

# International Harmonisation of Designs Law: the Case for Diversity

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☞ Designs; Harmonisation

## Introduction

Industrial design is a hybrid, it lies at the intersection of art and utility. Design refers to aspects of pure and high art, and design is also a feature of the most utilitarian of objects. Design is therefore an essential component of aspects of art and craft, and also of a wide range of consumer and industrial products. In design policy, there is a continuing tension between the desire to protect and promote competition in the commercial arena, and the desire to promote art, creativity and culture.

Industrial design laws are possibly the least internationally harmonised of all of the intellectual property regimes. At the international level, there remains very real flexibility as to the requirements for design protection, in contrast to other intellectual property regimes, and legal regimes for the protection of designs vary widely across jurisdictions. Different jurisdictions protect designs through copyright, patents, sui generis regimes and trade marks law, and many offer dual or cumulative protection. This diversity in approaches to protection is partly a reflection of divergent philosophies of design protection, and partly a result of the real practical difficulties for those devising systems of protection. Design tends to occupy positions at the borders of the major intellectual property regimes, with potential for both overlaps and gaps in protection.

This article considers the issue of international harmonisation of designs law. It first reviews the existing models for and approaches to design protection, and the existing international law requirements in relation to designs law. It considers the arguments for and against further harmonisation of designs law, and argues that, in this area, diversity is to be preferred to harmonisation. There is no evidence that there exists an optimal level or model of design protection. It is argued that the absence of highly prescriptive international agreements harmonising the law of designs provides an unusual level of freedom for each jurisdiction to craft a designs law

regime suited to its own social and economic conditions and trade situation, and this is a real benefit to individual states and to the international community.

## Existing models of protection

There is no simple taxonomy for design protection. Different regimes use different models of protection, and each regime contains its own mix of choices from a significant number of variables. Systems of protection vary in:

1. *Subject matter*: what is protected, in particular, which designs qualify for protection, and which are excluded from protection. Factors involved here are the requirements of novelty and invention (or innovation threshold), required for protection, and any exclusions, for example on grounds of functionality,<sup>1</sup> or the relationship with other designs with which the article must operate or interface.
2. *Nature of protection*: how it is protected, in particular, the nature of the intellectual property regime or regimes that apply, whether artistic property or industrial property, whether protection is automatic or whether registration and/or other formalities are required, whether protection is through liability rules or through property rules.
3. *The term of protection* provided, which may itself be different for different types of design.
4. *The scope of protection* provided, in particular whether protection is against copying only, or whether exclusive rights also protect against independent creation, whether there is a requirement of consumer confusion or deception.
5. *Exceptions and defences* available, for example what acts in relation to the design are permitted by consumers, by direct competitors, and by competitors in other markets or aftermarkets, such as repairs and supply of spare parts.

Almost every jurisdiction is different in the designs it does or doesn't protect, the level of protection provided to protected designs, and the particular mix of artistic and/or industrial property regimes used to provide protection and the requirements for each. Exceptions, limitations and defences also vary widely.

Nevertheless, it is possible to identify a number of models of design protection, at least in general terms. Designs can be protected under a number of regimes, and

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<sup>1</sup> The Australian Bureau of Industry Economics, in its 1995 study of designs, focused on the extent to which designs regimes protected function as opposed to appearance, and classified designs regimes as "bounded", "partially bounded", or "unbounded", where "bounded" referred to a regime that excluded functional aspects from protection". See Bureau of Industrial Economics, *The Economics of Intellectual Property Rights for Designs* (1995) 9–36.

overlap between these regimes is possible. Models of protection can be variants of copyright and patent protection, and they can be legal hybrids. In addition, any statutory regime is then subject to judicial interpretation, and judges can be more or less influenced by a desire to protect perceived natural rights in fruits of creation, or by a desire to protect free competition. These underlying judicial preferences can significantly influence the implementation of any regime of intellectual property protection.

The seven main models for protection (which may overlap) are summarised as follows:

## 1. Copyright

Designs can be protected through copyright as artistic works. A relatively low level of originality is required as compared to industrial property systems. Protection is then generally automatic on creation, with no registration or formalities required, and protection arises immediately. The copyright owner is protected against copying of the design for the term of protection, but is not protected against independent creation. The term of copyright protection varies by jurisdiction and subject matter, but it generally lasts longer than industrial property-style protection.

Copyright protection has the advantage of being immediate, not costly, requiring only a low level of originality, and relatively long-lasting. It is therefore particularly attractive to industries in which products have a short effective life in the market, and for use for products that are not highly original and that are not especially high value. Examples are fashion, textiles, furnishings and the toy industry. Generally artistic copyright is intended to protect the artistic features of industrial design, rather than the functional features, and it may not be well-suited to designs that are entirely functional, such as parts of industrial machinery. For these functional designs, the value to consumers of allowing competition in making the designed article can be seen to outweigh any public interest in providing design protection. Many jurisdictions exclude entirely functional works, or works of mixed artistic and functional content, from copyright protection, and this is achieved by a variety of mechanisms. The inevitable difficulty is in designing a system for excluding functional designs that clearly distinguishes protectable from unprotectable designs, and that is consistent with underlying policy.

Exceptions and limitations to copyright and defences to infringement vary widely across jurisdictions. Where copyright protection is available for industrial designs, exceptions can be crafted allowing some otherwise infringing acts by consumers or competitors. Spare parts exceptions are the most notable of these exceptions. It is also common for the term of copyright to be limited for industrial designs, in the interests of allowing competition

at the end of a shorter period than is available for “pure” artistic works, which typically receive life of the author plus 50 or 70 years.

There are disadvantages to copyright protection for designs. For the author/creator, it is necessary to prove copying in order to establish infringement, and to establish that more than just ideas have been copied. For competitors and second-comers, copyright protection creates uncertainty.<sup>2</sup> The absence of a registration system means that there is no public registry that can be searched to identify prior art and to identify the owners of that art. The low originality threshold means that artistic works that are entirely functional can still be protected, unless explicitly excluded. For works with a low level of originality, copyright protection is thin, and courts generally require a high degree of similarity, if not slavish copying, before they will find that the work is infringed.<sup>3</sup> Where a court considers that a work has a higher level of originality, it is more likely that the work will be found to be copied by a similar work, so that follow-on innovators are more restricted in this situation. In copyright, the scope of protection is not clearly identified as it would be in a design specification, so that it is not clear which features can and can’t be imitated—that is, which features are unprotected ideas, and which features constitute expression of those ideas. The outcome of copyright litigation, especially in so-called “altered copying” cases<sup>4</sup> can be difficult to predict, and this uncertainty can in itself have a chilling effect on second-comer innovation.

## 2. Patent/utility model/petty patent protection

Patent law is an industrial property regime, which is designed to protect inventions from both copying and independent creation. Designs can be protected through patent law, so long as the design meets the requirements of novelty, inventiveness, utility and related requirements. Generally this protection is not suitable for purely ornamental designs, but it can be applicable to functional designs. The required threshold of innovation is high, and registration and examination is required. However, once achieved, protection is relatively strong, and operates to protect against copying and independent creation for the term of protection. Patent protection is best suited to high-value products with an expected lengthy life-cycle in the market, justifying the expense of registration and the delays in obtaining protection. Many countries offer patent protection for designs in some form, but it will only ever be a minority of designs that are protectable in this way, so that generally another form of protection will also be required for ornamental designs and designs that are not sufficiently innovative to meet the rigorous patent requirements.

<sup>2</sup> See discussion in UNCTAD-ICTSD, *Resource Book on TRIPS and Development*, (2005) 346–347.

<sup>3</sup> See for example *Land Transport Safety Authority v Glogau* [1999] 1 NZLR 257.

<sup>4</sup> See discussion in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2001] 1 All E.R. 700; [2000] 1 W.L.R. 2416.

Patent law therefore protects a minority of designs, protecting only those that are novel and non-obvious. But patent law provides a very high level of protection to this small number of designs. It is arguable that patent law over-protects designs, preventing second comers from using those designs in subsequent innovation without first negotiating a license, which may or may not be forthcoming. For designs that are not high-value, the transaction costs involved in obtaining licences may exceed the benefit obtained from using the innovation. In these circumstances, patents for designs may take too much from the public domain and potentially chill further innovation, so that there is no net public benefit in providing patent protection.

### 3. Registered design protection

Sui generis registered design protection generally refers to an industrial property regime, whereby a new design applied to an article is protected through a system which requires registration of the design and payment of fees. Registered designs are then protected for the duration of their term against any infringing use of the design; there is no need to prove copying.

Registered design protection on an industrial property model has significant advantages, most of which result from the requirement for registration. Once registered, the owner of the design has a well-defined right to use and license the design, and to prevent others from using the design. There is no need to prove copying. The fact of registration gives notice to competitors and second comers. Competitors can identify the design as prior art, they can identify the features that are protected and the scope of the monopoly, and they can identify the owner of the design. However, design registration requires a higher innovation threshold than copyright. Registration is also costly, and involves inevitable delays, so that it is not well-suited to low-value products or products with short life-cycles. Design registration also requires disclosure, which can lead to copying. Sui generis protection is not therefore universally popular. It is also, like other industrial property regimes, an expensive system for a state to administer, and this is not a trivial consideration, especially for developing countries and countries that are net importers of technology.

### 4. Unregistered design right protection

Unregistered design rights share features of both registered design protection and copyright protection. Like copyright, no formalities are required, and copying is generally an ingredient of infringement.<sup>5</sup> The term of protection is generally shorter than for copyright, commonly three to five years only. Unregistered design

protection is therefore suited to items for which protection is desired immediately, and which are expected to have a short life in the market.

### 5. Trade mark law

Aspects of design can also be protected through trade mark law, either by registered trade mark or for unregistered trade marks through the use of passing off, unfair competition or trade practices law. Features of shape and configuration of a design, or trade dress, can be protected to the extent that they carry a secondary or trade mark meaning. Commonly, infringement will require establishing consumer confusion or dilution of the mark.

Trade mark protection will offer useful protection for some designs in some trade contexts, but it will not offer a comprehensive system of protection for all designs. It is not suited to designs whose primary purpose is artistic. However, it does have some advantages. Much industrial design is actually for the purpose of advertising or branding, and design variations are often created primarily for product differentiation purposes, in order to soften price competition.<sup>6</sup> It is arguable that designs in this context are actually being used for a trade mark purpose, and trade mark law is the most appropriate means by which they should be protected. Trade mark law is designed to protect indicators of source, and to reduce consumer search costs. Protection generally requires distinctiveness, use, and the absence of consumer confusion or likely confusion. These are important checks that are intended to avoid over-protection of actual products, at the expense of competition and therefore of consumers. Where designs are used in a trade mark sense, then it is arguable that trade mark law is the most appropriate means by which they should be protected, if at all.

### 6. Cumulation/partial cumulation

Designs can be protected through a combination of regimes, so that the same design may receive simultaneous protection from more than one regime. Most commonly, designs may be protected by copyright and also through an industrial property regime. For example, France operates a cumulation regime which allows for copyright protection of works of applied art under the "unity of art" doctrine. Partial cumulation allows for copyright protection for at least some categories of works of applied art, in addition to designs protection, such as in German law.<sup>7</sup> The detail of how and the extent to which cumulation or partial cumulation is achieved can vary across jurisdictions. Some jurisdictions offer strong copyright protection, and the protection provided by industrial property is consequently restricted or not

<sup>5</sup> See discussion in Martin Howe, *Russell-Clarke and Howe on Industrial Designs*, 7th edn (London: Sweet and Maxwell, 2005), pp.3–7.

<sup>6</sup> See discussion in Australian Law Reform Commission *Designs*, Report No.74 (1995) [3.19]. See also Bureau of Industrial Economics, *The Economics of Intellectual Property Rights for Designs* (1995).

<sup>7</sup> See discussion in Sam Ricketson and Jane C. Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, 2nd edn (Oxford: New York: Oxford University Press, 2006), Vol.1, pp.467–469.

heavily used. Other jurisdictions rely heavily in industrial property protection and restrict copyright protection. Other jurisdictions offer very generous cumulative protection.

### “Optimal” design protection?

There is little empirical evidence on which to base an argument that there is a model for the legal protection of designs which could be described as optimal. It is of course possible to compare different regimes in different jurisdictions, but impossible to control for all of the factors which influence design activity and innovation.

The concept that there exists a single solution to designs protection that would be optimal across all jurisdictions is itself highly challengeable. What constitutes an appropriate designs regime will vary considerably across jurisdictions, depending on factors including level of development, indigenous design requirements, competition and tax regimes, and trade policy.

#### 1. Designs protection in international law

At the international law level, multilateral intellectual property agreements impose some requirements on signatories in relation to industrial design protection, but some flexibility remains as to how industrial design protection is to be achieved. Historically, the law has been slow to extend intellectual property protection to industrial design. Internationally, design protection is still something of a poor relation of other forms of intellectual property protection. Today, the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention)<sup>8</sup> does contain important provisions on designs law, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) also requires compliance with relevant provisions of the Berne Convention.<sup>9</sup> However, design protection is not always coherent and certainly not standardised across jurisdictions, and this reflects the history of designs law and the widely differing philosophies underlying it.

In the first half of the 20th century, European jurisdictions adopted widely differing philosophical approaches to protecting industrial design, and quite different legal frameworks.<sup>10</sup> France, particularly, promoted a “unity of art” approach that did not distinguish pure from applied art in allocating protection. French law

offered dual protection under both copyright and *sui generis* designs regimes.<sup>11</sup> Other European jurisdictions took different approaches. Italy excluded ornamental designs from copyright protection, and Germany providing copyright protection for only a limited number of exceptional designs, but both countries provided *sui generis* protection.<sup>12</sup>

In English law, the first efforts to protect designs began with textiles, for which a registration system was established in 1787, giving an exclusive right to print the design for two months from date of first publication.<sup>13</sup> These rights in textiles were gradually expanded, and expanded beyond textiles, by a number of copyright and design statutes providing for copyright in designs expanding the range of registrable designs.<sup>14</sup> By the 20th century, industrial designs law provided for 15-year protection for registered designs, and copyright law protected artistic works for the term of copyright.<sup>15</sup>

There was, therefore, more diversity in industrial design law than in copyright or patent law during this period, despite multilateral treaty-making aimed at achieving consistency in intellectual property law across Europe. Historically, negotiation of international agreements has taken place against this background of considerable diversity of approach, and the resulting texts are therefore less prescriptive than they are in other areas of intellectual property law.

### Berne Convention

The parties to the Berne Convention were slow to extend protection to works of applied art, and such works only received protection against considerable opposition.<sup>16</sup> The 1948 revision of the Berne Convention was a compromise, under which “works of applied art” were added to the list of protected subject-matter, but with provisions for limiting the duration of protection, and with provisions for states to distinguish between applied art and “designs and models”.<sup>17</sup>

This compromise largely remains in the current version of the Berne Convention, which explicitly requires protection for authors of literary and artistic works.<sup>18</sup> The term “literary and artistic works” includes<sup>19</sup>:

“...every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or

<sup>8</sup> Berne Convention for the Protection of Literary and Artistic Works 1886.

<sup>9</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 art.9(1).

<sup>10</sup> See discussion in J.H. Reichman, “Design Protection in Domestic and Foreign Copyright Law: From the Berne Revision of 1948 to the Copyright Act of 1976” (1983) Duke L.J. 1143, 1153–1163.

<sup>11</sup> Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1157–1158.

<sup>12</sup> Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1161.

<sup>13</sup> Designing and Printing of Linens Act 1787. This legislation initially provided for an exclusive right for two months from the date of first publication.

<sup>14</sup> See Brad Sherman and Lionel Bently, *The Making of Modern Intellectual Property Law: the British Experience* (Cambridge: Cambridge University Press, 1999), pp.1760–1911.

<sup>15</sup> See discussion in Howe, *Russell-Clarke and Howe on Industrial Designs*, 7th edn (London: Sweet and Maxwell, 2005), pp.7–22.

<sup>16</sup> See discussion in Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1145.

<sup>17</sup> Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1161–1163. See also detailed discussion in Sam Ricketson and Jane C. Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, 2nd edn (Cambridge: Cambridge University Press, 2006), vol 1, pp.453–469.

<sup>18</sup> Berne Convention arts 2 and 9.

<sup>19</sup> Berne Convention art.2(1).

dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; *works of applied art*; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science”(emphasis added).

Works of applied art are therefore specifically included. However there is no definition of “works of applied art”. Article 2(7) of the Berne Convention is also significant here. Article 2(7) provides:

“(7) Subject to the provisions of Article 7(4) of this Convention, it shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the country of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that country to designs and models; however, if no such special protection is granted in that country, such works shall be protected as artistic works.”

Article 7(4) relates to the term of protection and provides that:

“It shall be a matter for legislation in the countries of the Union to determine the term of protection of photographic works and that of works of applied art in so far as they are protected as artistic works; however, this term shall last at least until the end of a period of twenty-five years from the making of such a work.”

The effect is that states can determine the nature of the protection they apply to applied art, but where copyright protection is provided for, the term should be 25 years. In addition, where copyright is used to protect applied art, the exclusive rights of the copyright owner can be subject to limitations and exceptions. The Berne Convention provides for a three step test for limitations and exceptions, although only in relation to the reproduction right. It provides that<sup>20</sup>:

“It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”

The Berne Convention thus provides considerable flexibility for member states as to how and to what extent designs are protected. The Berne Convention does not impose a harmonised framework, or prescribe clear rules for designs to the extent that it does for many other categories of work required to be protected by copyright.

## Paris Convention

Historically there have also been attempts to harmonise the protection of industrial designs through the multilateral agreement on the protection of industrial property, the Paris Convention for the Protection of Industrial Property (Paris Convention). The current version of the Paris Convention expressly includes “industrial designs” as within the scope of industrial property; the subject of the convention.<sup>21</sup> The language in art.5 *quinquies* was first adopted in 1958, as part of a move to promote sui generis design laws after the efforts to include designs in copyright law had achieved only some success.<sup>22</sup> Article 5 *quinquies* relates specifically to industrial designs and provides that: “Industrial designs shall be protected in all the countries of the Union.”

In addition, the Convention includes some provisions of detail covering industrial designs along with patents and trade marks.<sup>23</sup> However, while the Convention imposes a requirement for the protection of industrial designs, it does not specify the manner or form or conditions for that protection, although it does provide for some specific requirements.

## Hague Agreement

The Hague Agreement Concerning the International Registration of Industrial Designs (Hague Agreement) also evidences an international effort to internationalise sui generis design protection, by facilitating international applications. The Hague Agreement is constituted by three Acts: 1934, 1960 and 1999. The Hague Agreement offers the possibility of obtaining protection for an industrial design in several different states that are parties to the Convention, by means of filing a single international application.<sup>24</sup> The Hague Agreement does not, however, constitute an agreement on substance or form of design protection in each state party.

<sup>20</sup> Berne Convention, art.9(2). Article 13 of the TRIPS agreement uses similar language, but refers to the exclusive rights more broadly, not just to the reproduction right. It provides that: “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder”.

<sup>21</sup> Paris Convention for the Protection of Industrial Property, art.1(2).

<sup>22</sup> Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1162–1163.

<sup>23</sup> Examples are the provisions relating to priority in Paris Convention, art.4, and the provisions relating to failure to work in art.5.

<sup>24</sup> World Intellectual Property Organisation, *Guide to the International Registration of Designs*, [http://www.wipo.int/export/sites/www/hague/en/guide/pdf/hague\\_guide\\_part\\_a.pdf](http://www.wipo.int/export/sites/www/hague/en/guide/pdf/hague_guide_part_a.pdf) [Accessed August 2, 2008].

In summary, the combined effect of industrial designs provisions in the Berne and Paris Conventions is an absence of clarity on industrial design protection. The Paris Conventions, combined with the Hague Agreement, envisages an international system of *sui generis* design protection. The Berne Convention however provides for copyright protection for applied art, without any definition of what does and, perhaps more importantly, does not, constitute applied art for this purpose. There is also the provision in art.2(7) that it shall be a matter for states legislation to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected, but with no definition of designs and models in this context, and no clarification as to the difference between designs and models and works of applied art.

### TRIPS Agreement 1994

The TRIPS Agreement of 1994 is the most significant multilateral instrument containing provisions relating to the protection of industrial designs. The TRIPS Agreement was negotiated in the 1986–94 Uruguay Round of the General Agreement on Tariffs and Trade (GATT), in which the World Trade Organisation was established. The TRIPS Agreement constitutes Annex 1C of the Agreement Establishing the World Trade Organisation (WTO), and all members of the WTO are therefore signatories to the TRIPS Agreement. The TRIPS Agreement introduced intellectual property rules into the multilateral trading system for the first time, and it constitutes a comprehensive multilateral agreement on intellectual property protection, setting out minimum standards of protection as a requirement of all WTO members.

The objectives of the TRIPS Agreement are set out in art.7:

#### “Objectives

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.”

The TRIPS Agreement goes considerably further in harmonising design law (and industrial property law more generally) than did the earlier multilateral instruments. TRIPS is more prescriptive than the Berne and Paris Convention provisions, and it removes some of the flexibility available under those regimes. However, the TRIPS Agreement cannot be said to have achieved harmonisation of designs law. WTO Member States still have considerable freedom within the constraints imposed, and there is still some ambiguity in the requirements. The

TRIPS Agreement requires that members comply with the relevant provisions of the Berne Convention,<sup>25</sup> and its industrial design provisions are also compatible with the relevant Paris Convention provisions. The TRIPS Agreement has two specific sections in s.4 relating to Industrial Designs. First, art.25 provides that:

#### “Requirements for Protection

1. Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.
2. Each Member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.”

In addition, art.26 provides that:

#### “Protection

1. The owner of a protected industrial design shall have the right to prevent third parties not having the owner’s consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.
2. Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.
3. The duration of protection available shall amount to at least 10 years.”

These articles carry substantial uncertainty and ambiguity. Perhaps most fundamentally, there is no definition of the term “industrial design(s)”, and no attempt to provide guidelines as to what the concept of industrial design encompasses for TRIPS purposes. There is no guidance as to how industrial designs relate to works of applied art. “Industrial design” can be read broadly to encompass

<sup>25</sup> TRIPS Agreement art.9 requires that members comply with arts 1 through 21 of the Berne Convention (1971) and the Appendix thereto, but excluding art.6bis.

all types of aesthetic designs, including those that are functional and/or useful, and including traditional and indigenous designs.<sup>26</sup> No distinction is made between designs protected by different regimes.

Article 25 requires that member states protect industrial designs. It says that members shall provide for the protection of independently created industrial designs that are new or original. The provision combines concepts of artistic and industrial property.<sup>27</sup> There is an issue as to the meaning of “independently created”, which is not defined. It is arguable that the reference to “independently created” means that a work will be protected if it is created by the author independently (that is, not copied), even if it is similar to another protected design.<sup>28</sup> This has echoes of copyright protection. Alternatively, it might be argued that “independently created” requires some minimal level of creativity, and is closer to an originality requirement. However, art.25 also says that for designs to be protected they must also be “new or original”, in addition to being independently created, suggesting that “independently created” means something other than original, and that “original” is actually a higher threshold than “independently created”, which is probably intended to mean simply that a work is not copied. However, both meanings are arguable, and member states may choose to enact legislation based on either meaning.<sup>29</sup>

Article 25 also contains industrial property elements, for example in the requirement that for designs to be protected they must also be “new or original”. Copyright protection does not require that a work be “new”. Novelty is a requirement for industrial property protection, patent protection being the obvious example. Novelty is usually assessed at the date at which an application for protection is filed.<sup>30</sup> A novelty requirement does not seem on its face to be compatible with the reference to independent creation. However, the art.25 reference is to “new or original”, so that a design that is not new may be protected if it is original.<sup>31</sup> The issue then arises as to the meaning of originality in this context, and what it adds over and above the requirement for independent creation. In copyright law, originality generally refers to originating from the author, which is not significantly different from independent creation. Originality in copyright law is also understood as requiring a (low) level of skill and labour—generally a level that is more than minimal.<sup>32</sup> There are debates internationally about the standard of originality, but general acceptance that the standard is low.<sup>33</sup>

Article 25(1) also provides that Member States:

“[M]ay provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features.”

This provision is consistent with the industrial property approach that requires a high standard of novelty, so that a design that does not significantly differ from known designs or combinations of known design features might be said not to be novel. This approach to novelty is “objective” in the sense that novelty is assessed with reference to a prior art base. However, this is not the approach to originality in copyright law, and if Member States do choose to provide as suggested (this provision is a suggestion, it is not mandatory), then they will not be using the term original in a copyright law sense. The other issue this provision raises is the meaning of “known designs or combinations of known design features”. It is for Member States to decide what constitutes “known” in this context, in particular whether this is a local novelty or absolute novelty standard,<sup>34</sup> and whether there are time limitations on what constitutes prior art.<sup>35</sup> Members are also free to choose whether to implement grace periods, as permitted under the Paris Convention.<sup>36</sup>

The final sentence in art.25(1) of the TRIPS Agreement provides that:

“Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.”

Arguably the most important aspect of this provision is that it is not mandatory, it provides only that members *may* provide. This wording reflects the divergent views among the parties in relation to protection of functional aspects of designs.<sup>37</sup> There remain considerable variations in practice across jurisdictions on this aspect of protection. There are issues about the relationship between functional designs and patent law. There can also be practical difficulties in distinguishing functional features from other features of a design.

Article 25(2) refers specifically to textiles. It provides that:

“Each member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek

<sup>26</sup> UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 329.

<sup>27</sup> See discussion on this in Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer Law International, 2006), pp.395–411.

<sup>28</sup> UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 331.

<sup>29</sup> See discussion in UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 331–332.

<sup>30</sup> For example under the New Zealand Designs Act 1953 novelty is assessed at date of application, Designs Act 1953 (NZ), s.5.

<sup>31</sup> There was some disagreement between parties during the drafting of the provision on this question. Some members argued for the wording “new and original”. See detailed discussion of competing drafts in UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 326–330. See also Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.397–399.

<sup>32</sup> See the House of Lords decision in *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 W.L.R. 273.

<sup>33</sup> Even under the arguably more rigorous approach to originality taken by the United States Supreme Court in *Feist Publications Inc. v Rural Telephone Service Co.*, 499 U.S. 340 (1991), it was still acknowledged that the standard was low, and that few works would fail.

<sup>34</sup> In New Zealand, a local novelty test is still applied under the Designs Act 1953 (NZ).

<sup>35</sup> See discussion in Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.400–402.

<sup>36</sup> Paris Convention, art.11.

<sup>37</sup> Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, p.402.



and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.”

This provision was inserted in response to arguments that fashion and textile designs had a short commercial life, and needed to acquire protection quickly in order for that protection to be effective.<sup>38</sup> Developing countries also expressed concern about the cost of registration acting as a barrier to the protection of textiles from those countries.<sup>39</sup> The provision relates primarily to the industrial property approach to protection, as copyright protection does not require registration and associated formalities. Indeed, compliance with the provision is significantly simplified where copyright protection is automatically available.<sup>40</sup> In jurisdictions where copyright protection is not available, and only sui generis registered design protection is available, the obligation is to comply with art.25(2). Some jurisdictions, for example New Zealand and the United States, protect textile designs through copyright. However there are difficulties where the textile is used in utilitarian products, such as clothing, which may then not be protected, for example in the United States.<sup>41</sup>

In summary, art.25(1) requires that members protect designs, so long as they are:

- (i) independently created; and
- (ii) new or original.

Member States are limited by these requirements, in that if a design is independently created and new or original, then it must receive legal protection. Member States cannot add additional requirements to raise the bar for protection, unless these can be achieved consistently with the provision.<sup>42</sup> No definitions of the terms used are provided. The sentences relating to similarity to known designs, and to technical or functional considerations are not mandatory requirements on members, they are optional.

The provision does not specify whether protection is to be through copyright as an artistic property regime, or through sui generis design protection or other industrial property regime. Member states are free to choose whether to protect through copyright or thorough a sui generis system requiring registration, or through copyright or unregistered design right. Article 2(7) of the Berne Convention allows Member States to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. It is therefore open to states to exclude all works of applied art and industrial designs and models

from copyright protection, and provide sui generis design protection only. It is also open to member states to practice cumulation, and offer dual concurrent protection via both copyright and sui generis system, so that design owners can choose to use either or both. Partial cumulation, where copyright is available only for exceptionally creative designs, is also an option.<sup>43</sup> At a practical level, the type of protection provided does make a difference. Copyright, for example, protects against copying, but not against independent creation. Unregistered design rights are generally similar. By contrast, sui generis regimes based on registration protect against both copying and independent creation of a similar design, and patent and utility model protection also provide this stronger protection. Systems of cumulation or partial cumulation will provide a mix of these approaches to protection, with some designs receiving one or the other, and some eligible for both, depending on the rules in the specific jurisdiction.

Article 26 has a different focus from art.25. Article 26 focuses not on which designs should be protected, but on what protection should constitute. Article 26(1) provides that a proprietor of a protected industrial design shall have the right to prevent third parties from making, selling or importing for commercial purposes articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design. This provision covers concepts of protection in both industrial property and copyright approaches.

Article 26(2) allows Member States to provide limited exceptions to the protection of industrial designs, “provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties”. This language directly echoes the language used in relation to limitations and exceptions to copyright protection in the Berne Convention (“the three-step test”).

Article 26(3) provides for a minimum term of design protection of 10 years. This applies to industrial property style protection, as copyright protection for designs is required to last at least 25 years under art.7(4) of the Berne Convention. It is arguable that where states offer both sui generis design protection and copyright protection, then the term under the sui generis regime may be less than ten years as the obligation to provide at least ten years is met by the provision of copyright protection.<sup>44</sup>

The TRIPS agreement is non-specific as to ownership of rights, so that states have some flexibility as to the law they apply in relation to ownership of rights by natural

<sup>38</sup> Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.406–409.

<sup>39</sup> Duncan Matthews, *Globalising Intellectual Property Rights: the TRIPS Agreement* (Routledge, 2002), 57.

<sup>40</sup> See discussion in UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005) 335–336.

<sup>41</sup> Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.410–411.

<sup>42</sup> Examples are discussed in Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.403–404. States may for example have an additional requirement of compliance with public order and morality.

<sup>43</sup> See discussion in Reichman, “Design Protection in Domestic and Foreign Copyright Law” (1983) Duke L.J. 1143, 1168–1170.

<sup>44</sup> See discussion in UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 341–342.



and legal persons, so long as other requirements are met.<sup>45</sup> The TRIPS Agreement also does not require provision of moral rights as provided for in art.6bis of the Berne Convention,<sup>46</sup> and it does not require provision of resale rights (*droit de suite*) for artworks.

## The TRIPS Agreement and Berne and Paris Conventions compared

There are important differences between the protection of designs required under the TRIPS Agreement, and the designs protection formerly required under the Berne and Paris Conventions.

First, the TRIPS Agreement moves beyond the Berne and Paris Agreements in that it requires a minimum level of protection for at least some industrial designs, although it does still permit considerable flexibilities in achieving that protection. The term “flexibilities” is used in a number of senses in regards to TRIPS, but it is used here broadly to refer to those aspects of the TRIPS Agreement that allow Member States freedom to exercise their own decision-making processes in choosing between a number of possible policy options.<sup>47</sup> WTO members are generally free to adopt any legal or policy approaches in relation to areas of intellectual property that are not expressly harmonised in the TRIPS Agreement.<sup>48</sup> In relation to designs law, there are some flexibilities in the substantive legal protection required, and very substantial flexibilities in the means and processes for achieving that protection. Members are also explicitly granted the flexibility to implement in their law more extensive protection than is required by the Agreement, by operation of art.1(1).

Secondly, the TRIPS Agreement differs from the Berne and Paris Conventions in respect of national treatment. The TRIPS Agreement contains a provision for national treatment.<sup>49</sup> The Berne Convention and Paris Convention have similar provisions.<sup>50</sup> However, the TRIPS national treatment provision is worded differently. The Berne and Paris Conventions provide that nationals of other Member States shall receive the *same* protection as their own nationals. Article 3 of the TRIPS Agreement requires that each member shall accord to nationals of other members’ treatment *no less favourable* than that it accords to its own nationals with regard to the protection of intellectual property.<sup>51</sup> This difference is not insignificant. The TRIPS Agreement provides for minimum standards. This means that, under TRIPS, even if a Member State does not protect the intellectual property rights of its own nationals,

it still must protect the rights of nationals of other members up to the level required by the TRIPS obligations.<sup>52</sup> If the Member State provides a higher level of protection for its own nationals, nationals of other Member States must also receive treatment no less favourable.

The TRIPS Agreement also contains a most-favoured-nation clause, a novelty in an international intellectual property agreement.<sup>53</sup> Article 4 provides that<sup>54</sup>:

“With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other members ...”

This means that if a WTO member grants more favourable treatment to nationals of any other country, then that level of treatment must immediately and unconditionally be granted to the nationals of other Member States. Typically, this situation would arise where a bilateral agreement provided for more favourable treatment for nationals of the parties to that agreement, and that treatment would then have to be extended to nationals of all members of the WTO.

A third difference is that the TRIPS Agreement also contains provisions relating to enforcement of intellectual property rights<sup>55</sup> and to dispute resolution and settlement.<sup>56</sup> The dispute resolution and settlement provisions are particularly significant, as the WTO dispute resolution procedures are applied under TRIPS to intellectual property disputes. There was previously no such international dispute resolution structure for intellectual property disputes. Neither the Berne Convention nor the Paris Convention established any kind of equivalent framework.

## Summary

In summary, the combined effect of Berne, Paris and TRIPS is that designs law is still uncertain. International intellectual property law does not prescribe very much about design protection. There are clearly divergent philosophies and approaches being practiced across jurisdictions, and attempts at harmonisation have not been particularly successful. International agreements do impose requirements for design protection, and there are enforcement and dispute resolution procedures. However,

<sup>45</sup> See discussion in UNCTAD-ICTSD, *Resource Book on TRIPS and Development* (2005), 343.

<sup>46</sup> TRIPS Agreement, art.9(1)

<sup>47</sup> See discussion in Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, pp.28–33.

<sup>48</sup> This was confirmed by the decision of the Appellate Body in the India-US Mailbox Dispute, WT/DS50/AB/R, see [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/lds50\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/lds50_e.htm) [Accessed August 11, 2008] and see also Matthews, *Globalising Intellectual Property Rights: the TRIPS Agreement*, 2002, 135.

<sup>49</sup> Article 3 of the TRIPS Agreement requires that each member shall accord to nationals of other members’ treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property.

<sup>50</sup> Berne Convention, art.5, Paris Convention, art.2.

<sup>51</sup> Footnote 3 of the TRIPS Agreement provides that: “For the purposes of Articles 3 and 4, ‘protection’ shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement.”

<sup>52</sup> Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs*, 2006, p.112.

<sup>53</sup> See [http://www.wto.org/english/docs\\_e/legal\\_e/ursum\\_e.htm#nAgreement](http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#nAgreement) [Accessed August 11, 2008].

<sup>54</sup> Article 4 goes on to provide for limited specific exemptions.

<sup>55</sup> TRIPS Agreement Part III.

<sup>56</sup> TRIPS Agreement Part V.

there is considerable flexibility as to the subject matter, nature and scope of required protection, and states remain free to choose design law from a smorgasbord of options.

There is no requirement on states to operate a comprehensive regime for registered design protection, and there are not clear rules as to the provision of copyright protection for designs. Perhaps most significantly, cumulation and partial cumulation remain as options, and the problems associated with overlap between copyright and *sui generis* protection have not been resolved at an international level.<sup>57</sup> As a consequence, countries are free to offer generous levels of copyright protection to works of applied art, with the result that designers may prefer this to *sui generis* design protection, even when it is available, and *sui generis* design law can come to be seen as little more than an optional extra on top of copyright protection. There is also scope for countries to exclude most works of applied art from copyright protection, and such an exclusion can be achieved in a variety of ways, using a variety of statutory formulations. Where this is done, *sui generis* design protection becomes more important to designers. If the requirements of *sui generis* design protection are rigorous, some designs will actually remain unprotected, or be left to rely only on trade mark protection where this is available.

In globalised markets, there has been increasing pressure for harmonisation of intellectual property law generally, and this effort has established minimum standards of protection in most areas and considerable harmonisation. While there has been some agreement on designs law, it is an area in which there remains very diverse practice.

To what extent is this lack of harmonisation a problem? In international trade, designers and manufacturers are dealing with very different and technically complex regimes across jurisdictions, leading to increased transaction costs. The same design will receive different protection in different jurisdictions, so that in some cases copying will be permitted in some jurisdictions and not in others, and trade marks will assume greater importance in some jurisdictions. It is therefore arguable that simplification and harmonisation are desirable goals, at least across developed jurisdictions. The next section will consider the arguments for and against harmonisation of designs law.

## *II. International Harmonisation of Designs Law: the Case for Diversity*

As the discussion in the preceding section demonstrates, designs law is the least harmonised of the intellectual property regimes. At the international level, there is no multilateral agreement that prescribes in detail either the level of design protection or the nature of the regimes by

which designs are to be protected. The TRIPS Agreement does require that members shall provide for the protection of independently created industrial designs that are new or original, but within this, WTO members retain very considerable flexibility.

There remains very substantial variation in the approaches to design protection across jurisdictions. In a globalised marketplace, it is arguable that harmonisation is a desirable goal, for three principal reasons. First, proponents of harmonisation would argue that harmonisation of intellectual property rights promotes investment and technology transfer. Harmonisation reduces transaction costs in international trade, as products receive similar protection across jurisdictions. Inventors, authors and other rights-holders, along with investors, then have some certainty about levels of protection, and the costs associated with obtaining protection in new markets are reduced.<sup>58</sup> Of course, for designs, this argument depends on harmonisation of protection actually involving the provision of protection for designs—in effect harmonisation upwards in terms of levels of protection. Once protection is offered, the argument goes, rights-holders will transfer their technology to new jurisdictions and there will be an in-flow of foreign direct investment.<sup>59</sup>

A second argument for harmonisation is that harmonisation of protection to a uniform level prevents free-riding by countries offering lesser protection. This means that countries in which technology is developed and protected by intellectual property laws (generally first world nations) can prevent wholesale copying of that technology in jurisdictions where intellectual property receives lesser protection. Inventors and creators, and the countries providing the infrastructure for that invention and creativity, are therefore able to recoup their investment and be protected from free-riders. It is also arguable that harmonisation discourages protectionism and facilitates trade. For designs, this means that if designs law was harmonised upwards, designs, for example fashion designs, could not then be produced in one jurisdiction and then copied and sold elsewhere at a much cheaper price.

A third argument for harmonisation is that it can facilitate the administration of the intellectual property regimes, with consequent reduced costs. For designs, this could mean co-operation between jurisdictions within a region or internationally in examining and granting design registration applications.

The late 20th and early 21st century saw major initiatives toward harmonisation, based on the idea that harmonisation was desirable for international trade. The high point of this effort was the TRIPS Agreement of 1994, which established a minimum level of intellectual property protection in WTO Member States, and the signing of which was a prerequisite to membership of the

<sup>57</sup> See discussion in Reichman, "Design Protection in Domestic and Foreign Copyright Law" (1983) Duke L.J. 1143, 1167–1170.

<sup>58</sup> See discussion in Peter K. Yu, "Five Disharmonizing Trends in the International Intellectual Property Regime", *Michigan State University College of Law Legal Studies Research Paper Series Research Paper No. 03-28*, (2006), 6–7, available at <http://ssrn.com/abstract=923177> [Accessed May 17, 2010].

<sup>59</sup> See discussion in Daniel J. Gervais, "Intellectual Property, Trade and Development: The State of Play" (2005) 74 *Fordham Law Review* 505, 516–519.

WTO. The World Intellectual Property Organisation (WIPO) Internet Treaties of 1996, covering copyright and performers rights,<sup>60</sup> were also efforts at globalising and harmonising rights. There have also been regional efforts at harmonisation, most notably within the European Community.<sup>61</sup> Frequently, where rights have been harmonised, they have been harmonised upwards based on the regimes in developed economies. This trend toward upward harmonisation has also been evident when harmonisation has been between developed countries, for example in harmonising the term of copyright protection.<sup>62</sup>

There are powerful arguments for harmonisation, and there is little doubt that harmonisation has real benefits. However, there is also a growing concern internationally about the effects of harmonisation, and a growing literature questioning whether harmonisation of intellectual property is always a desirable goal.<sup>63</sup> Increasingly, there is evidence to support the argument that harmonisation of intellectual property rights is not necessarily to be preferred over diversification of rights.<sup>64</sup> These concerns apply at least as much to designs as to other categories of intellectual property.

The first argument against harmonisation is the argument that the same level of protection does not fit all economies at all levels of development.<sup>65</sup> In part, this argument is based on concerns about harmonisation to the level of the minimum standards for intellectual property required under TRIPS.<sup>66</sup> Since its signing in 1994, there has been considerable criticism of the TRIPS Agreement, especially with respect to its effects on developing countries.<sup>67</sup> It is argued that harmonisation of intellectual property rights to a level based on developed economies is not in the interests of developing countries or in the interests of development more generally. TRIPS established a global regime that required developing

countries to put in place new intellectual property rights protection and enforcement systems,<sup>68</sup> a task both administratively difficult and involving economic dislocation. The provisions focused on protecting new technologies, which were the concern of the highly industrialised nations, but undervalued existing and traditional knowledge.<sup>69</sup> This is important for designs, as designs are regularly produced in developing countries, and designs are an important component of traditional knowledge. Fabric designs are an obvious example, as are weavings and carvings. Hand-made designs are common even in the poorest of economies. However, the establishment of harmonised rules for the protection of designs was not a priority in TRIPS, and designs law remains possibly the least harmonised of all intellectual property regimes.

Developing and less-industrialised countries accepted TRIPS in return for improved access for agricultural goods to markets in the highly industrialised countries, particularly the United States and Europe.<sup>70</sup> The prevailing view at the time TRIPS was signed was that establishing intellectual property rights regimes in developing countries would encourage technology transfer from developed to developing countries,<sup>71</sup> and would mean developing countries were attractive to foreign investment in local infrastructure and human capital, thereby promoting economic growth and development.<sup>72</sup> However, this has not been the reality, and the economic and social costs of TRIPS have been high in the developing world. Evidence of the effects of TRIPS now suggests that development may in some cases be hindered rather than assisted by high levels of intellectual property protection.<sup>73</sup> In addition, intellectual property rights and public health,

<sup>60</sup> WIPO Copyright Treaty 1996 and WIPO Performances and Phonograms Treaty 1996.

<sup>61</sup> The European Community offers the most effective model for design harmonisation, but even Europe, with its internal market and considerable experience of harmonisation of Community laws, is very far from operating an entirely harmonised system of design protection. Registered design law is substantively harmonised, but procedures are not. Parallel systems are in operation, and copyright and unregistered design protection systems remain diverse. In addition, member states are free to also protect designs through patents, utility models, trade mark law, and unfair competition law.

<sup>62</sup> Harmonisation of the term of copyright protection, first within the European Union and then between the European Union and the United States involved harmonising upward to life of the author plus seventy years, which was the term in Germany, and the longest term used in any of the relevant nations.

<sup>63</sup> See for example Keith Maskus and Jerome Reichman, "The Globalisation of Private Knowledge Goods and the Privatization of Global Public Goods" (2004) 7 *Journal of International Economic Law* 279, David Vaver, "Need Intellectual Property Be Everywhere? Against Ubiquity and Uniformity" (2002) 25 *Dalhousie L.J.* 1, Margaret Chon, "Intellectual Property and the Development Divide" [2006] 27(6) *Cardozo Law Review* 2813, James Boyle, *The Public Domain: Enclosing the Commons of the Mind* (Yale University Press, 2008).

<sup>64</sup> See discussion in Commission on Intellectual Property Rights, *Integrating Intellectual Property Rights and Development Policy: Report of the Commission on Intellectual Property Rights*, (London, September 2002), and Vaver, "Need Intellectual Property Be Everywhere? Against Ubiquity and Uniformity" (2002) 25 *Dalhousie L.J.* 1.

<sup>65</sup> Yu, "Five Disharmonizing Trends in the International Intellectual Property Regime", *Michigan State University College of Law Legal Studies Research Paper Series Research Paper No.03-28*, (2006), 6–7, available at <http://ssrn.com/abstract=923177> [Accessed May 17, 2010].

<sup>66</sup> This first argument as made here is also made in Anna Kingsbury, 'Intellectual Property Provisions in Bilateral and Regional Free Trade Agreements' (2004) 10 *New Zealand Business Law Quarterly*, 222, 223–225.

<sup>67</sup> See for example "WTO Intellectual Property Rights for Corporations Threaten Food Security and Access to Medicines" in L. Wallach and M. Sforza, *Whose Trade Organisation? Corporate Globalisation and the Erosion of Democracy* (1999), L.T.C. Harms, "Offering Cake for the South" [2000] *E.I.P.R.* 451.

<sup>68</sup> The Transitional Arrangements in Part VI of TRIPS permitted developing countries to delay applying the provisions for four years (art.65), and least-developed countries could delay for ten years (art.66). Under art.66(1) the ten year period is extendable by the Council for TRIPS.

<sup>69</sup> See discussion in Frederick M. Abbott, "TRIPS in Seattle: The Not-So-Surprising Failure and future of the TRIPS Agenda" (2000) 18 *Berkeley Journal of International Law* 165.

<sup>70</sup> However, while TRIPS requirements have been onerous for many developing countries, and even for relatively developed countries like New Zealand, there has been little subsequent movement in opening markets for agricultural goods in return. This concern was a major factor in the breakdown of WTO Doha Round talks in Cancun in 2003. See Christopher May, "Why IPRs are a Global Political Issue" [2003] *E.I.P.R.* 1, 4.

<sup>71</sup> Article 66(2) of TRIPS requires developed countries to provide incentives to enterprises and institutions in their territories to promote and encourage technology transfer to least developed countries. In February 2003, at the request of the least developed countries, the TRIPS Council put in place reporting requirements on developed countries in an effort to make this more effective. See <http://docsonline.wto.org/DDFDocuments/I/IPC/28.doc> [Accessed May 17, 2010]. Article 16 of the Rio Convention on Biological Diversity 1992 also made explicit provision for access to and transfer of technology to developing countries.

<sup>72</sup> See discussion in Daniel J. Gervais, "Intellectual Property, Trade and Development: The State of Play" (2005) 74 *Fordham Law Review* 505, 507–511.

<sup>73</sup> See for example Evelyn Su, "The Winners and the Losers: The Agreement on Trade-Related Aspects of Intellectual Property Rights and its Effect on Developing Countries" (2000) 23 *Hous. J. Int'l L.* 169.

and the problems of access to patented medicines for people outside of developed countries, has become a major issue in TRIPS fora over the last decade.<sup>74</sup>

The relationship between intellectual property protection and economic growth and development is at best uncertain. For each country there exists an array of factors that influence development, and the effects of each factor will depend on the economic and social situation in each country.<sup>75</sup> Generally intellectual property rights are administratively costly as they require establishment of agencies and systems for examination, registration and enforcement. They also reduce employment in local manufacturing industries producing counterfeit goods, such as pharmaceuticals and copyright goods. The result is an urgent need for alternative employment, and increasing reliance on imports. Intellectual property rights also transfer rents from developing to developed countries, to a significant degree.<sup>76</sup> Intellectual property rights can generate abuses of market power, such as monopoly prices, especially where competition laws are absent. Perhaps most seriously, intellectual property rights reduce access to cultural and creative works, with a potentially chilling effect on the creation of future works, and on the ability of states to increase levels of both cultural and technical education in order to be globally competitive.<sup>77</sup> Intellectual property rights increase the cost of providing technical and cultural education to local populations, making it extremely difficult to reach a level of global competitiveness allowing for the kind of domestic innovation for which intellectual property rights are designed as an incentive.<sup>78</sup> In the development context, it has been suggested that intellectual property protection should be assessed not only by its impact on economic growth, but also by distributional effects, and should incorporate a substantive equality principle.<sup>79</sup>

Intellectual property protection becomes most desirable as a tool for economic growth when countries reach a high level of cultural and industrial development.<sup>80</sup> Indeed, the industrialized states have increased their intellectual property protection in parallel with increasing their technological and cultural development. There is evidence that providing intellectual property protection to foreigners is also not in the interests of developing

countries.<sup>81</sup> Although industrialised states, and especially the United States, developed intellectual property law only as they increased their technological and cultural base, TRIPS does not generally permit developing countries to now take this path to development. Instead, developing countries are required to comply with TRIPS minimum standards while also trying to develop their creative industries and global competitiveness. There is consequent suspicion of harmonisation as a goal, especially among developing countries, and there is no general consensus in support. Because of concerns about impacts on development, and technology transfer, the Least Developed Countries obtained a seven-and-a-half-year extension of the transition period for implementing TRIPS in 2005.<sup>82</sup>

A second argument against harmonisation is the argument that it prevents legal experimentation, or "laboratories of politics".<sup>83</sup> Intellectual property is a contentious area for law makers, even when the objectives are agreed. There remain very real debates about how best to promote innovation, and how best to balance intellectual property rights against the need for competition and subsequent innovation, and against broader values such as free speech. There are strong arguments that the public domain should be the default position, and any derogation from it in the form of intellectual property rights requires evidence-based justification.<sup>84</sup> Diversification in this context allows for experimentation and competition between jurisdictions in devising optimal (or at least better) policy solutions. Widely different approaches to intellectual property protection have existed in the past in different jurisdictions. In an area where there is little empirical evidence as to what actually succeeds in promoting innovation, this diversity not only permits states to structure intellectual property protection as they think appropriate, but it can also actually provide useful evidence. Harmonisation prevents this kind of experimental policy-making.

A third argument against harmonisation by international agreement is based more broadly on concepts of local democracy, and the idea that local communities should have some input into devising policies appropriate

<sup>74</sup> See documents and discussion at [http://www.wto.org/english/tratop\\_e/tripis\\_e/pharmpatent\\_e.htm](http://www.wto.org/english/tratop_e/tripis_e/pharmpatent_e.htm) [Accessed May 17, 2010].

<sup>75</sup> See for example Keith Maskus, "Intellectual Property Challenges for Developing Countries: An Economic Perspective" (2001) U. Ill. L. Rev. 457.

<sup>76</sup> Maskus estimated the impact of stronger patent rights resulting from TRIPS over 29 countries, in 1995 United States dollars, and found that overwhelmingly the United States would gain the most income through such rent transfers, with a net inflow of US\$5.8 billion per year. Most countries would experience a net outflow of patent rents.

Maskus, "Intellectual Property Challenges for Developing Countries" (2001) U. Ill. L. Rev. 457, 468.

<sup>77</sup> See discussion in Rochelle Dreyfuss, "TRIPS Round II: Should Users Strike Back?" (2004) 71 U. Chi. L. Rev. 21, 22.

<sup>78</sup> Dreyfuss, "TRIPS Round II" (2004) 71 U. Chi. L. Rev. 21, 29.

<sup>79</sup> See Margaret Chon, "Intellectual Property and the Development Divide" (2006) 27(6) *Cardozo Law Review* 2813.

<sup>80</sup> Gervais concluded that IP increased FDI and trade flows only for IP-sensitive goods, and for countries above a certain economic development threshold, but that factors such as the trade regime, tax and competition laws were also influential. See discussion in Gervais, "Intellectual Property, Trade and Development" (2005) 74 *Fordham Law Review* 505, 519.

<sup>81</sup> The United States was slow to recognise intellectual property rights for foreign creators, doing so only when its own intellectual property industries were highly developed, and in effect it built its cultural industries in part by permitting piracy of the works of foreign writers. See Thomas Bender and David Sampliner, "Poets, Pirates and the Creation of American Literature" (1996-97) 29 *NYU J Intl L & Polit* 255. The United States became a signatory to the Berne Convention for the Protection of Literary and Artistic Works only in 1989, and the United States was also slow to recognise foreign activities in its patent law, in an effort to encourage importation of new techniques into the country. See discussion in R. Merges and J. Duffy, *Patent Law and Policy: Cases and Materials*, 3rd edn (New York: LexisNexis, 2002), pp.513-533. See also Susan K. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge: Cambridge University Press, 2003), pp.64-65.

<sup>82</sup> TRIPS Agreement, art.66(1), [http://www.wto.org/english/news\\_e/pr424\\_e.htm](http://www.wto.org/english/news_e/pr424_e.htm) [Accessed May 17, 2010].

<sup>83</sup> John Duffy, "Harmony and Diversity in Global Patent Law" (2002) 17 *Berkeley Tech L.J.* 685, 706-708.

<sup>84</sup> Boyle, *The Public Domain: Enclosing the Commons of the Mind*, (New Haven, London: Yale University Press, 2008).

to that community.<sup>85</sup> Such an argument may seem naïve in a globalised world, but the inability of governments to make their own decisions about what intellectual property protection to provide is one significant basis for criticism of TRIPS.

A fourth argument against harmonisation is the argument that the intellectual property regimes as they presently exist in developed countries are very far from constituting ideal models.<sup>86</sup> In the words of one commentator<sup>87</sup>:

“As currently configured in the developed world, IP is excessive. It needs trimming back. Ubiquity and uniformity are not always virtues in law, and, globalization notwithstanding, they are not virtues for IP law, which in many respects is incoherent and morally indefensible. If it were a product, it would be declared unmerchantable and unfit for its purpose. That is no testimonial for a law that the developed world continues to impose on the developing world. The tendency towards ubiquity and uniformity needs to be reversed. A nation should, within broad limits, be free to strike its own balance in its IP laws to suit its own circumstances: fewer and more varied IP laws should be considered virtues, not vices.”

Today, global harmonisation of intellectual property protection remains highly contentious internationally. There is no international consensus supporting the levels of protection required in the current regime, and no agreement that intellectual property protection is always beneficial to development. Since 1994, industrialised states have not found support within the WTO for increasing global levels of intellectual property protection, and the efforts of these states have therefore turned to increasing intellectual property protection through the provisions in bilateral and regional free trade agreements. The United States has provided much of the impetus for ratcheting up levels of intellectual property protection through bilateral and regional trade agreements. This trend to “TRIPS-Plus” protection, in which bilateral and regional free trade agreements contain provisions (generally imposed by the developed countries) for levels of protection above the levels required by TRIPS, is itself a trend against global harmonisation of intellectual property rights.<sup>88</sup> However, design protection has not been a significant element in these processes, reflecting the low level of domestic design protection in the United States and a consequent lack of interest in ratcheting up

protection, as this is an area in which the United States would have to increase its own levels of protection to match its trading partners.

There is now no international agreement that “one size fits all” in intellectual property protection, and increasingly arguments are made against a single globalised system of protection. The evidence does not support the idea of a single optimal level of protection.<sup>89</sup> It is argued that economies at different levels of development should be free to enact intellectual property regimes that are suited to their economic and geographic situations. Each country should look at the costs and benefits of levels and types of protection, in their own unique situation. For developing countries, or countries that are less highly industrialised, minimal compliance with TRIPS is likely to be an appropriate policy choice.<sup>90</sup>

Intellectual property regimes have always been flexible. They have changed over time, and they have been subject to variation both regionally and within jurisdictions. This flexibility and variation has not been shown to discourage innovation.<sup>91</sup> Indeed, very considerable periods of innovation occurred in periods when there was little or no intellectual property protection, which may or may not show any causal connection.

In the area of designs, the arguments against harmonisation are particularly strong. Designs are important in developing countries and as aspects of traditional knowledge. They are also important as aspects of modern industrial design and branding/product differentiation. Countries at different levels of development will wish to emphasise different values in design protection. Even within developed economies, there is very wide variation in the approaches to design protection. The argument that there is no one size to fit all is particularly strong for designs law.

### III. Conclusion

Designs law is far from being harmonised to date, and, while there are designs law provisions in the TRIPS Agreement, very considerable flexibility remains. There exists considerable diversity in approaches to design protection internationally. The developed countries themselves use a diverse range of models for protecting designs, varying from the relatively low level of protection and pro-competition approach taken by the United States, to the more protectionist approach of the United Kingdom/Europe and Australia and to the very high level of protection provided in countries such as New Zealand.

<sup>85</sup> Yu, “Five Disharmonizing Trends in the International Intellectual Property Regime”, *Michigan State University College of Law Legal Studies Research Paper Series Research Paper No. 03-28* (2006), 6–7, available at <http://ssrn.com/abstract=923177> [Accessed May 17, 2010], referring to Duffy, “Harmony and Diversity in Global Patent Law” (2002) 17 *Berkeley Tech L.J.* 685, 706–707.

<sup>86</sup> See for example the detailed criticism of the intellectual property system in developed nations in Boyle, *The Public Domain: Enclosing the Commons of the Mind*, 2008 <http://www.thepublicdomain.org/> [Accessed May 17, 2010], and in Commission on Intellectual Property Rights, *Integrating Intellectual Property Rights and Development Policy: Report of the Commission on Intellectual Property Rights*, (London, September 2002).

<sup>87</sup> Vaver, “Need Intellectual Property be Everywhere? Against Ubiquity and Uniformity” (2002) 25 *Dalhousie L.J.* 1, 2.

<sup>88</sup> Yu, “Five Disharmonizing Trends in the International Intellectual Property Regime”, *Michigan State University College of Law Legal Studies Research Paper Series Research Paper No. 03-28*, (2006), 6–7, available at <http://ssrn.com/abstract=923177> [Accessed May 17, 2010].

<sup>89</sup> Gervais, “Intellectual Property, Trade and Development” (2005) 74 *Fordham Law Review* 505, 525.

<sup>90</sup> See discussion in Gervais, “Intellectual Property, Trade and Development” (2005) 74 *Fordham Law Review* 505, 530.

<sup>91</sup> See discussion in Vaver, “Need Intellectual Property be Everywhere? Against Ubiquity and Uniformity” (2002) 25 *Dalhousie L.J.* 1.

There is little empirical evidence available as to the success of different approaches to protection in promoting innovation, and it is difficult to draw any firm conclusions as to what would constitute an optimal model of protection, if such a thing exists. Any model of protection must interact with local economic and social conditions and attitudes, and the trade situation of the state concerned. Even within the developed world, these conditions differ across countries, and the extent to which protection or competition is valued also differs. In the United States, designs have been largely unprotected by intellectual property law for many years, and it is certainly not clear that the designs industry has suffered.<sup>92</sup>

The absence of highly prescriptive international agreements harmonising the law of designs means that there is now an unusual level of freedom for each jurisdiction to craft a designs law regime suited to its own social and economic conditions and trade situation, within the requirements of international law. In each jurisdiction,

designs law can be developed according to prevailing views about the relationships between pure and applied art, and the uses of art in industrial settings.<sup>93</sup> For developing countries, the absence of harmonisation beyond the TRIPS requirements means that there is an opportunity to develop design protection appropriate to the level of industrial development. Designs need not be protected at a level that provides strong rights for foreigners with consequent restrictions of local copying of foreign technology and outflowing royalties. In addition, for both developed and developing countries, there is some freedom to develop designs protection appropriate to indigenous designs.

The absence of harmonisation is therefore a very real benefit to the international community and to individual states, at least in the short to medium term. Designs law is and can usefully continue to be an example of diversification rather than harmonisation in intellectual property law.

<sup>92</sup> There is now a strong lobby for protection of fashion designs as a kind of special case, but the evidence is not strong that the provision of such protection would in fact further promote innovation, and it is inevitable that it would impose further costs on consumers, see Raustiala and Sprigman, "The Piracy Paradox" (2006) 92 *Virginia Law Review* 1687. However, the absence of legal protection for most designs in United States law has led to significant pressure on trade mark law to effectively fill the gap.

<sup>93</sup> This has happened to an extent in Europe, although the European Directive on the Legal Protection of Designs (Directive 98/71/EC), October 13, 1998 and the European Council Regulation on Community Designs (Regulation 6/2002) have required some harmonisation within Europe.