential to make efforts from the viewpoint of technology and designs. For success, nonetheless, a holistic design approach is needed. For instance, the American automobile company GM spent a significant amount on outward appearance, while in the bargain lost out on product quality resulting in loss of global automobile market share.²⁷ At the same time, German and Japanese manufactures paid considerable attention to both function and appearance of products, thus enhancing their market share.²⁸

Conclusion

Design plays a central role in the modern economy, yet design protection has long been neglected. It is believed that designs lie at the intersection of copyright, patent and trademark and take the benefit of protection of these three disciplines. This

perception acts as one of the main forces behind this indifferent attitude towards design. In contrary to this perception, though design has some of the features of these three vital intellectual property disciplines, but cannot be substituted by any of them entirely. This inappropriate legal attitude makes design protection less robust and attractive.

As a result, a uniform design definition and mechanism is needed on urgent basis. Moreover, legislators ought to understand the hybrid nature of industrial designs as well as the necessity for a coherent design protection system. Therefore, the EU must promote harmonization among regional laws, particularly with regard to the line between copyright and design rights.²⁹ Australia should try to reduce the overlap between copyright and design protection.

On the other hand, the US should adopt *sui generis* design law and take efficient steps to eliminate distinctions between ornamental and functional designs. To make this *sui generis* design law adaptable, it can be based upon the copyright standard. Since designs focus on the visual impact of products aimed at satisfying customers, it is much closer to creative work than invention. Under this circumstance, the copyright regime will be better suited for design protection as compared to other intellectual property regimes. However, long term protection of copyright cannot be suitable for design protection. As there may be questions how design and copyright realm can be separated, a unity of design doctrine can be developed which will devise means of providing *sui generis* design protection to functional art and industrial designs. With some inevitable exceptions this design protection system will be more logical and compatible with other international standards.³⁰

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