

Sequential cumulation of copyright with protection of products of industrial design. A critique, and an alternative proposal

By Gustavo Ghidini

ABSTRACT

Until the second half of the twentieth century, copyright protection of works that at the same time had a practical use and an aesthetic appeal was based on the premise of 'separability', meaning different sets of rules for protecting its aesthetic and utilitarian features. This premise was coherent with the typical mode of production consisting of artistic elements added to the functional ones. This approach evolved in a more organic functionalist conception of the aesthetics of material goods under the activity of industrial design, i.e. series production of objects for practical use, where functional and aesthetic profiles are merged into one. This rendered separate legal protection inherently problematic, but also resulted in negative impacts to competition. Against the currently dominant view of most interpreters and adopted by the European Court of Justice, I propose an alternative interpretation in the scope of EU law to allow for the parallel (but not cumulative) coexistence of the two types of protection, each with its own specific scope to be determined on the basis of the difference in the objective market use of the work of design, which could favour dynamic competition and ultimately benefit the majority of consumers.

1. INTRODUCTION: FROM APPLIED ART TO INDUSTRIAL DESIGN.

In the dominant paradigm¹ which lasted until the second half of the twentieth century, copyright protection of works of practical use having also an aesthetic appeal was based on the premise of the 'separability' of the (perception/fruition of) the aesthetic from the utilitarian features. This premise was coherent with the typical mode of production consisting of artistic elements added (therefore, also in this second sense, 'applied art') to the functional ones. Just think of statuettes of nymphs enveloping the stem of an *abat-jour*, goat hooves at the bottom of table legs, angels' heads at the end of a headboard and other memories from the homes of our grandparents. The aesthetic element being as such copyrightable, the latter were generally eligible to short term 'utility models' patents.

The technological and economic perspective changed – and the cultural and juridical therewith – with the pro-

gressive affirmation of 'rationalist' experiences in architecture, from the pioneering works of the late 19th century (Otto Wagner, for example) and, more intensively, from the 1920s, up to the 'constructivist' approach inaugurated just after the Russian Revolution (Rodchenko et al.). This approach evolved in a more organic *functionalist* conception of the aesthetics of material goods. Nothing that is not practical can ever be beautiful, Otto Wagner said.

This concept was developed with particular coherence in early XX century Germany by the *Bauhaus* movement/school (Gropius et al.): a school aiming at the practical and cultural needs, and the economic reach, of the working classes. (Rationalism and functionality allowed more economic patterns of building and producing, getting rid of the costs associated to the 'ornamental' tinseling of previous 'styles', from Biedermeier to Liberty and Art Déco).

This cultural approach informed architecture and the activities we refer to as *industrial design*, i.e. *series production* of objects for practical use, where functional and aesthetic profiles are merged into one.

In this different creative and industrial scenario the 'splitting' of the aesthetic element from the functional one as the basis for separate legal protection became problematic, in particular with reference to forms, typically the three-dimensional² – of design products, and for that very reason: both values are merged as one whole.

The difficulty was overcome by a legislative approach that, in harmony with the express provisions of the Berne Convention (Article 7.4), circumscribed copyright protection (attributable for not less than 25 years) to applied art creations "protected as artistic works" (emphasis added). Not, therefore, as industrial products manufactured in series for the consumption market (that of furniture items, basically).

This approach, even though in the different context of national laws (to which Article 2.7 of the Berne Convention left ample discretion as regards the forms and limits of protection), was adopted in many legal systems. In the Italian legal system, that approach was also reinforced by a formal preemption of recourse to copyright in the presence of a 15 years 'ornamental model' patent.³

Implicitly, but clearly, the aforementioned legislative orientation recognized – indeed, postulated – the existence of two *distinct markets* – and corresponding types/level of protection. That of industrial (i.e. mass produced) design in the strict sense, and that of *art design*. As such, that normative line put itself at the service of a legal-political

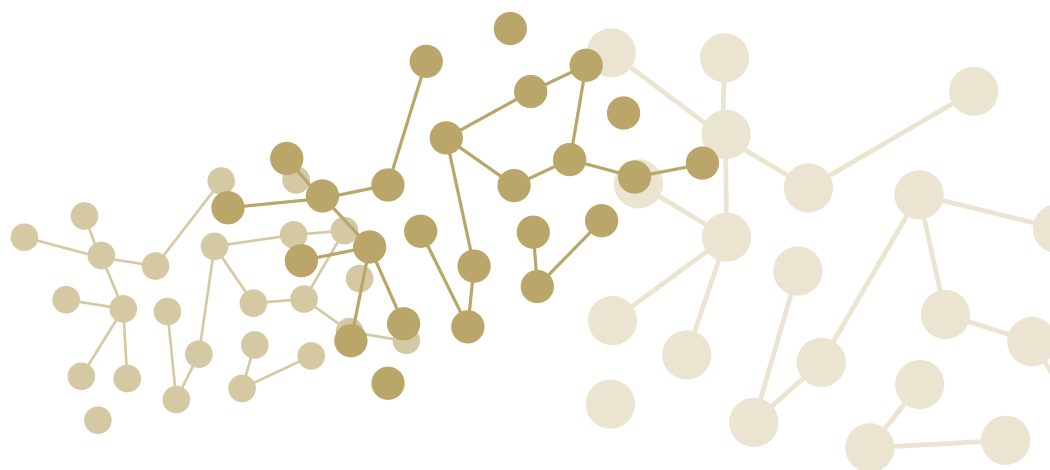
objective in favour of competition. In particular, it preempted the 'horizontal', sequential cumulation of registration and copyright regimes. Thus it averted the risk that, much like in a relay race, upon patent expiry, *copyright* could be sought immediately after the registration's expiry and the exclusivity regime 'recuperated' for (near) eternity.

Ay, there's the rub. Intense pressures were notoriously exerted by leading furniture industries on EU and national lawmakers to extend to registered industrial design products the 25-year minimum copyright protection afforded by Berne Convention to design creations "as artistic works". This was intrinsically reasonable, since aesthetic novelties, unlike the merely technological ones, often require long time to emerge in the public taste, so that a short protection – like the 15 years' granted to 'ornamental models' in Italy – would expose designers, industries and related investors to the mocking risk of seeing the protection against free riding elapse just before or just when the new design has 'taken off' in the public's appreciation. The creations of the Bauhaus architects-designers met with wide success when their authors were of old age, or had already left this valley of tears.

But more was asked by the leading business circles, well

aware of, and understandably eager of exploiting, another characteristic of the social perception of aesthetic (at large) creations. When these are 'good', they last very long in the public favour, and are not displaced – as the technological ones – by subsequent novelties. Stockhausen has not supplanted Beethoven, nor Anish Kapoor has overshadowed Bernini... And so happens, with all due proportions, for many 'classics' of design: think, ex multis, to the creations, some almost centennial, of Breuer, van der Rohe, Le Corbusier, etc: creations that leading furnishing industries keep 'exclusively' producing and selling, decade after decade, under the umbrella of copyright – at prices affordable by the upper classes.

Thus, understandingly (and quite legitimately) the leaders of the furnishing industry addressed their pressures also to the recognition of a straight, sequential cumulation of the two forms of protection. These pressures eventually prevailed over the original approach, defended by Small and medium-sized enterprises (SMEs), bearers of a behavioural 'necessity' to follow the market leaders. (A tale of two lobbies, one might say. Yes, as usual. But that of SMEs defends an objectively pro-competitive stance – and pro-consumers, too, vis-à-vis the level of prices often associated with exclusive protection of long duration).



¹ Dominant, not universal. France, in particular, since the times (XVI century) it dominated as known, always applied copyright protection to industrial products; the textile markets (Lyon was world-famous

for its tapestries) – had adopted copyright protection across the board under the aegis of the 'principle' of 'unité de l'art'.

² A 2-dimensional design can be used both as a practical object (fabric design) and an artistic

object (picture).

³ Article 5.2 of Royal Decree No.141171940 and Article 2593 of the civil code.



2. SYSTEMIC INCONSISTENCIES, AND ANTICOMPETITIVE IMPACT, OF THE SEQUENTIAL CUMULATION OF REGISTRATION AND COPYRIGHT PROTECTION AS ADMITTED EVEN BY THE CJEU WITH REFERENCE TO DIRECTIVE 98/71/EC.

In its attempts at harmonization, Directive 98/71/EC on the legal protection of designs has ambiguously (save the ‘intention’ of the legislator, famously prone to big business arguments) in relation (also⁴) to the question of cumulativeness of registration with copyright protection of industrial design works. Article 17 of the Directive states that registered models and designs “shall be eligible for protection under the law of copyright of that State”, which may “determine” (i.e. is free to choose in keeping with article 2(7) of the Berne Convention but less with the stated aim of EU harmonization) “the extent to which, and the conditions under which, such a protection is conferred, including the level of originality required”.

The dominant view, even up to European Court of Justice level,⁵ backs the solution that design industry leaders have constantly pressed for at EU level. According to that opinion, this last provision definitely entrenches the principle of the cumulation of the two protections in the

domestic law of the Member States, subject to first satisfying the relevant national requirements for copyright. In some jurisdictions, such as Germany and Italy, that condition lies in artistic value and creative nature, in other words, a particular and differentiating aesthetic merit that departs from the general standard of mere ‘individuality’ (originality in subjective/personal nature) that characterizes the copyright paradigm.

That line is open to criticism in many respects, especially from the standpoint of its systemic coherence and the adverse impact on competition.

- a) Think to the situation that the criticized view puts a firm in when the latter, seeing that the period of protection of another’s design registration is about to expire, makes investments and preparations to enter into the market after that expiry thence actually enters the market (if there is any sense to a time limit on exclusivity, it is this). But the firm will risk that the former registrant, alleging the “artistic nature and aesthetic value” (always a subjective assessment: see shortly below) will return wearing a copyright hat and order the unlucky follower to stop production, destroy inventory and pay huge damages, hence departing the scene as a potential competitor.

⁴ It should indeed be noted that the conditions ex ante for registration and ex post for infringement actions – the “overall impression” of individual character [read: distinctiveness] and the overall impression as to difference [read: confusing nature], produced in “an informed user” – are essentially the same as those for shape marks. Hence, the Directive leaves the door open to a double registration, the second one potentially cumulative to the first, if the shape is not either exclusively functional or its value is not exclusively dependent from the aesthetic profile. On this distinct overlapping may I remind, also for references, to my *From here to eternity?* On the overlap of shape trade marks with design protection, in *Contributions in honour of Hanns Ullrich, Larcier, Bruxelles, 2009*, 55 ff.

⁵ See the decision as of 27 January 2011, *Flos*, C-168/2009; see also *Cassina*, C- 198/2010.

⁶ Nor would the arbitrariness be eliminated if in the case of registration, the elapsing of 25 years were to permit a prevailing view on artistic merit to form – inevitably based on the market success achieved by the work. On this point, made by Professor Davide Sarti at a Milan conference in 2007, one could reply that copyright protection can be invoked right from the very start, including by those who have not registered. And in this connection it could further be argued that the availability of such a generous duration of protection based on just an assessment of artistic merit could well further dampen the propensity for registration, already enfeebled by the much shorter protection the latter offers, and at a much higher cost, especially if international in

scope. In any case, aesthetic judgments will always be different and subjective no matter how much time passes.

⁷ In this case, as a violation of the principle of non-contradiction: a segment of the legal system should not be circumvented by another relating to the same matter regulated by the first one (in this regard see also below, Ch.IV, § 4, on shape marks). The contradiction is aggrieved by the fact that the privileged paradigm for design protection under the Directive is of the patent type (featuring a term that is shorter and certain) whilst copyright protection is not only mentioned as accessory but also deliberately left undetermined in terms of pre-requisites and extent thus entirely left to the domestic law of each Member State.

I doubt that such an outcome can be reconciled with full respect of the constitutionally enshrined (effective) freedom of economic enterprise. What of the reliance exhibited by the firm that enters a market in view of the imminent expiry of the exclusivity of another? That 25-year monopoly granted by registration which – it is worth stressing – is the specific protection paradigm chosen by the European legal system for supporting the industrial (production of) design.

Moreover, from the standpoint of the administration of justice, the acceptance of the criticized approach would give rise to uncertain, arbitrary and possibly manipulatory applications of the law that lays down the conditions for access to copyright protection. How would courts decide on ‘differential’ artistic merit? On the basis of the judge’s personal tastes or relying on an art expert witness, again based on her individual opinion? On the basis of inclusion in an art exhibition, that too is dependent on the taste (and/or commercial insight) of the gallery owner? What really affordable scope is there for appealing decisions inevitably based on subjective assessments?⁶

- b) The possibility of sequential cumulation of the two types of protection (registration, copyright) strikes a balance between the various interests involved that ends up with a systemic contradiction that, moreover, negatively impacts on the competitive structure of the market for industrial products. Indeed, the limit on the period of exclusive protection offered by registration would be circumvented by the baton being passed, so to speak, to the longer period of protection offered by copyright. This is a consummation devoutly not to be wished, given both its systemic incoherence,⁷ and its clear pro-monopolistic bias, with effects on prices that are already under everyone’s eyes.
- c) Furtherly, and in analogous sense, since modern design increasingly incorporates new contributions to functionality, the very long copyright exclusivity for shapes would extend also to those technological features – thus also circumventing the time limits set for patents and/or utility models.

I stress that the anti-competitive effect does not arise only as regards third parties. On closer examination such an effect can concern even the copyright holder. And indeed, a very long period of exclusionary protection can easily encourage the design owner to rest on the laurels rather than rolling up the sleeves to continue to innovate. In this sense, therefore, the anti-competitive effect is also an anti-innovation one: in a word, it weakens ‘dynamic competition’ (competition stimulated by innovation/ innovation stimulated by competition).

- d) The wound to dynamic competition (and the interests of consumers) also arises under a different aspect, often evoked by supporters of the criticized

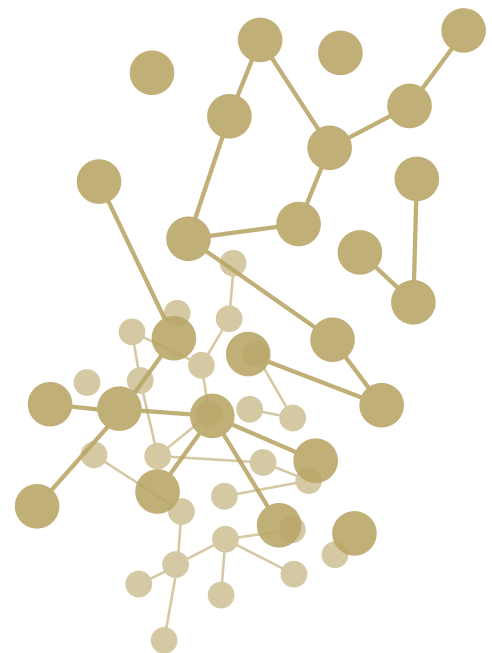
dominant view: that of the variability of the form of design object. A suggestive argument no doubt but at the expense of competition. In short, such supporters argue, why don’t other producers compete through different design works? There is no reason for them for ‘copying’, except to ‘parasitically’ “reap where they have not sown” [twisting biblical expressions to support industrial protectionism...].

This argument, suggestive as it might seem, overlooks:

- i) that modest variations would however risk of constituting ‘infringement’, which is not just limited to slavish copying;
- ii) more marked changes could well constitute derivative works (a category which includes modifications and additions constituting a substantial remodeling of the original work). As such, even these more robust reshapings would be subject to the rightholder’s power to block them. Checkmate.

Thus, in substance there would remain room only for differentiation divorced from new trends in functional aesthetics: in the final analysis, room for aesthetic models superseded by contemporary tastes. Producers of modest financial means – as such ‘necessary followers’, financially incapable of developing and imposing new trends – would have to endure (together with their low income customers) a lengthy, often centennial ‘purgatory’ before they could respectively offer and acquire products reflecting patterns established by evolutions in style.

Functional beauty as ‘class’ luxury good?! Gropius and his colleagues of Bauhaus who created ‘for’ the working classes revolve in their graves...



3. PROPOSAL FOR AN INTERPRETATION THAT PREEMPTS THE SEQUENTIAL CUMULATION OF REGISTRATION AND COPYRIGHT PROTECTION.

Certainly, pointing at inconveniences is not a sufficient basis to reject a solution imposed by law and recently backed up by the European Court of Justice. But is this really the case? Is sequential amassing of IP protection “the” mandatory inescapable solution?

I believe not, with all due respect for CJEU (however, even Homer sometimes dozes, as Horace reminded).⁸

I believe that it is possible to attempt a different interpretation than that which entails a mere sequential cumulation (summing) of the two forms of protection. An interpretation that draws inspiration from the wording (and approach) of both the Berne Convention (article 7.4) and UK law, Sec 52 Copyright Designs and Patent Act (Sec 52 being repealed in April 2013,⁹ but still transitionally in force)¹⁰ according to which copyright protection concerns to works of applied art “protected as artistic works” (Berne Convention) and “insofar as they are protected as artistic works” (UK Design Act). Not therefore as industrial products.¹¹ ¹² In light of these observations and the considerations expressed above on the rationale underlying the differences between patents and copyright, I believe that the Directive can be construed in a way that avoids both the previously mentioned systemic contradiction

and the monopolistic effect that would arise from an essentially indiscriminate application of sequential cumulation of copyright protection and the shorter and certain term form of protection under registration (envisaged by EU and domestic law).

In particular, I believe that the Directive can be interpreted to allow for the parallel coexistence of the two types of protection, each with its own specific scope to be determined on the basis of the difference in the objective market use of the work of design. This would be done by distinguishing the (type) of market – of industrial products or of artefacts – to which the work of design is channeled.

In order to clarify this interpretative proposal, let us consider a couple of famous works of modern design, such as, for instance, Henry Dreyfuss’ doughnut-shaped portable radio and Philip Starck’s spider juicer designed for Alessi. These practical objects, are – or have been – sold (and infringed: see below) as utilitarian products, but they are also enjoyable at the aesthetic level. In different circumstances, they might well also be sold and copied as objets d’art through distribution channels typical of the so-called ‘art market’. In fact, a classic example is the fact that the Whitney Museum of Contemporary Art in New York displayed a work by Jeff Koons, consisting of a plain glass framework containing four ordinary Hoover vacuum cleaners. Not to mention the Campbell Soup cans ‘exhibited’ by Andy Warhol.

⁸ “Quandoque bonus, dormitat Homerus”: Ars Poetica, 359.

⁹ The “Enterprise and regulatory Reform Act”, as of April 2013, entering into force in 2016. The latter term was then delayed until 2020 by a “Commencement Order” as of March 2015. Same Order was swiftly challenged by such giant international firms of the furnishing industry as Vitra, Knoll, Cassina. Swiftly, too in July 2015, the British government announced the revocation of said Order. Same government from October to December 2015, to collect opinions by various interested parties about the transitional regime to be instituted, then promoted a ‘Consultation’. The results of the Consultation have not yet been announced.

¹⁰ See also OHIM, *Infringements of Designs Protected by Design Law and Copyright* (Introductory document to “Knowledge and Awareness Building Conference”, November 18–20, 2015, Alicante, Spain), at 6.

¹¹ Before the 2013 [counter] reform, W.CORNISH - D.LLEWELYN, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, London, 2007, Sweet & Maxwell, London, 2007, chapter 15, stressed how one had to bear in mind the purpose of the design for which protection was sought. Let us take for example, the cartoon character Popeye: initially the drawings were intended for comic books but in the wake of the latter’s success

and commercial value the drawings were later used for the production of toys. In the first case the drawings were protected by copyright because pertaining to the art market whereas in the second case only registration protection applied since the drawings were attached to items intended for commerce. As regards common law case law, worthy of mention is *Mackie Designs v. Behringer Specialised Studio Equipment (UK)* [1999] RPC 717, 723 [“the intention of the legislature that copyright protection be removed from “ordinary functional commercial articles”]; *Franklin Machinery v. Albany Farm Centre, Thomas J.* in the High Court of New Zealand [1991] 23 IPR 649: “the law relating to copyright has got quite out of hand (...). It is probable that a law historically developed to protect artistic works was never suitable for application in the field of industrial design in first place (...) Copyright has now invaded the field of technical drawing in a manner which has been dramatic. The most banal of industrial or technical drawings, which involve little more originality than that which accompanies many routine domestic tasks, has come to attract an aggressive claim to copyright protection. Frequently, the monopoly protection which the statute confers is out of all proportion to the degree of originality involved in producing the copyright work. All this is unnecessary”.

¹² The UK Copyright-Industrial process and

excluded articles, No 2 Order 1989, no. 1070, provided that 50 was the number of examples beyond which articles were to be considered as made by an industrial process, hence not protected for the full ‘normal’ copyright term.

¹³ One need only consider a pictorial creation that at the same time constitutes a registered logo or trade mark. Or the distinct dependent patent that can be obtained in relation to the new therapeutic use of known medical substances [Article 55.5 of the European Patent Convention].

¹⁴ This does not apply here, of course, but doesn’t the huge spider that Louise Bourgeois put on show a few years ago at the Turbine Hall of the Tate Modern, come to mind?

¹⁵ Subordinately, those needs and interests should be preserved by limited legislative reform, which for design works protected by copyright should set a period of X years (25, whatever) after which third parties should be able to apply for a non-exclusive license on “fair, reasonable and non-discriminatory terms” (FRAND) and obtain it by court action should the rightholder unjustifiably refuse to grant one. (A refusal could be justified e.g., on the grounds of the applicant’s poor manufacturing quality).

To my mind this forms the empirical basis of the differentiation that allows for the parallel but not cumulative application of copyright protection and patent law, without mutually contradictory overlaps. Let us go back to the two examples of Dreyfuss and Starck. As practical products sold on the market of portable radios and household items, those items would be covered under patent protection arising from their registration (at the Community and/or national level), and therefore, for a period of 25 years. On the other hand, as individual or multiple artefacts possibly sold on the art market, their shape could not be reproduced by third parties for works of figurative art (and as such, also marketed or to be launched on the art market) for the statutory period of 70 years following the designer's death.

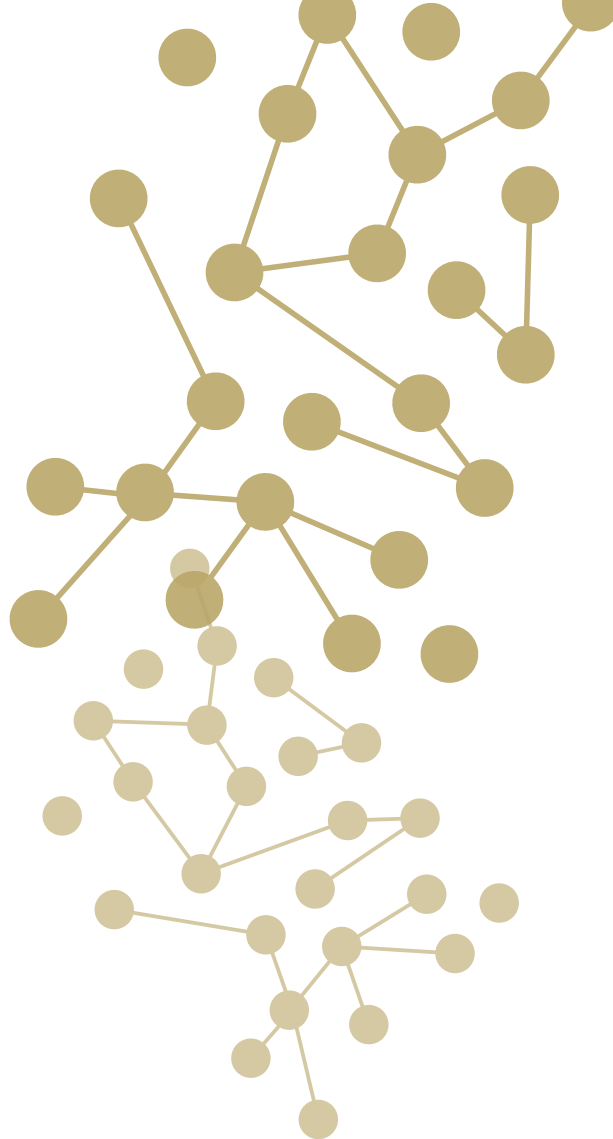
It must be pointed out that this distinction between types of exclusive protection of the same product on the basis of its different markets of destination (nothing new, by the way, in the system of intellectual property law)¹³ would not create any difficulties or uncertainty as regards concrete identification.

Firstly, the art market and especially the art design market has specific technical characteristics in view of the limited number of examples offered (often and typically one-off items: see the Warhol and Koons examples) and the type of sales outlet (art gallery).

Secondly, and above all, the type of applicable protection is objectively and precisely 'certified' by the type of infringement, or rather, the type of market targeted by the infringement. In other words: if Starck's spider is imitated, even on a different scale, by a sculptor to produce works offered on the art market through its typical channels¹⁴ the designer and/or her assignee would be entitled to bring action against the sculptor or the art gallery precisely on the basis of copyright law. Vice versa, in the case where the shape is copied by a manufacturer of household products and offered for sale on that market, the only exclusive protection should be the one afforded under the registration regime (thus, not beyond 25 years).

This position can be easily reconciled with the aforementioned provision of article 17 of the Directive, under which Community registration of a design does not preclude copyright protection. In harmony with aforementioned Berne Convention's specific reference (Art.7.4) to design works "protected as artistic works", Article 17 of the Directive ought to be read: "should the infringement of a design product arise on the art design market, registration of the shape as a design pursuant to the Directive or domestic legislation shall not in itself preclude recourse to copyright protection in accordance with the conditions in that regard laid down by law".

I realize full well that this proposal for interpretation goes against the currently dominant view espoused by most interpreters and shared by the European Court of Justice. But I respectfully insist on prioritizing a view that is systemically consistent with the need for dynamic competition and the interests of consumers. Whereas that dominant view ultimately translates *into the granting of rent-seeking positions to the leading furniture industries.*¹⁵



Gustavo Ghidini

Emeritus, University of Milan; Professor of IP and Competition Law, LUISS Guido Carlo University, Rome; President of the Italian "Movimento Consumatori"; Director of the Observatory for Intellectual Property, Competition, Communications Law, Luiss Guido Carli University. Latest books in English: "Rethinking Intellectual Property-Balancing Conflicts of Interest in the Constitutional Paradigm", Edward Elgar Publ., Cheltenham, UK, 2018; "Innovation, Competition and Consumer Welfare in Intellectual Property Law", Edward Elgar Publ., Cheltenham, UK, 2010.