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DISCUSSION OF INTERNATIONAL DEVELOPMENTS IN INDUSTRIAL DESIGN LAW*

Question: On reciprocity, apparently from your discussion, the Americans and the Japanese are out of that system. How do you visualize that might work under current United States legislation? It seems to be similar to the design right in many respects, except registration.

Ms. Fellner: I would have thought that if you passed something like H.R. 902 [101st Congress, 1st Session], you will probably be found to be getting United Kingdom reciprocal rights, particularly if "distinct" means that something which is functional can be covered. What will happen if only ornamental designs are protected is another matter, because in theory, you would not be protecting functional designs in a way which would be thought to be adequate. It looks very promising.

Question: I understand that the EEC [European Economic Community] is planning to unify trademark practice and knock down all barriers in 1992. How will that affect your new law?

Ms. Fellner: Interestingly enough, for years and years, those of us who had reservations about functional design protection have been looking to the EEC, because they have been very gung-ho against monopolies. They have been quite willing to strike down, or impede, the exercise of national intellectual property rights, if they thought they were going too far. And so, we trotted gaily along thinking that way. They have now changed course. The European Court, in two spare parts cases, has suddenly turned around and said, we will just have to let national laws determine what is protected and what is not protected.

There is a movement within the European Commission to recognize copyright as possibly a standard means of protection for industrial design. They have had someone working away for years trying to write a design protection convention, which would be based on monopolies and the usual design registration practices. That seems to be going by the board. Then, there was murmuring that perhaps copyright is not such a bad idea after all. It may be well to wait a bit and see how this works. If it looks like it works quite well, they may say, okay, we will standardize on this. They may say, we do not like this. Then, in due course, we will have to harmonize in a different way.

Question: If you had a choice between the United Kingdom

* This is an extract of a discussion of the conference session on international developments in industrial design law. Each session of the conference was recorded, and the transcribed record was used as the source for this extract. Every effort was made to reproduce faithfully the full discussion. Some editing, however, was necessary due to transcription quality and space limitations.

unregistered design right and the registered design, what would be the comparable remedies between the two?

Ms. Fellner: They are pretty much identical. With each one you can get an injunction, both permanent and preliminary, provided you show an arguable case and the balance of convenience is in your favor. . . . You can get damages. You can account for profits. You can get a search and seizure order. I would not have thought remedy-wise there was much difference. The main purpose for getting a design registration would be the twenty-five years, which is much longer than the unregistered design right. You have the novelty problem with the design registration. We do not have any kind of grace period.

Question: My ears may have been playing tricks on me, but on your license of right, did I hear you say that when one is granted you may be able to demand the underlying technology, in order to make the part?

Ms. Fellner: That was sheer speculation on my part. I think that license of right is problematic. They were originally provided for ordinary patents, and they were voluntary. If you wanted to cut down on your renewal fees, you endorsed your patent licenses of right, so anyone could have a license, provided they paid a royalty. . . . They were made compulsory licenses when introduced by the 1977 Patent Act, which extended the term of some existing patents from sixteen to twenty years. In return for the extension, the last four years were subject to compulsory licenses of right. They started coming through over the last few years. What the courts tended to do was to be extremely sympathetic to patentees, even though they were enjoying a four-year windfall, and they tended very much to take the patentee's side, considering rates, royalty, and the rest of it. In a way, this upsets the intention, which is to enhance competition. So I do not know whether the government will take that into account in prescribing regulations for the know-how part. I cannot honestly see them prescribing that people actually have to hand their trade secrets over. Maybe logically they should. I doubt it will happen.

Question: I have a question for Ms. Fellner regarding the license of right. There is no registration required, and there is no notice required. The commencement of protection is variable. How does one determine that one needs to take a license of right, or whether it really is copyrightable?

Ms. Fellner: You will generally be expected to assume that an unregistered design right does exist, so it would be up to you to take what steps you can to try to find out who the proprietor is. There is a provision if you cannot find the proprietor, whereby you can apply to the Design Registry for

some kind of a license, which will cover you in the meantime, in cases of uncertainty.

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Comment from audience (directed to Mr. Yamaguchi): As I understood it, you have described a modified design patent law. Your design law is much like ours. It functions on modified design patent law principles. You need absolute novelty, and you need something roughly equivalent to nonobviousness.

Mr. Yamaguchi: That is right.

Comment from audience: If I could comment on the Japanese utility model and patent. First of all, I think it should be understood that unlike the United States, there is protection in Japan, like in many other countries, during the pendency of an application. You may not be able to affect that protection until a later date. You may be able to collect damages from the time of publication.

Second, there is a peculiar and interesting thing that goes on when I have applied for a Japanese patent. I have had the examiner suggest that he would allow it as a utility model, but that he would not allow it as a patent. Also, I have had the occasion when it was suggested that we should switch from a patent to a utility model. When I did so, it was rejected again, by the same examiner. There are many Japanese companies that apply strictly for the utility model, while in the West more apply initially for a patent in Japan.

I need a satisfactory definition of nonobviousness required for utility models in Japan. . . . When you press, you always get the same answer: It is about the same as for a patent. Yet, in practice, it is absolutely not the same. The utility model gets softer protection. They are favored by the patent office and the courts. You win more often on a utility model. Everyone that has them likes them, yet no one is able to define the standard. It is an accommodation between the stiffness of patents and the flexibility of copyright. It remains a mystery. It really should be studied.