

EUROPEAN UNION

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The Court of Justice of the European Union provides further guidance on the interplay between copyright and design law in works of applied art - *Judgment of the Court (Third Chamber) of 12 September 2019 Cofemel – Sociedade de Vestuário SA v G-Star Raw CV Request for a preliminary ruling from the Supremo Tribunal de Justiça Case C-683/17*

Introduction

The overlap between copyright and design rights which can occur in relation to works of applied art, such as fashion items, furniture or jewellery, is a pertinent issue within many jurisdictions. Copyright and designs law regimes follow different rationales and have different requirements for protection which can lead to unintended consequences where an overlap occurs. The situation within European Union (“EU”) Intellectual Property (“IP”) Law is exacerbated since its Member States have diverging approaches on how to regulate this potential overlap of IP rights in works of applied art. Some States allow an overlap, while others apply different standards for copyright in works of applied art in order to minimise the overlap of rights.¹

European Union law in the form of Article 17 of the Design Directive² or its counterpart in Article 96(2) of the Community Design Regulation³ appears to permit these divergent approaches. Both provisions foresee that an overlap is possible and that the relevant requirements, including the necessary level of originality required for copyright protection in designs, shall be determined by the law of each Member. Diverging approaches, however, have the potential to undermine the objective of harmonising the law within the EU.⁴ The case law of the Court of Justice of the European Union (“CJEU”) has limited these discrepancies. Most notably, it held in the *Flos* decision⁵ that Member States cannot disallow copyright protection for designs which would meet the requirements of copyright protection. In the underlying decision, the CJEU had yet another opportunity to develop its jurisprudence on this issue. But the Court achieved much more than that as it also developed its jurisprudence on copyright subsistence under the InfoSoc Directive.⁶

¹ Lionel Bently, Brad Sherman, Phillip Johnson, Dev Gangjee, *Intellectual Property Law* (5th ed, Oxford University Press 2018) 807.

² Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (OJ 1998 L 289, p. 28).

³ Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs (OJ 2002 L 3, p. 1).

⁴ Lionel Bently, Brad Sherman, Phillip Johnson, Dev Gangjee, *Intellectual Property Law* (5th ed, Oxford University Press 2018) 807.

⁵ C-168/09 *Flos SpA v Semeraro Casa e Famiglia SpA*, Judgment of the Court (Second Chamber) 27 January 2011, para 7.

⁶ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10).

Background

The case is based on a preliminary reference from the Supreme Court of Portugal, the Supremo Tribunal de Justiça, and relates to various designs of clothing. G-Star Raw CV (“G-Star”) designs, produces and markets clothing, such as jeans, T-shirts and sweatshirts under various brand names, such as G-Star Denim Raw, GS-Raw, G-Raw and Raw. Cofemel, the defendant in the underlying litigation in Portugal is a company incorporated under Portuguese law and is in the same field of business as G-Star. It designs, produces and sells models of jeans, sweat and T-shirts under the brand name Tiffosi. In the first instance proceedings, G-Star alleged that Cofemel had marketed models of jeans, T-shirts and sweatshirts which would be identical or similar to the designs of G-Star’s Arc and Rowdy clothing items. G-Star argued that they were original intellectual creations and, as such, design works protected by copyright. Therefore, it sought a court order to stop Cofemel from infringing its copyright and any act of unfair competition, and compensation for damage resulting from the infringement. The court agreed partially with G-Star which led to Cofemel appealing the decision before the Tribunal da Relação de Lisboa (Lisbon Court of Appeal, Portugal), which confirmed the decision of the first instance court.

On appeal by Cofemel, the Portuguese Supreme Court found that the models of G-Star clothing which had been copied by Cofemel were either created by designers employed by G-Star, or by such designers who had contractually transferred their copyrights to G-Star. The court also found that the pieces of clothing in question were the result of concepts and manufacturing processes which would be regarded as innovative in the world of fashion. Thirdly, it found that the models in question possessed specific characteristics (i.e. their three-dimensional shapes, the positioning of certain elements, their assembly and colour schemes) which had partly been incorporated in Cofemel's clothing designs. In this context, the Supreme Court questioned the meaning and scope of Article 2 (1) (i) of the Portuguese Código do Direito de Autor e dos Direitos Conexos (“Code of Copyright and Related Rights”).⁷ The Court found that the provisions would include works of applied art, industrial designs and works of design within the list of works protected by copyright where they constitute an artistic creation. The provision would, however, not specify the degree of originality required for such works to be susceptible for copyright protection.

Hence, the Supreme Court decided to stay the proceedings and to refer the following questions to the CJEU:

1) Does the interpretation by the Court of Justice of the European Union of Article 2(a) of Directive 2001/29/EC 1 preclude national legislation — in the present case, the provision in Article 2(1)(i) of the Código de Direitos de Autor e Direitos Conexos (CDADC) — which confers copyright protection on works of applied art, industrial designs and works of design which, in addition to the utilitarian purpose they serve, create their own visual and distinctive effect from an aesthetic point of view, their originality being the fundamental criterion which governs the grant of protection in the area of copyright?

⁷ The provisions states:

Spiritual creations from the fields of literature, science and art, regardless of gender, the form of expression, the quality, the mode of communication and the goal include, in particular: ...

i) works of applied art, industrial designs, and design works that constitute an artistic creation, irrespective of the protection of the industrial property of these works.

2) *Does the interpretation by the Court of Justice of the European Union of Article 2(a) of Directive 2001/29/EC preclude national legislation — in the present case, the provision in Article 2(1)(i) of the CDADC — which confers copyright protection on works of applied art, industrial designs and works of design if, in the light of a particularly rigorous assessment of their artistic character, and taking account the dominant views in cultural and institutional circles, they qualify as an ‘artistic creation’ or ‘work of art’?*

The Advocate General’s opinion

Advocate General (“AG”) Maciej Szpunar handed down his opinion on 2 May 2019. He found that both questions of the referring court boiled down to the single issue of whether the CJEU’s interpretation of Article 2 (a) of the InfoSoc Directive means that protection of industrial designs under copyright law is only possible if the design has an artistic character which goes beyond what is normally required of other categories of copyright work. He then provided some context in relation to a possible overprotection of works of applied art. Such works would entail both a utilitarian function and an aesthetic function and could therefore be based on the rationales of design and copyright protection. However, an inflation of copyright could restrain free economic competition. Therefore, some Member States have developed schemes to reserve copyright protection for designs with a high artistic value, such as the doctrine of “scindibilità” in Italian law or the “Stufentheorie” in German law.⁸

The AG then placed his focus on an analysis of the concept of “work” in EU copyright law.⁹ He noted that Article 2 (a) of the InfoSoc Directive did not provide a definition of the term “work” but that this omission was difficult to sustain given that the concept of “work” is a cornerstone of any copyright system. The lack of a definition within the InfoSoc Directive and that fact that the Directive does not refer to the law of a Member State defining a “work” would make the term an autonomous concept of EU law developed by the Court’s jurisprudence. which This means that the “author’s own intellectual creation” requirement is the core concept of the term “work” since the Court’s *Infopaq* decision.¹⁰ In other words, originality exists where the work reflects the author’s personality by means of an expression of their creative abilities in taking free creative choices. Conversely, originality does not exist where technical functionality would restrict creative choices of authors. In addition, the object of copyright protection must be able to be identified with sufficient precision and objectivity.

The AG then expanded this analysis in relation to the jurisprudence on designs.¹¹ He rejected the submission of the Czech Government that the definition of work did not expand to such categories of works of copyright which are not subject to EU law. It needs to be said here that the EU has legislated on various areas of copyright law in the form of Directives. These pieces

⁸ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, para 3.

⁹ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, paras 23 - 26.

¹⁰ Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening*, Judgement of the Court (Fourth Chamber) 16 July 2009.

¹¹ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, paras 27 – 32.

of legislation, e.g. the Database¹², Term¹³ and Computer Programs Directives¹⁴, do provide specific definitions (i.e. the “author’s own intellectual creation” - test) of originality within their texts.¹⁵ The question therefore remains whether the EU’s standard would encompass such works which are not specifically regulated under EU law. The AG acknowledged that the Court’s definition of originality first developed in *Infopaq* was applied to such works which would be subject to EU law, such as photographs.¹⁶ The Court, however, referred to its *Infopaq* standard in these decisions rather than the definition found within the specific legislation. This, in the opinion of the AG, rendered the concept of originality applicable to all works. In addition, the requirement to uniform application of the InfoSoc Directive throughout the territory of the EU made this approach mandatory since “any disparity between the internal laws of the Member States in the scope of copyright protection would undermine this uniform application.”¹⁷ The AG also rejected the argument by the Czech Government that the “own intellectual creation” test was part of assessing whether there is a work. This approach would allow Member States to apply stricter standards for works of applied art. He, however, counterargued that the criterion of “the author’s own intellectual creation”, or originality, is the highest standard Member States can impose on works being eligible for copyright protection.¹⁸

The AG then discussed his findings in context with the rules set out in Article 17 of the Design Directive and Article 96 (2) of the Community Design Regulation which provide for an overlap of rights.¹⁹ The Governments of Italy, Czechia and the United Kingdom argued that these provisions would permit Member States to regulate the conditions for copyright protection for designs and would constitute *lex specialis* in relation to the InfoSoc Directive. The AG disagreed with these points. He argued that Article 17 of the Design Directive only concerned registered designs and therefore only gave Member States competence to regulate with respect to such designs as being protectable by copyright. Most designs in the EU are, however, be unregistered designs. This makes Article 96(2) of the Community Design Regulation relevant. While this provision then assumedly provides Member States with a wide discretion *ex ante*, this would be dependent on the lack of EU harmonisation as stipulated by Recital 32 of that Regulation. The AG stated that this discretion had been lost with the corpus of law provided by the InfoSoc Directive. He also found that the jurisprudence of the CJEU in *Flos* would support this view. There, the Court of Justice held that Member States had lost the ability to determine the scope and conditions of copyright protection for designs where this concerned the duration of this protection since this had been harmonised by the previous Term Directive.²⁰

¹² Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases (OJ 1996 L 77, p. 20).

¹³ Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (OJ 2006 L 372, p. 12).

¹⁴ Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (OJ 2009 L 111, p. 16).

¹⁵ Article 4(1) of the Database Directive in relation to databases, Article 6 of the Term Directive in respect of photographs and Article 1(3) of the Computer Software Directive in relation to computer programs.

¹⁶ i.e. Case C-145/10 *Eva-Maria Painer v. Standard Verlags GmbH*, Judgment of the Court (Third Chamber) of 1 December 2011.

¹⁷ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, para 29.

¹⁸ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, para 31.

¹⁹ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, paras 33 – 48.

²⁰ Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights (OJ L 290, p. 9). (This Directive “was in force at the time when the facts giving rise to the dispute in the main proceedings occurred” - C-168/09 *Flos SpA v Semeraro Casa e Famiglia SpA*, Opinion of AG Bot, 24 June 2010, para 43).

This reasoning could now be applied in the context of the InfoSoc Directive which has harmonised the economic rights of authors, along with the concept of “work”. Since a uniform application of these concepts is paramount, the rules of Article 17 of the Design Directive, and by analogy, Article 96 (2) of the Community Design Regulation cannot be interpreted as derogating from those of the InfoSoc Directive or any other EU text regulating copyright law.

The AG therefore concluded that Article 2 (a) of Directive 2001/29, as interpreted by the Court, would preclude industrial designs from being protected by copyright only on the condition that they have an artistic character which goes beyond what is normally required of other categories of works. Szpunar provided some context to his analysis to allay fears that his conclusions would lead to the overprotection of works of applied art.²¹ According to the AG, the rigorous application of copyright could alleviate this problem. While not posing a very high bar, the criterion of originality serves as a threshold against overprotection. It requires that the author’s efforts must be free and creative which would exclude from copyright protection designs which are solutions solely dictated by their technical result or works lacking any creativity. In addition, the idea-expression dichotomy, mitigates against the anti-competitive effect of copyright protection of works of applied art, such as the T-shirts, sweatshirts and jeans, which are the subject of this case.

The decision

The CJEU handed down its decision on 12 September 2019 (which is still not available in English at the time of writing). The Court first emphasised that the term “work” was the key issue in this decision. It held that the term “work” would constitute an autonomous notion of EU law and includes two elements: namely, that the object in question is original in the sense of the author’s own intellectual creation, and secondly, that the classification as a work is limited to expressions of such creativity..²² With regard to the element of originality, the Court reiterated that this requirement would only be met where the object in question reflects the personality of the author through the expression of free and creative decisions. This excludes objects which are constrained by technical considerations and would therefore not provide much scope for creative choices.²³ The second element, the Court found that the work must be expressed in a manner which makes it identifiable with sufficient precision and objectivity by referring to its *Levola Hengelo* decision which discussed the protectability of the scent of cheese.²⁴ The latter element was dictated by the need to clearly and precisely identify the protected subject matter, and to avoid any subjectivity which would undermine legal certainty.²⁵ The proposed approach excludes the different treatment of works on the basis of their aesthetic qualities as this would require a subjective assessment.

²¹ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Opinion of AG Szpunar, 02 May 2019, paras 50 – 65.

²² Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Judgment of the Court (Third Chamber) 12 September 2019, para 29.

²³ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Judgment of the Court (Third Chamber) 12 September 2019, para 30.

²⁴ Case C-310/17 *Levola Hengelo BV v Smilde Foods BV*, Judgment of the Court (Grand Chamber), 13 November 2018.

²⁵ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Judgment of the Court (Third Chamber) 12 September 2019, para 33.

After a long discussion on the possibility of an overlap of rights, the Court found that copyright protection is available where the objects in question fulfil the abovementioned criteria of “originality” and “work”.²⁶ While an overlap of rights still remains possible following this approach, it will only occur in limited cases. However, it held that the requirement of some form of aesthetic value for the design to be capable of copyright protection, as stipulated in the law of some Member States, is not compatible with the requirement of objectivity as required under EU law since this would entail a subjective assessment. The Court therefore concluded that Article 2 (a) of the InfoSoc Directive must be interpreted as precluding a national law from conferring copyright protection on designs on the ground that, beyond their utilitarian purpose, they create a distinct and noticeable visual effect from the aesthetic point of view.²⁷

Comment

The decision is an important milestone in assessing the relationship between copyright and designs in works of applied art. It scrutinised the relationship of Article 17 of the Design Directive and Article 96 (2) of the Community Design Regulation with the ever-growing jurisprudence of the CJEU on copyright law. Its conclusion is not surprising when looking at the ways the Court has decided previous cases and disallows any national approaches which would treat works of applied art differently to other works. The decision in *Cofemel* is also an important development in the Court’s jurisprudence on copyright subsistence. It grounds the “author’s own intellectual creation” test as the sole yardstick for originality and arguably sets it within the continental European tradition on this requirement. Another important takeaway of the decision relates to where technical constraints limit the ability of authors to apply their creativity. This indicates that such work does not involve originality and therefore poses functionality as the antithesis of originality. The Court also reiterated its assessment of the term “work” along with the necessity for it to be objective and clear, hence emulating trade mark terminology it elaborated on in the *Levola* decision. This removes any subjectivity as to whether the object in question is of aesthetic quality which is prone to be based on the observer’s opinion. Regrettably, the Court did not elaborate on the issue of overprotection of works of applied art to the extent the AG did. The issue of overprotection was already raised by the Opinion of the European Copyright Society on the *Cofemel* reference.²⁸ The AG’s arguments on how to deploy the toolbox of copyright law requirements serves as a useful guide on how to avoid overprotection of works of applied art.

²⁶ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Judgment of the Court (Third Chamber) 12 September 2019, para 48.

²⁷ Case C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, Judgment of the Court (Third Chamber) 12 September 2019, para 56.

²⁸ European Copyright Society, *Opinion on Reference to CJEU in Case C-683/17, Cofemel v G-Star*, paras. 13 – 17. Available here: < https://europeancopyrightsocietydotorg.files.wordpress.com/2018/11/ecs-opinion-cofemel_final_signed.pdf >.