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2016 – Study Question (Designs)

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Requirements for protection of designs

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I. Current law and practice

1) Does your Group's current law provide for an intellectual property right (registered or patented) that specifically protects the outward appearance or ornamentation of an object or article of manufacture?

As set out in the Study Guidelines, copyrights and trademarks are not such rights in the context of this Study Question.

yes

Please explain:

Yes. Canada's *Industrial Design Act* protects the features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye.

2) If yes, what is this right called? (e.g. registered design, design patent, industrial design, industrial design patent)

References to design below are to be read as references to this right, irrespective of what it is called in your jurisdiction.

This right is called an "industrial design".

3) What are the statutory requirements for such right? Please tick any relevant boxes and explain the basis and application of these requirements.

a) novelty

Generally, a design must be new to be registrable, however, the Act contains a one year grace period.

b) non-obviousness

c) inventive step

d) individual character

e) originality

A design must be original under the *Industrial Design Act*.

According to Canadian jurisprudence, to constitute an original design there must be "some substantial difference" between the new design and what previously existed.

Note that this judicial test refers to a "substantial" difference, but also only requires "some" substantial difference, and so some have interpreted this to mean that where an article has a small range within which design creativity can be exercised, "few changes" may make a design original.

f) aesthetic

Only visual components of the design are registrable. Although there is no specific reference to *aesthetic* features, the definition of an industrial design in the Act provides that it must appeal to and are judged solely by the eye.

g) ornamental

Ornaments are registrable as "designs" under that term's definition in the *Industrial Design Act*. An ornament is something placed on a design for its decoration.

h) other, namely ...

Patterns are also registrable as "designs" under that term's definition in the *Industrial Design Act*.

4) Does your Group's current law deny design protection to a design with an appearance that is dictated solely by its function?

yes

Please explain:

Yes, in some cases. Canadian law provides that no protection is afforded to features applied to a useful article that are dictated solely by a utilitarian function of the article (see answer to Question 6). Therefore, if the appearance of a design is *in its entirety* dictated solely by its function, protection to that design would also be denied.

- 5) If yes, what are the relevant factors to determine whether or not a design is deemed unprotectable as being functional? Please tick any relevant boxes and explain as applicable:

a) whether the overall appearance is dictated solely by its technical function

b) whether each portion of the overall appearance is dictated solely by its technical function

See answer to question 4.

c) the availability of alternative appearances that can obtain the same functional result

d) the need to achieve the product's technical function was the only relevant factor when the design in question was selected

e) other, namely ...

- 6) Does your Group's current law deny design protection to any portions (e.g. a "feature", "element") of the overall design that are deemed functional?

yes

Please explain:

Yes. The Act provides that no protection afforded by the Act extends to features applied to a useful article that are dictated solely by a utilitarian function of the article.

- 7) If yes, what are the relevant factors to determine whether or not a portion is deemed functional? Please tick any relevant boxes and explain as applicable:

a) whether the overall appearance is dictated solely by its technical function

b) the availability of alternative appearances for the portion to obtain the same functional result

c) the need to achieve the product's technical function was the only relevant factor when the portion in question was selected

d) other, namely ...

The Act provides definitions of "useful articles" and "utilitarian function."

A "useful article" means an article that has a utilitarian function and includes a model of any such article and an "utilitarian function in respect of an article means a function other than merely serving as a substrate or carrier for artistic or literary matter"

These provisions had not been thoroughly considered by the Canadian courts (considering that the most recent case on this subject was reversed on Appeal and sent back to the trial division). It was suggested in a Canadian authority, cited in multiple Federal Court cases, that the objective test was determining "whether or not that function to be served by the article to which the design is applied imposes such control over the freedom of the manufacturer as to leave it no option but to adopt a

feature or features appearing in the representation of the registered design”.

- 8) What is the effect on the scope of protection of a design with one or more functional portions? Please tick any relevant boxes and explain as applicable:

a) any portions deemed functional will not be taken into account when assessing infringement

The Federal Court concluded in one case that “an attempt to imitate is not an infringement of an industrial design unless the imitator is trading on the aesthetic features of a competitor’s design.”

This was also confirmed in another case where the judge stated that “the similarities arising from the utilitarian function are not taken into account by the Court in its infringement analysis”.

b) any portions deemed functional will not be taken into account when assessing validity

In a recent decision, it was held that there is a substantive validity requirement for industrial designs. Functional features of an industrial design may be protected by the Act, as long as the features applied to a useful article are not dictated *solely* by a utilitarian function of the article.

c) any portions deemed functional will not be taken into account separately when assessing infringement, but can play a role in the overall comparison

d) any portions deemed functional will not be taken into account separately when assessing validity, but may play a role in the overall comparison

e) no effect (e.g. so long as the overall appearance is not dictated solely by its technical function, all portions of the design are included in the scope of protection, irrespective as to whether any portions may be functional)

f) the Group's current law is unsettled

g) other, namely ...

II. Policy considerations and possible improvements to your current law

- 9) How can the following aspects of your Group's current law be improved, if at all?

a) the definition or meaning of a "design"

b) the requirements for protection of a design

Recent case law confirms that a design may be registered even if it is simultaneously useful and ornamental. It is only when a design is merely useful, and not ornamental, that it is not afforded protection (i.e. solely functional features are not protected). This notion appears to be incorporated within the new amendments to the Act (not yet in force), which specify that a design is registrable if it does not only consist only of features that are dictated solely by a utilitarian function. This appears to be a balanced approach.

- c) the treatment of functionality in the sense described in paragraph 14) of the Study Guidelines or aspects of such functionality

Previously, it was accepted that the Commissioner would allow a design to be registered if it can be shown that not each and every feature of the design is functional.

However a recent decision in the Federal Court of Appeal clarified the application of the *Act*. The court considered the issue of functionality and industrial designs. At trial, the Federal Court had found that features of the design in question that were functional were unprotected.

The Court of Appeal disagreed, finding that the purpose underlying the *Act* “confirm that functional features of designs may be protected under the *Act*. Only those features whose form are dictated solely by function are not protected”.

The Court pointed to the *Copyright Act*, which provides that an article is exempt from copyright protection if two conditions are met: 1) there must have been more than 50 copies of the article lawfully made; and 2) the article must be functional. The Court noted that “the very purpose of the *Industrial Design Act* is to provide residual protection for functional designs that would, but for a section the *Copyright Act*, be subject to copyright protection”. The *Industrial Design Act* would serve no purpose if it did not protect functional features. Therefore, functional features of a design that are simultaneously useful and visually appealing may be protected under the *Act*.

In an infringement analysis, the similarities between the registered design and the alleged infringing article that arise from utilitarian function are not taken into account.

For example, in another case the Court ignored the utilitarian function of the double wall glasses (i.e. the space between the walls which functioned to keep liquid hot or cold) in its infringement analysis.

- 10) Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

no

Please explain:

III. Proposals for harmonisation

- 11) Does your Group consider that harmonisation in the three areas in question 9) above is desirable?

If yes to some but not all of those three areas, please state in relation to which of the areas your Group considers harmonisation is desirable.

If yes in relation to any of those areas, please respond to the following questions without regard to your Group's current law.

Even if no in relation to any of those areas, please address the following questions to the extent your Group considers your Group's current law could be improved.

yes

Please explain:

- 12) Should there be harmonisation of the definition of an intellectual property right that specifically protects the outward appearance or ornamentation of an object or article of manufacture?

yes

Please explain:

As is typical in many fields, the more harmonization across jurisdictions, the fewer transactional costs

will be incurred. Extraterritorial clients will find it easier to deal with foreign law and assess their prospective rights in those countries if the law is harmonized.

That said, harmonization on substantive law issues may be difficult. This particularly when the law intra-jurisdictionally is not necessarily settled yet, as evidenced by the different decisions dealing with these issues in EU law. Minimum standards for protection ought to be provided first, and those minimum standards raised over time.

13) If so, what should that right be called?

The Canadian group does not have a particular name to suggest but we are of the opinion that harmonization is necessary.

14) What should the requirements for such right be? Please tick any relevant boxes and explain the basis and application of these requirements:

a) novelty

Yes. Designs ought to be new and not previously known.

Also note that novelty is somewhat also covered by the idea of originality, (e), below.

b) non-obviousness

No.

The idea that a design has to be different than what came before is covered by the idea of originality, and so not believed necessary as a separate requirement.

Furthermore, the notion of obviousness imports patent principles that are not directly applicable to designs.

c) inventive step

No. Appears to be covered by the idea of originality, (e), below.

d) individual character

No. Appears to be covered by the idea of originality, (e), below.

e) originality

Yes. All designs must be original and not previously known, or parties will file for old designs.

f) aesthetic

Yes. Given that the purpose of design rights is to protect the aesthetic design of a functional item, this appears to be a necessary feature of this right. In this answer we define aesthetic as judged by the eye, and not necessarily pleasing to the eye.

g) ornamental

No. Ornamental features (i.e. something placed on a design for its decoration) should be protectable, but it should not be a necessary precondition to obtaining a design registration that a design be an ornamental feature.

h) other, namely ...

15) Should design protection be denied to a design with an appearance that is dictated solely by its function?

yes

Please explain:

Yes. Allowing protection over designs with appearances dictated solely by feature goes beyond protecting design and protects function, which is not the role of this type of protection.

16) If yes, what should the relevant factors be to determine whether or not a design is deemed unprotectable as being functional? Please tick any relevant boxes and explain as applicable:

a) whether the overall appearance is dictated solely by its technical function

b) whether each portion of the overall appearance is dictated solely by its technical function

Yes. If each element of the “design” is dictated solely by technical function, it seems there is no scope for remainder that ought to be protectable as a design right.

c) the availability of alternative appearances that can obtain the same functional result

Yes. This would be considered as part of the analysis to determine whether the design is solely dictated by its technical function.

If there are alternative appearances that can achieve the same functional result, and the more of them there are, would militate against a finding that the first design was dictated solely by its technical function.

However, the fact that there is an alternative appearance that achieves the same result does not necessarily mean the first design is not functional. Put another way, the fact that there is an alternative is not sufficient to make a design that would otherwise be unprotectable, protectable.

For example, if there were two designs both of which achieved the same functional result, but both of which consisted of features that led to that functional result. It is possible that both would be found to be unprotectable as designs for being functional.

d)

the need to achieve the product's technical function was the only relevant factor when the design in question was selected

No. It is believed that this is too complex an analysis for the provision of a design right.

The focus of the analysis ought to be on the design itself, and whether it is solely technical in nature, and not the way in which the design was selected.

e) other, namely ...

17) Should design protection be denied to any portions (e.g. a "feature", "element") of the overall design that are deemed functional?

no

Please explain:

The Canadian group is of the opinion that designs ought to be compared as a whole, so as to avoid parsing the design into segments and comparing those segments to the alleged infringing item (or prior art). However, functionality would remain outside the scope of a design right.

The result is that a design with features that are functional would not per se be denied protection as a whole for validity purposes. But that functional feature won't allow the owner of the design right any protection over that feature for infringement purposes.

18) If yes, what should the relevant factors be to determine whether a portion of a design is functional? Please tick any relevant boxes and explain as applicable:

a) whether the overall appearance is dictated solely by its technical function

Yes.

b) the availability of alternative appearances for the portion to obtain the same functional result

Yes, this would be a factor in the assessment.

c) the need to achieve the product's technical function was the only relevant factor when the portion in question was selected

Yes, this would be a factor in the assessment.

d) other, namely ...

19) What should the effect be on the scope of protection of a design with one or more functional portions? Please tick any relevant boxes and explain as applicable:

a) any portions deemed functional will not be taken into account when assessing infringement

Yes, protection should not be afforded to functional portions of the design.

b) any portions deemed functional will not be taken into account when assessing validity

No, see below.

c) any portions deemed functional will not be taken into account separately when assessing infringement, but can play a role in the overall comparison

d) any portions deemed functional will not be taken into account separately when assessing validity, but may play a role in the overall comparison

Yes. The designs ought to be compared as a whole first. It would only be if the designs are similar and it is found that some of the remaining few points of comparison are “functional” that you would then ignore the functional aspects of the registered design so as not to provide protection over those features as against the earlier designs the current one is being compared with.

See answer above that validity ought to be considered as a whole without parsing the design.

e) no effect (e.g. so long as the overall appearance is not dictated solely by its technical function, all portions of the design are included in the scope of protection, irrespective as to whether any portions may be functional)

No.

f) the Group's current law is unsettled

g) other, namely ...

20) If your answer to question 11) is no, is it your Group's view that a (registered or patented) intellectual property right that specifically protects the outward appearance or ornamentation of an object or article of manufacture should not be available at all?

no

21) If yes, why?

22) If your answer to question 11) is no in relation to some but not all of the three areas set out in question 9) above, please state why your Group does not consider that harmonisation in that area(s) is desirable.

N/A

23) Please comment on any additional issues concerning any aspect of the definition and requirements for protection of designs, or the role of functionality, you consider relevant to this Study Question.

Please indicate which industry sector views are included in part “**III. Proposals for harmonization**” of this form:

Summary

In the current Canadian law, the *Industrial Design Act* provides protection for a design or an industrial design, which is defined as features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye. The protection granted does not, however, extend to features applied to a useful article that are dictated solely by utilitarian function of the article.

As such, pursuant to our analysis on the subject, we have concluded that there should be harmonization in the definition or meaning of a “design”, the requirements for protection of a design and the treatment of functionality.

The requirements to this harmonized industrial design right should include novelty, originality and aesthetic. However, we are of the opinion that design protection should still be denied to a design with an appearance that is dictated solely by its function, because the protection of functionality is provided by other legislation and goes beyond the scope of the protection intended to be given by industrial design registrations.

Accordingly, the scope of protection of a design with one or more functional portions will not change when assessing infringement because such portions will not be taken into account. However, when assessing the validity of a design with one or more functional portions, any portions deemed functional will not be taken into account separately but will play a role in the overall comparison, because the design should be assessed as a whole.