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The protection of industrial design as works of applied art in Italy and China

The case of Inter Ikea Systems B.V. v. Taizhou Zhongtian
Plastic co., L.t.d.

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*A mia madre,
perché non importa dove tutto questo mi porterà,
casa sarà sempre dove c'è lei.*

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INTRODUCTION

The aim of this thesis is the presentation of the legal situation regarding the protection of industrial design works both in Italy and in China, and the ambiguity between copyright and patent protection. The issue is highlighted by the translation of a civil judgement issued by the Shanghai NO.2 Intermediate Court in 2009, which involved the plaintiff, Inter Ikea Group, Ltd, and the Defendant Taizhou Zhongtian Plastic Co., Ltd, over infringement of a copyrighted work. Industrial design is increasingly playing a significant role in every national industry and gives the product and the company a competitive advantage in the global market. For this reason, it is essential for international companies to equip themselves with instruments that, on one hand, offer legal protection to their design works and, on the other, represent an incentive for innovation, creativity, research, and development. If companies fail in giving an appropriate protection to their design works, the economic losses can be heavy. Because of this reason, the consciousness of the legal environment of a country is fundamental to succeed in a foreign market.

The first chapter will analyse the Italian legal environment. Industrial design, as well as all other forms of intellectual works, plays a major role in the Italian national economy. The fame of the “made in Italy” products must be enhanced and protected from any threat coming from the ruthless modern market. In order to do so, the Italian companies, as well as all other foreign companies that want to invest in Italy, have to know the legal context regarding industrial design. In Italy, two types of protection are possible for industrial design products: Copyright and Patent. Regarding industrial design, Italy conforms to the international legislative context: with Legislative Decree of February 2, 2001 n. 95, published in the Official Gazette of April 4, 2001, the Community Directive on the protection of designs was implemented. Italy is one of the first EU countries to have implemented the Directive. The contents of the new Italian legislation, therefore, reflect the Community standard and must, in any case, be read and interpreted in accordance with the directive itself. This reform is intended to regulate the registration and protection of models and designs for

each Member State, with the aim of harmonizing the various national disciplines. Alongside this harmonization work, a form of protection for community registration was adopted, with the Community Regulation on Designs and Models approved on December 12, 2001, n. 6/2002, whose purpose is to provide a single registration protection system that is valid for all EU countries. The protection through patent registration is aimed at giving the owner of the exclusive right to prohibit a third party from using the design without his consent. Copyright, on the other hand, mainly protects creative expressions. Along the first chapter we will make a differentiation between the severability criterion used in the past and the new law (article 22 DL / 95), that ordered the abrogation of the requisite of separation between the artistic value and the industrial character of the work, protecting "the works of industrial design that present in themselves a creative and artistic value". The focus will be on the requirements for design works to be protectable by Copyright as works of applied art.

The Chinese legal environment presents a similar situation, which is analysed in the second chapter. The rapid expansion of the Chinese market leads to opportunities and challenges for foreign companies operating in the creative sectors. Ideas and designs are the lifeblood of creative businesses but, in China, infringement of intellectual property in these fields can be very costly and create serious damage. European companies are sometimes reluctant to tackle the Chinese market and build relationships with local partners because inadequately protected ideas and designs are frequently the victims of infringements by potential customers or Chinese competitors. However, using the tools offered by the Chinese IP system properly, such problems could be avoided. The design patent protects the aesthetic aspects (shape, pattern, colours) of an industrial product. To obtain the protection of a design, it must be registered. Designs registered in a foreign country do not enjoy protection in China. To achieve the protection of a design, it must be sufficiently distinguishable from other designs. On the other hand, copyright is the second solution. As in Europe, also in China, copyright is automatically connected to the creation of a work that is protectable by copyright. The critical issue, however, is what can be protectable by copyright and what cannot. The law is quite

ambiguous in this sense, and industrial design works need to possess specific requirements to belong to the works of applied art field, and therefore be considered copyrightable as per the Chinese Law. Moreover, as the second chapter underlines, both the Chinese Copyright Law and the Patent Law are relatively new, the protection of Intellectual Property is extraneous to the Chinese culture, both to the Confucian one and the Communist one. Therefore, in the last thirty years, China had to speed up the process of modernisation of its legal structure and harmonise with the international environment. Another major point discussed in the chapter will be the administrative and judicial protection of design.

To better understand the ambiguity that still exists in China between Copyright and Patent protection, the third chapter presents the case study regarding the famous ready-to-assemble furniture enterprise Inter Ikea Group, Ltd, and the Chinese Company Taizhou Zhongtian Plastic Co., Ltd for a dispute over copyright infringement. The case study is supported by the translation and analysis of the original text of the Court judgment. The analysis of this case is fundamental to better understand not only the ambiguity between Copyright and Patent, but also how there cannot be an official, free from bias perception of the requirements needed by an industrial design work in order to be considered a work of applied art and therefore be protected by Copyright. Every Court judgement is different and its results cannot be taken for granted, but a good knowledge of the legal environment of a foreign country can definitively help a company to succeed in its market operations.

前言

本论文的目的在于介绍意大利和中国工业设计作品保护的法律现状，以及版权与专利保护之间的模糊性。该主题通过 2009 年上海市第二中级法院对版权作品侵权民事判决的翻译进行审查。案件涉及原告宜家国际集团有限公司和被告台州中天塑业有限公司。工业设计在各国工业中扮演着越来越重要的角色，并且使产品和公司在全球市场上具有竞争优势。因此，国际公司必须配备各种工具，这些工具一方面为其设计作品提供法律保护，另一方面又鼓励创新、创造、研究和发展。如果一家企业未能对其设计作品给予适当的保护，经济损失将是沉重的。正因为如此，一个国家的法律环境意识才是外国市场成功的基础。

第一章将分析意大利法律环境。工业设计，以及所有其他形式的智力工程，在意大利的国民经济中扮演着重要的角色，必须提高和维护“意大利制造”产品的声誉，使其免受来自残酷的现代市场的任何威胁。为了做到这一点，意大利的公司，以及所有其他想在意大利投资的外国公司，必须了解有关工业设计的法律背景。在意大利，工业设计产品可以通过版权和专利两种方式来保护。关于工业设计，意大利符合国际立法背景。关于保护设计的社区指令是通过 2001 年 2 月 2 日的第 95 号法令实施的，该法令在 2001 年 4 月 4 日的官方公报上公布。意大利是最早实施该指令的欧盟国家之一。因此，意大利新立法的内容反映了共同体标准，在任何情况下，都必须根据指令本身进行阅读和解释。该改革旨在规范每个成员国的模型和设计的登记和保护，目的是协调各个国家的法律纪律。除了这一协调工作之外，欧洲联盟还采用了一种保护社区设计登记的形式，2001 年 12 月 12 日批准了第 6/2002 号《社区设计和模型条例》，其目的是提供一个单一的登记保护制度。这对所有欧盟

国家都有效。专利登记保护旨在赋予专利权人在未经其同意的情况下禁止第三人使用本设计的专有权。反过来说，版权主要保护创造性表达。在第一章中，我们将对过去使用的可分割性标准与新法律（第 22 条 DL/95 条）进行区分，新法律下令废除艺术价值与作品工业特性相分离的必要条件保护工业设计作品，这些作品本身具有创造性和艺术价值。重点将放在设计作品的版权保护作为应用艺术品的要求上。

中国的法律环境也有类似的情况，第二章对此进行了分析。中国市场的迅速扩张给在创意领域开展业务的外国公司带来了机遇和挑战。创意和设计是创意企业的生命线，但在中国，无数侵犯知识产权的行为可能非常昂贵，并造成严重损害。欧洲公司有时不愿与中国市场打交道，也不愿与当地合作伙伴建立关系，因为创意和设计常常是潜在客户或中国竞争对手侵权行为的受害者。然而，正确使用中国知识产权制度所提供的工具，可以避免这些问题。设计专利保护工业产品的美学方面（形状、图案、颜色）。为了获得设计的保护，必须对其进行注册。另一方面，版权是第二个解决方案。与欧洲一样，在中国，版权保护在创作受版权保护的作品时是自动的。然而，关键问题是版权可以保护什么。从这个意义上说，法律相当含糊，工业设计作品需要具有属于应用艺术领域的特定要求，因此根据中国法律被认为是可版权的。此外，正如第二章所强调的，中国版权法和专利法都相对较新，知识产权保护与中国文化无关，无论是儒家文化还是共产主义文化。因此，近三十年来，中国必须加快法制现代化进程，与国际环境相协调。本章讨论的另一个重点是设计的行政保护和司法保护。

为了更好地理解中国版权与专利保护之间仍然存在的模糊性，第三章介绍成套家具企业宜家国际集团有限公司和中国公司台州中天塑业有限公司的个案研究。本论文通过对法院判决原文的翻译和分析来支持案例研究。对这种案例的分析是为了更好地理解版权和专利之间的模糊性，也了解如何不存在官方的、无偏见的法律认知。最重要的方面是设计作品

需要满足的要求，以便被认为是应用艺术作品，因此受到版权保护。每一个法院的判决都是不同的，其结果是不能想当然的，但是对国外法律环境的良好了解可以帮助公司成功地进行市场运作。

CHAPTER I: THE LEGAL PROTECTION OF INDUSTRIAL DESIGN IN ITALY BETWEEN COPYRIGHT AND PATENT

1.1 INDUSTRIAL DESIGN: A COMBINATION OF TECHNIQUE AND AESTHETICS

1.1.1 DEFINITION OF INDUSTRIAL DESIGN

Industrial design currently plays a significant role in every national industry and is defined as a combination of entrepreneurship and craftsmanship, knowledge and passion, tradition and innovation, which gives the product and the company a competitive advantage in the global market.

Often, in the purchase of a certain product, the appearance of the object, along with its technical characteristics, deeply affects the choice made by the customer. This tendency to prefer objects with a certain aesthetic and formal pleasantness, compared to common products that perform a similar function, but which lack these attributes, is observable not only in the home furnishing sector, but also in other fields, whose products' value once only depended on a specific technical feature and now lies also in its aesthetic form. Therefore, practical purposes, technical function and a care for the external appearance coexist in the same object to make it appealing for consumers. Consequently, the term "design" is often linked to many fields and can assume a different meaning according to the social and the professional environment in which it is used. It can be associated with fashion, furniture, architecture, craftsmanship and so on¹.

¹ See Cetica V.P.A., *La funzione sociale dell'industrial design*, Libreria Editrice Fiorentina, Florence, 1963, p.45 and Auteri P., *Industrial design*, in Carnevali U., *Diritto commerciale e*

Given the importance that design plays in the global market, it is essential for enterprises to equip themselves with instruments that, on one hand, offer legal protection to their products and, on the other, represent an incentive for innovation, creativity, research and development.

The following thesis intends, therefore, to analyse part of the legal doctrine dedicated to the works of industrial design and the accumulation of protection of which such objects can take advantage, both in Italy and in China, and will afterwards analyse a specific case regarding the famous ready-to-assemble furniture enterprise Inter IKEA Group, whose undervaluation of legal factors in the international market, the Chinese market specifically, led to an inadequate protection of one of its acclaimed furniture pieces and a consequential heavy economic loss.

Before going into a deeper analysis of the various forms assumed by the legal protection of industrial design, it is essential to establish what is meant by industrial design. Various attempts have been made to give a correct and unambiguous definition of this concept. The ICSID (International Council of Societies of Industrial Design), a non-profit organization committed to the defence of the interests of industrial design professionals, adopts the formulation of Tomás Maldonado² and defines it in this way: "Design is a creative activity whose aim is to establish the multi-faceted qualities of objects, processes, services and their systems in whole life cycles. Therefore, design is the central factor of innovative humanization of technologies and the crucial factor of cultural and economic exchange"³. In the Directive 98/71 / EC of the European Parliament and of the Council of the European Union of October 13, 1998 on the legal protection of designs and models and in the EC regulation no. 6/2002 of the Council, dated December 12, 2001, on community designs, we find the definition of designs and models respectively in art. 1 letter a) and in art. 3 letter a): both refer to the "*aspetto dell'intero prodotto o di una sua parte quale*

industriale, vol. 3, Giuffrè, Milan, 1981, in N. IRTI (ed.), *Dizionari del diritto privato*, Giuffrè, Milan, 2010.

² Tomás Maldonado is an Argentine painter, designer and philosopher born in Buenos Aires in 1922; he attended the National School of Fine Arts Prilidiano Pueyrrión, and in the 50s moved to Germany; there, he became a teacher and later director of the Hochschule für Gestaltung in Ulm. He is also famous for an experience in Italy in the 1960s, when he cooperated with a project by Olivetti and contributed to the care of the image and design of the *Rinascenza di Milano*.

³ International Council of Societies of Industrial Designs

risulta, in particolare, dalle caratteristiche delle linee, dei contorni, dei colori, della forma, della struttura superficiale e/o dei materiali del prodotto stesso e/o del suo ornamento"⁴. Once again, that reference to the external appearance of a product is found, and a protection is also specified for the individual parts that make up the object itself. Before focusing on the more legal and economic implications of design, it is important to make a brief analysis of the historical contest in which industrial design was born, both in Italy and in the international context.

1.1.2 BRIEF ANALYSIS OF THE HISTORICAL CONTEST OF INDUSTRIAL DESIGN

Industrial design has lately become a crucial investment for firms in the most disparate fields, but it is actually a phenomenon that was born during the Industrial Revolution, with the beginning of the industrial mass production. Until that period, in fact, the actual manufacturer of an object was also the person behind the entire project. After the Industrial Revolution, however, the two figures of manufacturer and designer started to be separated, with the designer overseeing the process could be defined by then as a synonymous of "industrial art"⁵, that is to say the purely aesthetic elements of the project, in contrast with the merely technical activities.

The expression "industrial design", however, first appeared in an official document in 1913, when the Patent Office of United States proposed an amendment of the legislation that protected the property rights over industrial projects. In that specific document, the term *design* was adopted to stress a distinction between *shape* and *function* of industrial products⁶.

Despite the influence of the Industrial Revolution and of the United States' approach to the field, the actual birth of industrial design is historically

⁴ It can be translated as "the appearance of the whole product or part of it as it results, in particular, from the characteristics of the lines, the contours, the colours, the shape, the surface structure and / or the materials of the product itself and / or its ornament"

⁵ Lorenz C., *Dimensione design: l'arma vincente della competizione globale*, F. Angeli, Milan, 1990, p.24

⁶ Pulos A.J., *The American Design Ethic*, Boston, 1983, p.260

positioned in Germany where, in 1907, some companies hired architects and technician to design specific products⁷. Another milestone of industrial design in Germany is placed in 1919, when Walter Gropius founded the Staatliches Bauhaus in Weimar^{8 9}.

Under the influence of the Bauhaus, the designers were entrusted with the task of integrating elements of different nature (function, aesthetic and technique) to create a concrete shape applied to an aesthetic concept or idea¹⁰.

Focusing more on the Italian situation, after Italy's unification in 1861, the country was still characterised by a mainly rural economy and a weak industry, not even equally distributed across the nation. The first contributions to the development of Italian industry had been mainly due to scientific sectors such as physics, optics, mathematics and electromagnetism, but the contribution of visual culture was still missing¹¹. Until the end of World War I, the Italian enterprises kept ignoring the importance of good quality design drawings and of the external image of the products released in the market¹². Starting from the 1920s, the set of problems around industrial design arouse in cultural discussions and, consequently, started gaining importance in the entrepreneurial choices of businessmen. One of the main proof of this phenomenon is the birth, in 1922, of the Monza "Scuola di Arti Decorative"¹³, whose aim was to technically prepare Italian artisans and workmen, and the foundation, in 1925, of ENAPI (Ente nazionale per le piccole industrie¹⁴), that helped the Italian small enterprises establish contact between all the phases of production of a product, direct all the production sectors in view of the market

⁷ Lorenz C., *op. cit.*, p.25

⁸ Benussi F., *La tutela del disegno industriale: problemi e prospettive*, Giuffrè, Milan, 1975, p.6

⁹ As Franco Benussi underlines in the work mentioned in the previous footnote, this school can be considered a breakthrough in the history of industrial design, as its program was based on the assumption that art did not have to be considered as a formal, universal concept that was separated by people's everyday life. On the contrary, art is present in the entire existence of human beings, and the artist needs to understand the human necessities and fulfil them. The education plan of the Staatliches Bauhaus therefor aimed at the creation of this type of artist-creator that could perceive those needs and act in that direction.

¹⁰ Benussi F., *Protezione del disegno industriale*, in *Disegno industriale e protezione europea* (International Conference, Treviso, 12-13 October 1988), Giuffrè, Milan, 1989, p.28

¹¹ Fittante A., *La nuova tutela dell'industrial design*, Giuffrè, Milan, 2002, p. 7

¹² Gregotti V., *Il disegno del prodotto industriale. Italia 1860-1980*, Electa, Milan, 1998, p.19

¹³ School of Decorative Arts of Monza

¹⁴ There is no official translation for this term, but it defines a national authority that promoted the growth of Italian small industries

pull and, lastly, publish magazines that could promote their industrial and cottage initiatives¹⁵. These important signals, in any case, must be placed in the reality of the Italian economy of the time, where it was mainly small enterprises, still linked to the craftsmanship world, that accepted the help of the new-born professional figure of the *designer*. On the other hand, to the few big enterprises belongs the credit of giving international visibility to Italian products such as, for example, the fine works of Italian car industry. The real boom of Italian industrial design, however, had place in the postbellum phase of World War II, when the small and medium-sized enterprises began to experiment new solutions that pushed Italy towards the great economic growth of the end of 1950s and the beginning of 1960s¹⁶. In that decade, the growing need to make designers a professional class, exploiting the creative human resources that Italy had, led to the foundation, in 1956, of ADI (Associazione per il Disegno Industriale¹⁷), which not only intended to deal with practical issues (such as contractual relations with enterprises), but also to develop detailed studies on the cultural and economic meaning of industrial design in Italy¹⁸. Proof of this growth of debates about design are a series of important initiatives. First of all, the “Triennale” of Milan, whose 10th edition focused on the theme of the relationship between art and production, dedicating to the sector of industrial design a specific area of the exhibition¹⁹. Second, after the 10th edition of the *Triennale*, followed the publication of the magazine “Stile Industria”, that remained one of the main magazines regarding design, until 1963, year of the end of all publications²⁰. The third initiative is the foundation of the award “Compasso d’Oro”, that was assigned to manufacturers or designers who were capable of merging aesthetic values and technical needs in their projects. Since then, the Italian designers left their international competitors far behind, getting recognitions in fields such as home design, where Scandinavian designers had been dominant for decades. After this boom, the Italian industrial design kept

¹⁵ Tonelli M.C., *Il design in Italia 1925/1943*, Laterza, Bari, 1987, pp 1 e ss.

¹⁶ Branzi A., *Il design italiano 1964-1990*, Electa, Milan, 1996 p.13

¹⁷ Italian Association for Industrial Design

¹⁸ Burdek B.E., *Design. Storia, teoria e prassi del disegno industriale*, Arnoldo Mondadori Editore, Milan, 1992, p.81

¹⁹ Gregotti V., op. cit., pp.239-240

²⁰ Fittante A., op. cit., p.10

growing and, with the arrival of new technologies, the high-quality Italian products had to face new international competitors such as Japan's. Nowadays, Italian enterprises rely on the worldwide fame of "Made in Italy" to succeed in the market.

With the growth of the number of factories or companies that sold similar products in the same market, the last century also saw an increasing effort of such companies to create objects that were more and more advanced in the terms of functionality and more and more pleasant in the terms of aesthetic design. Nowadays, the industrial production is characterised by an emphasis on the aesthetic sense at every level and in every direction²¹.

Of course, the fields that feel more the need to link aesthetic with functionality are architecture and home furnishings²². In these overmentioned fields, in fact, the technical features and the functional use of the object can not help but blend with its artistic quality, almost making the difference between the two fade into one aspect. After this brief explanation of how industrial design became part of our assumptions and knowledge, we should now focus on why a company should invest on industrial design and how it could best exploit it to reach a national or even international success.

Later in this chapter, the legal protection of industrial design will be examined, focusing on the Italian legislation, which discusses this topic in a quite complex way and needs a further analysis in order to avoid a wrong interpretation of the Law that can, in turn, lead to an inadequate protection of industrial design and cause severe losses to the economy of a company.

²¹ Niemtz, *Design protection*, in Copyright Law Symposium, n.9; Nathan Burkan memorial competition, New York-London, 1949, pp. 167 and 204-205

²² Dorflies, *Tecnica e arte*, in *Civiltà macchine*, 1953, n.5, p.30

1.2 CURRENT LEGISLATIVE ENVIRONMENT

1.2.1 NATIONAL LEGAL FRAMEWORK

With the growth of competition in the modern markets, industrial design has become a more and more relevant variable that can decide the success or failure of a company. The necessity of creating a perfect adherence between aesthetic and technical-functional factors derives from the need of the entrepreneurs of differentiating the products of the firm from the ones of the competitors. The designer, indeed, in his work does not only focus on the artistic-creative features of the object but oversees all the factors influencing its design: production, sale and consumption²³. Moreover, when an industrial design product reaches the market, it also gains a symbolic meaning, adding value to the company. It can start a new fashion or a new aesthetic taste of the consumers as well. This capability of designers to add value to an object, promoting its economic and iconic value is also the reason why firms invest more and more of their capital in industrial design and also why, sometimes, the concept of industrial design overlaps with that of "work of art"²⁴. This is particularly true for "made in Italy" products that, culturally speaking, are considered a symbol. As a matter of fact, there is also an intrinsic social function of design: when a product is introduced into the market, it also takes on a "cultural role"; to it are associated messages, images, values and sometimes its possession represents a status symbol and, in addition to its aesthetic and functional purpose, it can assume a symbolic one.

This is why legal considerations should be taken. If a company can praise its ability of creating new, original, iconic industrial design products, it should be also careful to legally protect these products from unfair competition of emulators. It seems, therefore, necessary to equip itself with tools that can protect both the exterior form of the work and also the designer, giving him/her the possibility to economically exploit his/her creativity. In addition, protection

²³ Fittante A., *op. cit.*, p. 2

²⁴ Benussi F., *op. cit.*, p. 16

also defends companies that are responsible for the spread and the fame of Made in Italy products all over the world.

The protection currently accorded to industrial design works by Italian law is the result of several protections that overlapped over the years, in respect to the obligation to adapt to the Community discipline, as a consequence of belonging to the European Union.

Considering the discipline regarding design, before the Industrial Property Code (from now on referred to as i.p.c.), the point of reference was the Royal Decree of August 25th, 1940, n. 141116, then reformed by the Legislative Decree 95/2001 after the implementation of Directive 98/71 / EC.

The current regulations concerning designs and models, on the other hand, are dictated by the i.p.c. which came into force in March 2005 and, recently, amended by Legislative Decree n. 131 of August 13th, 2010, by the Decree of December 29th, 2011 No. 216 and from l. of February 24th 2012 No. 14.

In Italy, the legal instruments that protect the appearance of a product are:

- registration as designs and models and unregistered design;
- trademark protection;
- the discipline of unfair competition given to servile imitation;
- copyright protection (law 633 of 1941 on copyright).

The first type of protection is found in articles 31-44 of Section III of Chapter II of the Industrial Property Code (Legislative Decree 30/2005) which contains the requirements needed for protection, the definition of design and models, the duration and rights deriving from registration. The i.p.c. has implemented the regulations established by the Royal Decree n.1411 dated August 25th, 1940 as reformed by Legislative Decree of February 2nd, 2001, n. 95, which implemented Directive 98/71 / EC of the European Parliament and of the Council of October 13th, 1998 on legal protection of designs and models²⁵.

In regard to unregistered design, there is no specific discipline in the Italian legal system; the protection was introduced by the EC regulation n. 6/2002 on community designs²⁶ and the protection is only carried out in those cases in which the designs or models have the requirements set by the regulation. Finally,

²⁵ Vanzetti A., *Codice della proprietà industriale*, Giuffrè, Milan, 2013, pag. 571-572.

²⁶ To read the full text see: http://www.wipo.int/wipolex/en/text.jsp?file_id=181814

the system recognizes authorial protection with law. 22 April 1941, n. 633 to design products with a creative character and artistic value²⁷.

Moreover, at a national level there is a private body, the " *Giurì del design*", which makes decisions on the basis of a Code of Self-Regulation of Design. Its decisions are not considered as judgments and are not binding for the parties; nevertheless, they constitute a valid and influential opinion in the case that the dispute will then be submitted to a judicial authority. The activity of the *Giurì* can represent an instrument to both stimulate creativity and respect for precise rules on the subject and to protect the design.

The above-mentioned Self-Regulatory Design Code was approved on December 19th, 2000 and subsequently amended on December 19th, 2002, November 20th, 2006 and April 23rd, 2008. It is available on the ADI website and is binding for those who have made any reference in their commercial or work reports, for the designers, producers, operators, as well as for all the participants in trade fairs, organized by institutions or companies that have signed the code itself.

For the purposes of this thesis, however, we will focus more on the overlapping of patent law and copyright law when talking about design protection, that will be more useful for the sequent discussion.

1.2.2 COMMUNITY REGULATORY FRAMEWORK

Prior to the Community harmonization, there were more guidelines with regard to the protection of design, which varied from country to country. Over the years, however, the need to harmonize the relevant disciplines increased, and the European Community began to draw up a project to protect industrial design. The first step was the 1991 "Green Paper on the Legal Protection of industrial design"²⁸. In the introduction to the 1991 Green Paper, the purpose of the document is described as "to allow the widest possible consultation on the salient features of the future Community protection system." The Green Paper

²⁷ To read the full text see: <http://www.wipo.int/wipolex/en/details.jsp?id=10311>

²⁸ To read the full text see: <http://aei.pitt.edu/1785/> (University of Pittsburgh)

was basically only a consultation that led to the Directive 98/71/EC²⁹ adopted by the Council of the European Union on December 12, 2001, implemented in our system by the legislative decree February 2, 2001, n. 95 and subsequently to the EC regulation n. 6/2002. The purpose of this project, which was set out in the regulation and the directive, was to create a Community system based on a unitary discipline in all the Member States which, until then, had offered different systems of protection for design works and the rapprochement of the single national legislations on the definition of the concept of industrial design, the requirements necessary for its protection, the content of protection and its duration, causes of invalidity of patents and relations between patents and other forms of protection.

The first provision on which the directive is based is to make the conditions for access to patent protection homogeneous in each member state. The Community legislator therefore begins by providing both a single definition of the object of protection – that is, the design and model - and the requirements for protection.

The definition of design and model imposed by the Directive is quite broad and includes the characteristics of lines, contours, colours, shape and surface structure³⁰.

The Community legislator, in defining concretely the legal instrument for the protection of industrial designs, had in front of him a practically obliged choice: that of the patent protection. In fact, this form of protection has the advantage of determining with certainty the moment from which the protection of a particular object can be activated. Patent protection is the most appropriate form to the characteristics of industrial designs and models, that require a certain protection, prompt solution and limited durability.

The solution accepted by the Community legislator provides a dual requirement of access to patent protection: the *novelty* of the design and or model and the *individuality* of the same.

The first characteristic can be defined as the ability of the design to differentiate

²⁹ To read the full text see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A31998L0071>

³⁰ Fittante A., *op.cit.*, p. 47

itself from everything that is already known to the operators of the sector, while the second concerns the suitability of the design to offer the informed user an impression that is different from the one generated by any other object. For informed user we intend the operator who is able to orient himself in the sector with sufficient confidence and to identify the drawings that follow previously exploited structures and models³¹.

The maximum term of protection is set by article 10 in twenty-five years starting from the date of submission of the application. This period can also be divided into 5 tranches of 5 years each.

The protection conferred on the registered Community design or model can be obtained by filing an application with the OHIM (Office for Harmonization in the Internal Market) of Alicante or at the offices located in the Member States or, finally, at the Central Office of Industrial Property of Benelux, who will then transfer it to OHIM within two weeks from the submission. This application must be submitted in one of the official languages of the EU. At this point, it is up to the OHIM to proceed with the verification of the requirements listed above and the formal correctness of the application. Substantial requirements (novelty, individuality) are not examined, either to speed up the procedure and to reduce procedural costs. It will then continue with the registration in the register of community designs and with the publication in the bulletin. Starting from this date the thirty months during which it is possible to defer the publication start. During deferment, the product in question will fall under the protection of the unregistered design. The OHIM recognizes a 3-year protection even for unregistered designs, a term which begins on the date of disclosure, provided they meet the requirements of novelty and individuality, and are not contrary to morality or public order. The latter, however, by not requiring any deposit, do not fall within the competence of that office.

The procedure for requesting protection is unique and is valid in all European Union countries from the time the application is filed. Unlike the international model, no choice is contemplated. There is also an automatic extension of protection in the event of enlargement of the countries belonging to the

³¹ Fittante A., op. cit. pp.49-51

European Community. Compared to national laws, the Community system, being a unified system, is simpler and more uniform from a bureaucratic and administrative point of view (only one application must be filed in one language, with only one payment).

To the EC Regulation n. 6/2002 belongs specifically the merit of having recognized a protection also to unregistered Community designs or models in addition to the registered ones. Furthermore, Article 96 paragraph 2 recognizes the possibility of benefiting both from the protection of designs through patent and from the law on copyright.

Given the diffusion of design products, the creation of a common organic discipline represents a cultural and economic turning point of great help for the industry, for its development and its continuous innovation. It is fundamental, however, to underline that the systems described above, namely the national and the community systems, consist of almost equal laws that have the aim of guaranteeing a coherent and universally valid discipline. The directive has the merit of having opened a process of establishing a system of uniform protection, while the regulation has offered a real possibility of protection in all Member States.

1.2.3 INTERNATIONAL REGULATORY FRAMEWORK

In the international protection instruments field, the Trips Agreement, the Hague Agreement, the Locarno Agreement, the Paris Union Conventions and the Berne Convention for the Protection of Literary and Artistic Works are worthy of mention. Their common goal is to facilitate the application for protection abroad, making the process easier and faster, harmonizing all the disciplines available and making the market open and safe.

The Trips, acronym for Trade Related Intellectual Property Rights, is an international agreement concluded in 1994 on the commercial aspects of

intellectual property³² rights and has credit for deciding at least a common minimum level of defence for IP³³ internationally and deciding the requirements necessary to enter the scope of protection.

This agreement was attended by the WTO (World Trade Organization) countries, which had to adapt their legislation according to the established parameters within a certain time. A longer period to make these changes has been allowed to developing countries. Articles 25 and 26 of the fourth section of the Trips Agreement are dedicated to industrial designs: article 25 does not include any definition of industrial design since there is indeed no single and univocal definition that can be considered valid in all the countries that have acceded to the Agreement; instead, it focuses requirements of independence of the creative act, novelty or originality (alternatively requested). Article 26, on the other hand, deals with the protection and rights of the holder of the industrial design, specifying in paragraph 3 a minimum duration of protection of 10 years and underlining the right to prohibit the sale, import or production copy by a third party.

The Hague Agreement, signed on November 6th, 1925, regulates the international deposit of industrial designs. This allows the contracting parties, after the filing of an application to the WIPO (*World Intellectual Property Organization*) in Geneva, to obtain protection for their design in the countries that have signed the agreement through a deposit³⁴; the latter applies up to a maximum of 100 different models and is followed by the transfer of the application to the states selected by the holder. The chosen countries have then the right to examine the case. The possibility of a rejection cannot be excluded,

³² We will now on refer to Intellectual Property as IP

³³ Intellectual property is a wider concept that includes patents, trademarks and copyright

³⁴ The countries that signed the Hague Agreement are: Albania, Andorra, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahamas, Barbados, Belarus, Belgium, Belize, Bosnia and Herzegovina, Botswana, Brunei-Darussalam, Bulgaria, Cape Verde, China (Hong Kong), China (Macao), Cyprus, Colombia, Costa Rica, Croatia, South Korea, Denmark, Dominica, Ecuador, El Salvador, Estonia, Russian Federation, Fiji, Finland, France, Georgia, Germany, Japan, Great Britain, Greece, Grenada, Honduras, India, Ireland, Iceland, Cook Islands, Marshall Islands, Israel, Italy, Kazakhstan, Kyrgyzstan, Lesotho, Latvia, Liberia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malawi, Malta, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Namibia, New Zealand, Niue, Norway, Oman, Panama, Netherlands, Peru, Poland, Portugal, Czech Republic, Dominican Republic, Romania, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Sao Tome and Principe, Serbia, Seychelles, Slovakia, Slovenes, Spain, South Africa, Suriname, Sweden, Switzerland, Swaziland, Tonga, Trinidad and Tobago, Turkey, Ukraine, Hungary, USA, Vanuatu, Venezuela.

but it will not influence the procedure in other countries. After attesting the regularity of the application, the process will proceed with the registration and publication of the design on the Bulletin of Models and International Drawings. The filing procedure can only be undertaken by natural or legal persons having their domicile or a permanent industrial or commercial organization in one of the Member States. Also, in the Hague agreement belongs the credit of having distinguished the utility model and the ornamental design or model³⁵.

The Locarno agreement, signed on October 8th, 1968, ratified by Italy with the l. May 22nd, 1974, n.348, entered into force on May 22nd, 1975; it proposes an international classification of industrial design products to make registration less difficult³⁶. This subdivision does not constitute a constraint for the member countries. It consists of a list of 32 classes, 223 subclasses and more than 6300 types of products.

The Paris Convention of March 20th, 1883 protects intellectual and industrial property; it is in force in 171 countries and imposes the protection of designs and models by fixing common principles, so as to ensure uniform treatment. It does not oblige member countries to admit a certain system of protection, but the provisions seem to presuppose a registration. It is required that whoever deposits an application for the registration of a design in one of the States that have signed the agreement is entitled for 6 months, starting from the date of the first filing, to deposit the corresponding requests in other countries of the Convention. The date of the first deposit is still valid (so-called priority right)³⁷. Finally, it is also worth mentioning the Berne Convention of 1886³⁸, which establishes the principle of mutual recognition of copyright protection for industrial design works in all the countries adhering to the convention and the non-mandatory nature of registration for the purposes of protection. The protection is effective throughout the author's life plus 50 years (extensible

³⁵ See the next paragraph for a deeper analysis of these two concepts

³⁶ To read the full text of the Locarno Agreement Establishing an International Classification for Industrial Designs see: <http://www.wipo.int/treaties/en/classification/locarno/>

³⁷ Marchetti P.G., Ubertazzi L.C., *Commentario breve alle leggi su Proprietà intellettuale e concorrenza*, IV edizione, Cedam, Padova, 2012, p.338

³⁸ The Bern Convention underwent several revisions: Berlin (1908), Rome (1928), Brussels (1948), Stockholm (1967) and Paris (1971). To read the full text see: http://www.wipo.int/treaties/en/text.jsp?file_id=283698

terms). The Berne Convention also requires that the exercise of rights is not bound, provided that the work is protected in the country of origin. According to the subsequent TRIPS agreement, this convention must be accepted by all the nations adhering to the WTO (World Trade Organization).

1.3 LEGAL PROTECTION OF DRAWINGS AND MODELS IN ITALY

1.3.1 DIFFERENTIATION OF CATEGORIES BELONGING TO THE INDUSTRIAL DESIGN FIELD

Industrial models can be split in different branches according to their characteristics and, therefore, can follow different legal protections. With the expression "industrial models" we define a type of patent or registration that includes two groups of creations: utility models and designs ("models and ornamental designs" was their name until 2001). The distinction between these two types of creations was introduced with l. February 14, 1987, n. 60 containing the rules for the implementation of the Hague Agreement of November 6, 1925³⁹. In both cases, the object of protection is the shape of the product, but in the first case it is the functional form of the product itself, while in the second case, it is the purely aesthetic innovation. In particular, the art. 82 of the i.p.c., in the version currently in force, defines the utility model in these terms (the original text in Italian will be reported here, while the English translation will be given in the related footnote): *"Possono costituire oggetto di brevetto per modello di utilità i nuovi modelli atti a conferire particolare efficacia o comodità di applicazione, o di impiego, a macchine, o parti di esse, strumenti,*

³⁹ Floridia G., *L'evoluzione legislativa in AA. VV*, Diritto industriale. Proprietà intellettuale e concorrenza, IV edition, Giappichelli, Turin, 2012, p. 299. To read the full text of the Hague Agreement, see: <http://www.wipo.int/treaties/en/registration/hague/>

utensili od oggetti di uso in genere, quali i nuovi modelli consistenti in particolari conformazioni, disposizioni, configurazioni o combinazioni di parti⁴⁰.

The utility model, therefore, can be classified as a form that assigns effectiveness and convenience to the product, which integrates an innovation and that has its own function and usefulness. This means greater functionality, ease of use and functional convenience of the asset itself. However, there is one missing element, that defines the difference between utility models and industrial inventions: the new solution to a technical problem. A model, however, can be protected by both if it serves a useful function and, at the same time, influences the external appearance of the product⁴¹.

Only for designs and models, there is also the possibility to apply, with a single application, a request for protection up to 100 models provided they are intended to be applied to products belonging to the same merchandise category envisaged in the Locarno agreement. In this case we call it a multiple model.

It is therefore important, when registering a design, to understand whether it belongs to one (or more) of these categories, in order to acquire the best legal protection for the object.

⁴⁰ The official English version of the Italian Code of Industrial Property given by the Italian Chamber of Commerce is the following: “Patents for utility models may be granted for new models apt to provide particular efficacy or convenience of application or use for machines, or parts thereof, instruments, tools or functional objects in general, such as new models consisting of particular conformations, arrangements, configurations or combinations of parts.”

⁴¹ About this matter, article 40 of the i.p.c. states that:” If a design or model meets the requirements for registration and at the same time increases the utility of the object to which it refers, a simultaneous application may be made for a utility model and for the registration of a design or model, but the two types of protection may not be combined in a single title”

1.3.2 THE PROTECTION OF DRAWINGS AND MODELS IN THE INDUSTRIAL PROPERTY CODE

Prior to community harmonization, designs were protected by regulations that were very similar to those reserved for patents for industrial inventions. In the sixties, however, given the importance assumed by design and given the regulatory deficiency regarding that field, a solution appeared to be necessary. Some argued, given the particular nature of design works, that a special system was necessary; others instead linked such products exclusively to copyright protection, due to the creative effort necessary for their creation; others finally assigned the role of protecting design products to the discipline against unfair competition.

Currently, the rights on designs are exclusive rights recognized on the basis of an administrative procedure that aims to verify the possession of certain requirements and, after that, if there are no limits or impediments, to grant protection. The term "designs and models" refers specifically to the appearance and accessories of a product. The former, however, refers to a two-dimensional creation of the product and, therefore, include decorations, lines or colours, while the latter identify three-dimensional creations. A combination of both features results in products belonging to the industrial design sector. The regulations on designs are found in articles 31-44 of Section III of Chapter II of the i.p.c. and will be examined below to analyse the various characteristics prescribed by the law in order to include an object among those that can be protected as works of design. Article 31 of the i.p.c., which opens section III reserved for designs, in implementation of Directive no. 98/71 / EC, defines the design and model as *"the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation"*.

Reading the directive, it is first of all important to focus on the term "registration", that replaces the previous term "patent"; registration makes it possible to identify an exact moment from which the duration of the protection

runs and represents an objective proof in case of disputes concerning that design. Since registration grants the title of exclusivity, it is an obligation. This lexical modification indicates a willingness to approach to a communitarian panorama.

It is also important to remove what was defined in Italian as "*speciale ornamento*⁴²": we now speak of "appearance". These innovations imposed by the EC Directive are a symptom of a new approach to design and make it possible to carry out, first of all, a distinction between registered designs and unregistered designs and models. Secondly, they indicate a change in conception: the vision that is adopted for such products is purely objective, regardless of any aesthetic or formal reference, and is determined solely on the basis of the characteristics that make up the appearance of the object.

The definition of design, which, as can be seen from the standard, includes both two-dimensional and three-dimensional models, thus includes every exterior appearance of the product, not characterized by a technical function. The doctrine agrees in maintaining that the model refers exclusively to the external appearance, visible during the utilization, and not to the utilitarian value of the product⁴³. Therefore, internal or non-evident elements and forms determined exclusively by technical-functional purposes are excluded.

The admissible protection for products characterized by a precise technical functionality is that of a utility model patent. In defining the design, the legislator presents a short list, which has a purely exemplary value and contains the characteristics that can constitute a design product. Adopting a common definition of design, at Community level, is a necessary condition for the purpose of the desired free movement of goods in the European market.

In the light of the rather broad definitions of design and models, the national legislator has introduced certain requirements that limit access to protection. Excluding the need for an aesthetic value, for this purpose, novelty and individual character are the necessary requirements to apply for registration of

⁴² Panucci M., *La nuova disciplina italiana dell'industrial design*, in *Diritto industriale*, Giappichelli, 2001, p. 313. The word "speciale ornamento" could be translated as "special ornament"

⁴³ Di Cataldo V., *Dai vecchi "modelli ornamentali" ai nuovi "disegni e modelli". I requisiti di proteggibilità secondo il nuovo regime*, in *Europa e diritto privato* (quarterly magazine), Giuffè, Milan. 2002, pag. 67.

design. About novelty, article 32 of the i.p.c. states that “a design or model shall be considered to be new if no identical design or model has been made available to the public before the date of filing of the application for registration, or, if priority is claimed, prior to the date of the same. Designs or models are considered identical when their features differ only in immaterial details”.

First of all, it is necessary to dwell on the requirement of the total absence of accessibility: to ensure that the product is recordable nobody must make it accessible to the public (by registration) or make it public (presenting it or using it on the market) before the registration application is submitted. Article 34 i.p.c. is undoubtedly wide-ranging: it requires, in fact, that the product is considered disclosed even if made potentially knowable by the public, including in the concept of disclosure multiple meanings⁴⁴.

There are, however, some hypotheses that reduce the field of action of the provision: the i.p.c., in fact, allows the registration in case the design “has been disclosed to a third party under an explicit or implicit undertaking of confidentiality⁴⁵”. Furthermore, disclosure shall also not be considered to include the fact that “a design or model has been made available to the public during the twelve months period prior to the date of filing of the application or the date of priority, as a direct or indirect result of an abuse committed with respect to the designer or his successor in title⁴⁶” and, finally, registration is possible if “it has been disclosed by the designer or his successor in title or by any third party as a result of information provided or action taken by the designer or his successor in title during the twelve months period prior to the date of filing of the application for registration, or if a priority is claimed, in the twelve months prior to the date of the same⁴⁷”. This last hypothesis, in particular, allows the author to register the model after having been able to test its effectiveness and success among consumers for a period of about 12 months, avoiding the costs of registration for products that are successful in the market. This opportunity is known as the "grace period". It is important to clarify that

⁴⁴ Vanzetti A., *op.cit.*, p.598

⁴⁵ See Article 34 paragraph 2 i.p.c.

⁴⁶ See Article 34 paragraph 4 i.p.c.

⁴⁷ See Article 34 paragraph 3 i.p.c.

this faculty is only granted by the Italian legislation; therefore, it is usually preferable to keep the design secret before the application for registration.

The second requirement needed for registration is the individual character of the design and model. It was introduced into the Italian law by art. 5-ter of the Legislative Decree n. 95/2001 and is governed by art. 33 i.p.c., which states that "1.A design or model shall be considered to have individual character if the overall impression it produces on the informed user differs from the overall impression produced on that user by any design or model that has been made available to the public prior to the date of filing of the application for registration, or if priority is claimed, prior to the date of the same. 2. In assessing the individual character as stated in paragraph 1, consideration shall be given to the degree of freedom of which the designer benefited in realizing the design or model".

The jurisprudence, with regard to the notion of general impression, considers that it is very difficult to provide an assessment based solely on a detailed and capillary comparison of the two designs: there may be design products that possess individually identical constituent elements but give a different general impression, or the overall impression is almost identical, but the individual elements are different. This requirement constitutes an extension of the field of registration with respect to the previous model law: requiring an individual character, and not a certain aesthetic level, implies looking for some diversity from the designs already available on the market, regardless of their artistic value.

Lacking the request for aesthetic pleasure, one could also compare individual character with the distinctive character of the trademark⁴⁸. These two requirements, however, have a substantial difference: in the first case, the point of view of the assessment is that of the informed user, in the second case is that of the average consumer⁴⁹. The informed user, in fact, is able to perceive differences that are not detectable by the average consumer. However, with

⁴⁸ In the first proposal of directive the word used was "distinctive character"; given the similarity between the two terms, the Community legislator, to avoid the misunderstanding between the two different forms of protection, has replaced this expression with that of "individual character"

⁴⁹ Vanzetti A., Di Cataldo V., *Manuale di diritto industriale*, 5th edition, Giuffrè, Milan, 2012, p. 480

regard of the exact definition of this “informed user” figure, various opinions emerged in the doctrine and jurisprudence. The case is very ambiguous: some associate the informed user with the professional operator of the sector, others with the final purchaser that is quite an expert of design and product details⁵⁰. In any case, its identity varies depending on the product sector to which it refers. The jurisprudence seems to agree in identifying the figure of the informed user with a person who is “more prepared” than the average consumer⁵¹. It also seems to move away from the figure of the theorist or expert in the field. The idea that the informed user can be represented by an operator in the sector was in fact also accepted by the Invalidity and Revocation Division of the OHIM.

The idea, instead, that the final user represents the informed user is based on the premise that the consumer, knowing everything that the market can offer, and coming from multiple purchasing situations, is in possession of valuable information that allows to make a judgment. In particular, the adjective “informed” confirms the hypothesis that the choice is based on data collected in various ways and not on purely subjective opinions; it should be noted, however, that a highly professional experience is not required.

About the duration of the protection, this issue is governed by article 37 of the code of industrial property, which states that the registration protects the design and model for 5 years and is renewable up to a maximum of 25 years⁵². The concept behind this rule is to let the holder evaluate between the costs incurred for the renewal of the registration and the revenues obtained thanks to the exclusivity guaranteed by the registration itself, with the consequent right not to renew the payment of the rights if the investment is predicted to be unproductive⁵³. The subdivision of the duration of protection in five years offers mainly two advantages: first, it is useful for those “seasonal” products that do not require such extensive protection periods, second it is advantageous

⁵⁰ Vanzetti A., *op.cit.*, pag.588

⁵¹ Some examples: Trib. Milan, March 3rd, 2004, the informed user is defined as “interested in the form of the product on the market, having continuous experience on the use of the product”; Court of Rome, February 27th, 2004, the informer used is defined as “the consumer interested in and aware of the stylistic trends”, Trib. Rome, 29 July 29th, 2004 :” the judgment must refer to the degree of perception of the average person, not that of the consumer ”

⁵² Sandri S., *L'utilizzatore informato nel design*, in *Diritto industriale.*, 2006, p. 411 et seq.

⁵³ Before the Community Directive 98/71 / EC the protection lasted 15 years

because it allows the owner of the work to check whether it is convenient or not to renew for another five years.

Article 38 i.p.c. instead, specifies the rights conferred by the registration. The right belongs to the author or, by way of derivative, to the claimant, that is, who has purchased the relative right from the author. In the case that the author is an employee and the realization of the work falls within his duties, paragraph 3 provides that the exclusive right belongs to the employer. The employee can, however, request and obtain recognition of the paternity of the design work in the registration certificate.

Article 42 i.p.c. on the other hand, concerns the limitations of the right on design or model; precisely, it excludes from the use of the rights conferred by registration as design and model “a) acts carried out privately and for non-commercial purposes;

b) acts carried out for experimental purposes; c) reproductions necessary for citations or for didactic purposes, provided that they are compatible with fair trade practice, do not unduly prejudice the normal exploitation of the design or model, and the source is mentioned”.

The Italian legal system, only in 2002, organized an ad hoc judicial system in the field of design, creating 12 Courts with specialized sections⁵⁴. In 2012, with the idea of reorganizing the Italian judicial system, functions and number of specialized sections were modified. Precisely, the law March 24th, 2012, n. 27 gave birth to the companies’ court, operating from September 20th, 2012. Pursuant to art. 1 of the aforementioned law, the 12 specialized sections have been deprived of their powers in favour of 21 companies’ courts which, in addition to the competences previously assigned to the specialized sections themselves, now also have jurisdiction over all disputes in the matter of company law and antitrust legislation. It is evident, however, that the increase of competent judges and sections has increased the possibility of having different orientations on a single matter.

⁵⁴ The courts specialized in Italy were located in Milan, Turin, Genoa, Trieste, Venice, Bologna, Florence, Rome, Naples, Bari, Palermo and Catania

1.3.3 THE PROTECTION OF UNREGISTERED DESIGNS

As far as we have seen up to this point, the national legislation corresponds substantially to the Community legislation. This type of protection, although not mentioned in our Industrial Property Code, is nevertheless recognized in the Italian law, as it is established by the Community regulation and is directly applicable in the Member States.

The EC regulation n. 6/2002 has foreseen for this type of designs a specific protection that is, in a way, similar to those seen for the registered designs and models, albeit with some significant differences.

Precisely, the right is acquired not at the time of registration, but rather at the time of disclosure in the Community. It follows the lack of filing of an application: the right follows the time of disclosure and there are no procedures to be observed, except to preserve any element that constitutes a valid and certain proof of the first disclosure to the public. Article 11 of the EC regulation n. 6/2002, in fact, states that “a design shall be deemed to have been made available to the public within the Community if it has been published, exhibited, used in trade or otherwise disclosed in such a way that, in the normal course of business, these events could reasonably have become known to the circles specialised in the sector concerned, operating within the Community. The design shall not, however, be deemed to have been made available to the public for the sole reason that it has been disclosed to a third person under explicit or implicit conditions of confidentiality”. Sometimes the difficulty of providing a valid proof of the first disclosure constitutes a deterrent for the choice of this type of protection.

The duration of protection is considerably lower: from the renewable 5 years up to a maximum of 25 of the registered design to the 3 years of the unregistered designs and models. The deadline for this last case is not renewable.

Moreover, this type of protection ensures that the author of the design work can prevent intentional copying but not the unintentional copying; in the case of the registered designs or models, the holder can also prevent non-voluntary copying attempts. The object of registration and the requirements of novelty

and individual character required remain unchanged for both hypotheses. Non-registration has positive aspects and negative aspects. Among the positive ones there is the absence of bureaucratic and economic costs; however, it is not convenient in all cases, since the choice of whether or not to make the registration depends on the type of product for which protection is required. Products with a reduced commercial life will have greater convenience in treading this path than those with medium-long commercial life, produced in series and widespread.

1.4 A FOCUS ON THE REQUIREMENTS TO PROTECT INDUSTRIAL DESIGN WORKS THROUGH COPYRIGHT

1.4.1 BEFORE THE DIRECTIVE 98/71/EC: THE SO-CALLED “*REQUISITO DI SCINDIBILITÀ*”

To conclude the issue of the possibility for design products to take advantage of more protections, it remains to be clarified what relationship exists between the registration as a design and model and the protection offered by copyright for intellectual works. This type of protection is also fundamental for the purposes of this thesis and is directly linked to the case concerning Inter Ikea Group, which will be analysed in the third chapter.

Currently, the same form can be protected by both disciplines. Before Directive 98/71/EC, however, the Italian regulatory context excluded the possibility of cumulation. The paragraph 2 of the art. 5 of the R.D. August 25th, 1940 n. 1411, basic law on utility and ornamental models, identified such models as industrial products made valuable by the specific shape, or the colours, or other elements

conceived by the author⁵⁵. The only protection that could be used was, as specified in paragraph 2, the patent protection.

It was not easy to set a boundary that would distinguish which forms could benefit from one protection, and which of the other protection; therefore, the Italian legislator relied on the so-called “*criterio di scindibilità*”⁵⁶, proposed by art. 2 of the Copyright Law (law April 22nd, 1940, No. 633). This criterion defined a differentiation between the artistic value and the product itself. It means that the artistic value of the object had to be separable from the mere industrial function of the object itself. When the shape, the combination of lines, or the colours can be appreciated in their aesthetic value, even without considering the industrial object itself, then we speak of a work of art applied to the industry. On the other hand, we talk about an ornamental model when the particular combination of lines or colours can only be considered as the aesthetic quality of the industrial product itself⁵⁷.

About these requirements many discussions arose: some, in fact, considered that the divisibility of art and functional use had to be a practical, material one, others instead thought it should have only been potential. One of the most appreciated interpretations had been proposed by the authors Vanzetti and Di Cataldo, who defined “*scindibile*” the work that could be aesthetically appreciated regardless of the usefulness of the product and could therefore be applied to functionally different products⁵⁸. Certainly, in the questions that arose in this regard, the diffusion of design and its breaking into everyday life had a major impact, transforming common objects into works of art, whose artistic value is absolutely inseparable from the function that the product is called to perform.

Well known is the sentence of the Supreme Court that did not grant protection to the famous “Chaise-Lounge” chair by Le Corbusier, motivating the decision on the basis of the non-divisibility of the industrial character from the design

⁵⁵ Del Gallo Rossoni M.G., *Modello ornamentale nel diritto Italiano*, in *Disegno industriale e protezione europea* (International Conference, Treviso, 12-13 October 1988), Giuffrè, Milan, 1989, p.284

⁵⁶ There is no official English translation for this term, but it can be translated as “severability criterion”

⁵⁷ Del Gallo Rossoni M.G., *op.cit.*, p.285

⁵⁸ Vanzetti A., Di Cataldo V., *op.cit.*, p. 479

product. Instead, the Court pointed out, as a possible alternative, the registration as design and model, which is of shorter duration, but was considered more suitable for this category of creations.

This line of thought was totally reversed with the art. 17 of Directive 98/71/EC which, in addition to having eliminated the requirement of special ornamentation, has imposed the possibility of benefiting from the combination of the two protections, but leaving to each national legislator the right to establish “*the extent to which, and the conditions under which, such a protection is conferred, including the level of originality required*”.⁵⁹

Following the Directive 98/71/EC and subsequent amendments, in fact, the Court of Monza has deemed that the works in question, made on the industrial model of the famous designer Le Corbusier, constitute, with complete certainty, works protected under the new Copyright Law, as the undisputed fame of its author, the absolute international fame, its innovative architectural designs make it one of the most prestigious figures of architecture and aesthetics of the '900⁶⁰.

1.4.2 THE IMPLEMENTATION OF THE EU DIRECTIVE AND THE LEGISLATIVE DECREE 95/2001: CREATIVE CHARACTER AND ARTISTIC VALUE

The so-called “*criterio di scindibilità*” was deleted through the art. 22 of the Legislative Decree of February 2, 2001 n. 95, implementing Directive 98/71/EC. Furthermore, Law No. 633 of April 22, 1941, on the Protection of Copyright and Neighbouring Rights removed the impossibility to use the copyright protection for design works. Article n.2, in fact, at n.10 now includes in the copyright protection also the works of industrial design that present a creative character

⁵⁹ Art. 17 Directive 98/71/EC

⁶⁰ Court of Monza, July 15th, 2008, in *Giurisprudenza annotata di diritto industriale.*, Giuffrè, Milan 2008, p. 1000

and artistic value⁶¹. Any doubt about the applicability of the law of copyright to industrial design is therefore erased. However, not all the designs and models can be protected, but only those that are provided with a creative character.

The concept of creative character is not defined homogeneously by the doctrine and jurisprudence. In general terms, the creative character is traced back to the concepts of novelty and originality. The traditional doctrine, which obtains the greatest response in the jurisprudential pronouncements, differentiates the requirement of originality from that of novelty.

By originality we mean the result of an activity of non-trivial human ingenuity: it has been affirmed that the work is original because it is the result of an intellectual elaboration that reveals the personality of the author.

The novelty, on the other hand, is intended as a novelty of essential and characterizing elements, such as to distinguish the work from the previous ones. The consequence of this orientation is the belief that only the new works, which differ from the pre-existing works, and that reach a certain expressive threshold, can be protected⁶².

The requirement of artistic value has raised some doubts and numerous interpretations about its applicability to design works. Some believe that this should be understood as a "superior aesthetic level" compared to mere designs: the design work would, therefore, be able to "arouse aesthetic emotions⁶³". This vision, however, would link the requirement to a purely subjective evaluation and, for this reason, it is largely criticised⁶⁴.

Others, however, strongly believe in the equation "artistic value" and "high-end products", which can be deduced from authoritative and collective recognitions⁶⁵.

Finally, others base their evaluation on the target market of the product itself, distinguishing the industrial one from that of the works of art.

⁶¹ See also: Sena G., *Industrial design*, Giuffrè, Milan, p. 30 and Sena G., *La diversa funzione ed i diversi modelli di tutela della funzione del prodotto*, in *Rivista di diritto industriale*, 2002, I, p. 577.

⁶² See also Greco-Vercellone, *I diritti sulle opere dell'ingegno*, Turin, 1974 and Are M., *Oggetto del diritto d'autore*, Giuffrè, Milan, 1961

⁶³ Trib. of Venice, February 4, 2004, in *AIDA* (Annali italiani del diritto d'autore, della cultura e dello spettacolo, directed by Luigi Carlo Abertazzi, Giuffrè, Milan), 2005, p. 1032

⁶⁴ Fabiani M., *La protezione dell'opera d'arte applicata nella nuova disciplina del disegno industriale*, in *Il diritto d'autore* (magazine), vol.73, p. 206

⁶⁵ Trib. of Bologna, July 2, 2008, in *Rivista di diritto industriale.*, 2009, II, p. 225

In the more recent pronouncement n. 23292/2015 of 13 November 2015, the Supreme Court is back to express itself on the concepts of creative character and artistic value of a work of design. In relation to the concept of creative character, the “ermellini” expressed themselves in a way that is consistent with a well-established orientation, highlighting that this notion coincides with that of creativity required by art. 1 of the L. n. 633/41 for the protection of works as intellectual works. This concept does not correspond to that of absolute novelty, creation and originality, but refers to the personal and subjective interpretation of something that can already exist in concrete reality and which manifests itself with the expression of the idea of the author taking shape in reality. On the other hand, the judges of the Supreme Court, while emphasizing the concept of artistic value, underline that a design work has an artistic value when it is endowed with a *quid pluris*, an attribute that is able to confer a different property, which enriches the functionality and mere aesthetic elegance of the object. In a judgement, the proof of the presence in a work of an artistic value lies with the party who invokes the protection of the industrial design work and must be detected by the trial judge and by a possible expert witness (technical consultant). Aware of the fact that the concept of artistic value is an aleatory concept, which can not be given a univocal definition with exhaustive character, the Supreme Court has identified a series of parameters of objective and subjective nature to refer to identify the presence of artistic value in a design work. Both subjective and objective parameters are listed.

Subjective parameters have to be evaluated in relation to personal artistic sensitivity, personal taste, the perceptive system of the individual: the design work must provoke aesthetic emotions; must have a strong subjective character in relation to the forms normally found in similar products on the market; its form must be endowed with an independent relevance; Objective parameters can be: acknowledgments in cultural and institutional environments concerning the existence of aesthetic and artistic qualities and the presence of a value that transcends the strict functionality and the mere elegance of the forms; exposition in exhibitions, museums, specialized magazines; participation in artistic events; awarding of prizes; critical articles; sale on the art market and not on the commercial one; if there is sale on the commercial market, the work

must have acquired a particularly high value that implies the attribution of an artistic value; notoriety of the artist. The presence of artistic value in a design work must be evaluated on a case-by-case basis, considering that the parameters (objective and subjective) must not be fully considered⁶⁶.

Whenever a person creates a work with a creative character and artistic value, in the terms expressed above, this will be protected by the law of copyright. It is essential to clarify that copyright in a design work arises not as a result of a formal registration or a filing, but merely at the time of the creation of the work. In addition, in order to be protectable, the work must be externalized or by incorporation into a material object or through communication to another person.

Originally, the law guaranteed, to design works, a copyright protection that lasted 25 years, a term that was extended up to 70 years with the art. 4, paragraph 4, of Legislative Decree 10/2007, converted into l. April 6, 2007, n. 46.

According to the Law on Copyright, an author can claim both patrimonial and moral rights on his work. The first refer to the possibility of deriving economic advantages from the work. These advantages include the right of publication of the work, and to use the work in any shape or form, original or derivative (art.12), reproduction in any manner or form by any process (art.13), public performance (art. 15), communication by wire, wireless, or Internet (art. 16), distribution (art.17) and translation (art.18). The author also has the exclusive right to authorize renting or lending to the public (art. 18-bis).

Moral rights, on the other hand, are eternal, non-transferable, and inalienable. The author, even after transfer of economic rights, retains the right to “claim authorship and to oppose mutilation of the work or any act that would be prejudicial to her honour or reputation⁶⁷”.

The property rights, being exclusive rights on the work, have an economic content: they are renounceable and alienable, that is, they can be sold or transmitted; they have a limited duration in time since they are valid until the

⁶⁶ See Cassazione civile, sez. I, 13/11/2015, n. 23292 [Brevetto - Contraffazione di modello ornamentale - Valutazione del valore artistico opera di design - Estensione tutela prevista dalla legge sul diritto d'autore alle opere del disegno industriale]

⁶⁷ See art. 20 Copyright Law

end of the 70th solar year after the death of the author. The moral rights, on the other hand, are personal and, therefore, inalienable, imprescriptible and unlimited in time; they are exercisable without time limits, after the death of the author, by the spouse, by the children and, missing that, by other family members indicated by the law, even if they are not heirs⁶⁸.

Once the deadline set for protection has expired, the work becomes of public domain and, therefore, usable by anyone without asking for authorization or paying a fee for the use.

It is also relevant to underline that the Italian legislation remains quite instable and sees many modifications about the copyright protection for industrial design works. A clear example can be the law 273/2002⁶⁹: article 17 of the aforementioned law, in fact, specified that, if the author of a work wanted to also take advantage of the protection of copyright on his registered design and model, he must have made a request to the competent office, as a form of registration; secondly, it provided that the copyright protection on industrial design objects was limited to 25 years after the death of the author, by way of derogation of the provision that established, however, a duration of 70 years after the author's death. As far as the first point is concerned, the law was not consistent with the Berne Convention for the Protection of Literary and Artistic Works of 1886 and the Copyright Law 633/1941, since both grant protection without any formal request. Paragraph 2 of article 5 of the Berne convention, in fact, states that "the enjoyment and the exercise of these rights shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work". And, indeed, the law imposes that it is the creation of the work itself that assigns the copyright to the creator, who must merely limit himself to prove the act of creation.

The art 17 of the l. 273/2002 was also incompatible with the Council Directive 93/98 /EEC harmonizing the term of protection of copyright and certain related rights⁷⁰ which, in art. 1, regarding the duration of the copyrights, declares that "the rights of an author of a literary or artistic work within the meaning of Article

⁶⁸ See art. 23 Copyright Law

⁶⁹ To read the full text see: <http://www.camera.it/parlam/leggi/02273l.htm>

⁷⁰ To read the full text see: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A31993L0098>

2 of the Berne Convention shall run for the life of the author and for 70 years after his death, irrespective of the date when the work is lawfully made available to the public”.

For these reasons, the art. 17 of the l. 273/2002 has been replaced by the art 44 i.p.c., which today, in the version introduced by the art. 4, paragraph 4, lett. a) of the Legislative Decree 10/2007 (later converted with the law 46/2007), establishes that “The rights to exploitation of the industrial designs and models protected under Article 2, paragraph 1, number 10 of Law No. 633 of 22 April 1941, last for the entire life of the author and until the end of the seventieth calendar year after his death or the death of the last of the co-authors”.

From all of the above, it is clear that, at the present time, there is a lack of balance, order and organicity in the discipline regarding design.

Copyright, summarizing, is convenient for the lack of legal formalities, for the consequent absence of costs, for the duration and extension of protection and, finally, for the internationality of protection. However, in order to avoid an inappropriate protection of the work, it is important to first understand whether the work is considered valid for copyright, keeping in mind that the subjectivity of the judgment is a high risk in the current legal panorama.

CHAPTER II: CHINESE COPYRIGHT LAW AND PATENT LAW: A FOCUS ON THE PROTECTION OF DESIGNS AND WORKS OF APPLIED ART

2.1 CHINESE HISTORICAL AND ECONOMIC PANORAMA THAT LED TO THE CURRENT PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

2.1.1 FROM THE ISOLATION TO THE APPROACH TO THE CONCEPT OF INTELLECTUAL PROPERTY

The concept of IP rights, and more in particular patent rights and copyright, is relatively new in China⁷¹. While in Europe, in the 17th and 18th centuries, IP rights began to be considered as a tool for states to encourage research and development, in China the sources of law in that period were mainly the *li* and the *fa*. The first ones, of Confucian origin, were based on morality and did not include rights but only duties towards the society; the latter, of normative origin, were much more similar to the concept of norm developed in the West. The Confucian ideology was primarily responsible for the state of legal backwardness which, from China, had spread to neighbouring countries. Confucianism preached the primacy of morality over the law and assigned to the latter an accessory role, of repression of deviations from ethical norms. According to authoritative doctrine, Confucianism judged negatively the idea of Western capitalist profit⁷².

⁷¹ See also Clark D., *Patent litigation in China*, Oxford University Press, 2011

⁷² Alford W. P., *To Steal a Book is an Elegant Offense: Intellectual Property Law in Chinese Civilization*, Stanford, California, 1995, p.9 et seq.

The emperors of the Qing Dynasty, for three hundred years, until 1792, refused any diplomatic visit by foreign states⁷³.

Moreover, in the dynastic Codes, civil law institutions were located outside the formal legal system, focused on legal measures exclusively of penal and administrative nature, relegating civil justice to conciliatory rather than judicial procedures. In such a context, there was no room to guarantee private parties exclusive rights or monopoly over assets. Furthermore, the copy was considered as a homage to the original, so the Empire was really far from even considering the creation of a legal protection for private properties or works derived from the human ingenuity.

Between 1895 and 1915, thanks to the rise of the republican movement and the influence of Western constitutionalism, China began a series of institutional and juridical reforms, in an attempt to maintain power in the hands of the Qing dynasty.

In 1904 the government issued a first and embryonic trademark protection law, administered mainly by foreign subjects who acquired substantial control over economic exchanges⁷⁴.

In 1912, with the abdication of Emperor Pu Yi, the Chinese Empire saw its end. The following years were characterized by a strong political instability that ended only with the advent of the Guomindang (Chinese Nationalist Party) that formally reunited the country in 1928. This party, which remained in office until 1949, put in place a series of institutional and juridical reforms that culminated with the issue of the "Six Codes" (*liu fa*)⁷⁵.

From a formal point of view, the real hiatus between the Republican China and the modern China is identified with the birth of the People's Republic of China (October 1, 1949) and with the rise of the Chinese Communist Party (CCP). The system that was created was a system of informal justice, a mixture of traditional attitudes, communist ideals and political discretion. In the following years, there was a discretionary application of the Law by the CCP, since the party wanted to

⁷³ In that year, Lord Macartney, head of the British embassy at the Qing Dynasty, finally got the permission to meet Emperor Qianlong. In this respect, see also Sanqiang Q., *Intellectual Property Law in China*, Kluwer law international, 2012, p.49

⁷⁴ Jiong Zhou J., *Trademark Law and Enforcement in China: A Transnational Perspective*, in 20 Wisconsin International Law Journal, 2001-2002, p.417

⁷⁵ In this regard, see also Ajani G., *Diritto dell'Asia Orientale*, Utet Giuridica, Milan, 2006

consolidate its power by expropriating properties to the antagonistic class of the landowners. In this context, the "Six Codes" of the Guomindang were abrogated and a new phase of "edification of the law" (a Socialist law) started.

The first years after the foundation of the Communist Republic, China saw a greater political interest in the law, but the total negative attitude towards the old historical Chinese system and, above all, the Western systems. Most of the rules to guarantee individual property, especially property, were repealed. The industries and the means of production were nationalized. It is undeniable that, in such a context, there was no interest in the production of rules to protect the right of exclusivity and more generally of rules to protect IP rights.

After the Cultural Revolution (1966-1976), China experienced an opening to the outside world and an immediate revaluation of the law through the "open door" policy, strongly desired by the one who became the author of the great reforms of the 80s, Deng Xiaoping. Despite the difficulties, which were evident, the Chinese jurists tried to reorganize their legislative and judicial system, in order to harmonize it with the western ones of civil law and common law.

Besides the substantial difference between the Western and the Chinese legal system, there are other reasons that explain the difficulty of importing the culture of IP into China. Two causes are particularly relevant: firstly, a concept that is equivalent to that of IP has always missed in the Chinese society and, secondly, the government has always lacked a concrete desire to legislate in this regard⁷⁶. To better understand this situation, it is sufficient to note that only in March 2007 the Chinese government issued a Property Rights Law that was actually revolutionary compared to the previous one and which redefined, in the Chinese experience, a concept that in the West has a well-established millennial tradition⁷⁷.

There are a few steps that led to the modern Intellectual Property Protection in China, starting from the years of Deng Xiaoping's reforms. With the "open door" policy, in fact, the foreign direct investments in China started to rise. This increase led to the urgent necessity of a better protection of IP rights, which

⁷⁶ See also Alford W.P., *op.cit.*

⁷⁷ To consult the full English text, see: http://www.npc.gov.cn/englishnpc/Law/2009-02/20/content_1471118.htm

could not be simply based on the “Trademark Control Act” of 1963 or the rudimentary patent law of the time, based on Soviet legislation, since “without proper and adequate protection, advanced countries would be very reluctant to transfer their technologies into China for fear of piracy and free exploitation of their achievements resulting from the costly R&D”⁷⁸. Because of these reasons, the Chinese government established a new internal legislation for copyright, patents and trademarks and adhered to international treaties on these matters. These changes were necessary for the economic growth of the State, for the rise of foreign direct investments and for a better protection of private development of Chinese technologies and industries.

2.1.2 THE ADHERENCE TO INTERNATIONAL TREATIES

As previously pointed out, only with the advent of Deng Xiaoping and the "Open Door Policy" China begins to maintain international relations again. As a consequence, China decided to adhere to international treaties regarding the protection of IP rights. There are two fundamental aims that these treaties pursue, the first is to facilitate the registration procedures at international level, the second is to harmonize the protection standards offered by the individual national regulations.

Fundamental at international level is the World Intellectual Property Organization (WIPO) which attempts to promote the progressive development and harmonization of legislation, protection standards and procedures in all areas of IP. Its history dates back to the Paris Convention of 1883 of which it is the administrator.

⁷⁸ Yang, D.; Clarke, P. *Globalisation and intellectual property in China*, TechNovemberation, 2005, cit. p.10

The 1883 Paris Convention for the Protection of Industrial Property was the first international convention on IP⁷⁹. The subjects regulated therein are mainly trademarks and patents. Among the numerous principles enunciated, one of the most important is that of "National Treatment"⁸⁰. Each signatory State must guarantee the same protection it reserves for its own citizens also to the citizens of the other Member States; another similarly important principle is the "Priority Principle", which ensures that the application for registration, made in a Member State, does not prejudice subsequent applications in other states, for a certain period of time that varies according to the object of protection⁸¹. The Paris Convention does not deal with the procedural aspects of the IP (which are only subject of the national legislations). China joined it very late (in 1984) and became an effective member on March 19, 1985;

Another fundamental institution for the harmonization of IP rights is the World Trade Organization (WTO, in Chinese 世界贸易组织 *shijie maoyi zuzhi*), established in 1995, which administers the TRIPS agreements. On April 15, 1994, the Ministerial Conference of the General Agreement on Tariffs and Trade (GATT), held in the Uruguay Round in Marrakesh, decided to set up the World Trade Organization (WTO), as a successor to GATT itself. In that occasion, the GATT members signed the "Agreement of Marrakesh Constituting the World Trade Organization"⁸². The WTO became effective on January 1, 1995, and China was not an official member until December 11, 2001.

The economic and political reforms associated with China's entry into the WTO are part of a long process, which began in the 1970s and brought the Asian power to become part of the global economy and to increasingly take on a central role within it⁸³. China officially submitted a request to access the WTO in 1987, a year followed by the first negotiations. The difficulties related to the Chinese access to this institute were numerous. Most Member States noted the need for a systematic reform of the Chinese law in order to ensure a successful

⁷⁹ For the full text of the treaty in English see <http://www.wipo.int/treaties/en/ip/paris/>

⁸⁰ Article 3 and 4 of the Paris Convention

⁸¹ Article 6 of the Paris Convention

⁸² Sanqiang Q., *op. cit.*, p. 533. To see the full text of the Agreement, see: https://www.wto.org/english/docs_e/legal_e/04-wto.pdf

⁸³ Halverson K., *China WTO Accession: economic, legal, and political implications*, Boston College International and Comparative Law Review, n.27, 2004, p.322 et seq.

integration of Eastern powers into the organization's schemes. However, the United States and Europe in the first place were convinced that, even if premature, China's entry into the WTO would, indirectly, accelerate the process of reforms under way, as well as reinforce the power of the more reformist and moderate Chinese ruling class.

For these reasons, a so-called "precautionary" clause was added. It aimed at monitoring the progress of the legal reforms in progress in China in the various commercial sectors and promoting the transparency of the Chinese institutional system.

With regard to domestic politics, the Chinese leadership implemented a cycle of reforms that focused mainly on four directions. First and foremost, the objective was to prepare the establishment of companies that could be capable of succeeding in the new market through the liberalization of trade, and to try to give greater certainty and effectiveness to the law. To facilitate the entry of foreign companies into the market, five free economic zones (FEZ) were established in the 1980s. These zones are Shantou, Shenzhen, and Zhuhai in Guangdong Province, Xiamen in Fujian Province and the entire island province of Hainan.

In 1990, in the new district of Pudong, in Shanghai, a "World Trade Centre" was created, as a reference point for international trade; in this way an omnidirectional, wide-ranging opening framework was formed, to connect the areas along the sea, along the rivers, along the borders with the foreign countries and in the hinterland⁸⁴.

A second objective was to try to improve the system of state-owned enterprises. However, they remained outside this cycle of reforms and continued to hold a near-monopoly of the market, creating a distortion of the market itself and causing the emergency of widespread phenomena of corruption, smuggling and evasion.

The third concern, perhaps the most important, in which the modernization policy intervened was the relationship between the various powers within the State⁸⁵.

⁸⁴ Cavalieri R., *L'adesione della Cina alla WTO - Implicazioni giuridiche*, ARGO editore, 2003.

⁸⁵ Yongtu L., *China in the WTO - The birth of a new catching-up strategy*, UNIDO, 2002

There is still no real separation of powers, judicial power can not be considered totally independent and, especially at the local level, can not be defined as impartial. This theme was the focal point on which the attentions and concerns of the Western States were focused on about the compatibility of the Chinese legal system with an organisation such as the WTO. Up to now there have been improvements, which, however, are not sufficient for a real change in the field. Finally, China focused heavily on the establishment of a market economy, an element that was not required to entry into the WTO but was certainly a necessary starting point to profitably interact in the world of international trade. The negotiations lasted for about fifteen years and ended with the elaboration of the Protocol of Accession, that stated the conditions that China would have to respect for acquiring the membership in the WTO. Two drafts were established before the definitive Protocol; the first of 1994 did not have a positive outcome because of the numerous differences between the parties, in particular because of the "single undertaking approach"⁸⁶ that would have required an immense and imposing effort in the short term and that the Asian State could not have supported. The second draft, of 1997, failed as the previous one. In fact, although some differences had been remedied, the parties continued to remain too distant and anchored to their positions.

The definitive Protocol was issued in Doha, in 2001, during the fourth ministerial conference of the WTO, and China became an effective member since December 11, 2001. The protocol touches various aspects and is divided into four main sections: General Provisions, inherent in both the commercial regime and the internal administration of the state; specific issues relating to certain commercial aspects; technical issues and, finally, safeguard measures⁸⁷.

The entry of China into the World Trade Organization has brought great excitement and hope in the international scenario, especially for the new economic horizons. In particular, regarding the IP, the Asian State has agreed to submit to the TRIPs Agreement (Trade Related Aspects on Intellectual Property

⁸⁶ The "single undertaking approach" is a negotiation technique according to which "nothing is agreed until everything is agreed"; this means that, in order to get an approval, all member States must accept the results.

⁸⁷ To see the Protocol of Accession to WTO of China and other Member States see https://www.wto.org/english/thewto_e/acc_e/completeacc_e.htm

Rights) signed in Marrakech on April 15, 1994. The TRIPs Agreement introduces a substantially uniform discipline on Intellectual Property Rights, including the existing international standards defined by WIPO and adding new ones. It was the last document approved and signed during the Uruguay Round, and it is fundamental because it gave China the input for a definitive standardization of IP to international standards. During the Uruguay Round, the United States proposed a motion to include IP in the list of the three issues to be discussed, a request that will be accepted by the Ministerial Conference. According to the agreements, the discussion had to be limited to the aspects of IP linked to the international trade. Actually, with the progress of the negotiations, almost all the themes relating IP were touched. Despite the differences between the various countries, in 1991 a final version of the Agreement was issued. It was finally approved in 1993 and was included in Annex 1C of the Agreement establishing the World Trade Organization. In 1995 the organization was finally founded. The IP and the free circulation of goods and services became the three pillars of the organization⁸⁸.

The TRIPs Agreement is composed by seven parts⁸⁹: Part I (general provisions and basic principles), Part VI (transitional arrangements) and Part VII (institutional arrangements; final provisions) are more generic and address issues concerning the international trade and the cooperation between Members and with international organizations. Part IV (acquisition and maintenance of intellectual property rights and related inter-partes procedures) deals with the relationship between the agreement and the domestic public law, particularly with the formal administrative measures and registration measures that States must incorporate into the state law. Part V (dispute prevention and settlement) basically deals with all the possible disputes that can arise among the States and how to solve them. Finally, the most relevant parts can be considered Part II (standards concerning the availability, scope and use of intellectual property rights) and part III (enforcement of intellectual property rights), since they deal with the main topics of the agreement. In these two parts, it is clear that the elimination of trade barriers must be achieved through

⁸⁸ Sanqiang Q., *op.cit.*, p. 592

⁸⁹ To read the full text see: https://www.wto.org/english/docs_e/legal_e/27-trips.pdf

sufficient and effective protection of IP rights and must be supported by specific measures and procedures that do not act as an obstacle to trade. The main aim of the TRIPs, in fact, is not to create provisions that fully regulate every aspect of the IP, but to eliminate the limitations and barriers to international trade. Therefore, the Agreement does not propose the standardization of the discipline of industrial law for aspects related to international trade but rather the liberalization of exchanges involving intellectual works and the reduction of the obstacles to such liberalization. Moreover, the TRIPs Agreement deals exclusively with the economic aspect of IP rights, excluding the moral aspect of the paternity of the work.

In addition to the already mentioned difficulties that China had to face to join the TRIPs, another problem was the failure to be recognized the status of "developing country". These States enjoy special privileges and benefits regarding the entry into force of the TRIPs and also enjoy exemptions from the temporal obligations deriving from them. Although China claimed to acquire such status, the United States strongly opposed to this chance, claiming that China had the economic and social capabilities to fulfil the TRIPs discipline and to reduce IP rights violations⁹⁰.

Since the adherence to the TRIPs Agreement, China has made huge efforts to align with the international standards of IP protection in other member states, to the point that, in an interview on September 12, 1993, Dr. Arpad Bogsch, WIPO General Director, praised the Chinese commitment in this matter by declaring: "Never a country had made such great progress"⁹¹. However, there is still a long way to go: even now, there are too many cases of counterfeiting, the enforcement of the law is not sufficiently stringent and it is often too politicized. It was inevitable that there would be obstacles to the implementation of the WTO system in China, due to its millennial legal culture. The Confucian tradition, which rejected the idea of IP, could hardly cohabit with the set of provisions

⁹⁰Gregory A., *Chinese Trademark Law and the TRIPS Agreement- Confucius Meets the WTO*, in *China and the World Trading System: Entering the New Millennium*, Cambridge University Press, 2003

⁹¹ Xiangwen W., *Intellectual Property Rights Protection in China and China's Effort to Join WTO*, in Cohen M.A.-Bang E.-Mitchell S., *Chinese Intellectual Property Law and Practice*, Kluwer Law International, The Hague, 2000, p.133

dictated by the TRIPs. As already mentioned, the copying of a work was the greatest compliment that an author could receive⁹².

However, the cause could also be sought in the inadequate executive and judicial system and in the inability to assign the powers related to the enforcement. Another obstacle to the implementation of the WTO legislation is the strong decentralization of the entire state apparatus. In fact, in China there are thirty-six government departments dealing with IP rights violations. They are directly dependent on local authorities and rarely coordinate with each other.

In addition, there is a considerable number of public enterprises that in many sectors have various facilities and are moving on the market as nearly monopolists. They would not benefit from technological progress and, consequently, from an improvement of the competitiveness in the market. It is easy to understand, therefore, that for these subjects the protection of IP is not a priority.

After this general idea about the panorama for the protection of IP in China, we will see in the next paragraphs a more detailed description of the situation regarding copyright and patents, focusing mainly on design and works of applied art, which are the main focus of this thesis.

⁹² See Alford W.P., *op cit.*

2.1.3 THE PATH TOWARDS THE CURRENT LEGAL AND REGULATORY FRAMEWORK FOR INTELLECTUAL PROPERTY

We already mentioned the fact that the concept of IP is relatively new in China, and that only in the twentieth century China made some headway in the process of its protection.

In 1910, under the Qing Dynasty, Emperor Pu Yi's opening policies led to the adoption of the Copyright Law, based on the 1886 Berne Convention; it was the first copyright law ever made in China and must be included in the policy adopted by the Dynasty to guarantee to the country an economic and cultural growth following the depression caused by the "Opium War". Not only the written works, the drawings, the photographs but also the three-dimensional works such as sculptures and models were object of protection. In order to obtain protection, the registration of the works and the approval of the competent Minister were necessary, as it was not sufficient to simply create the work or publish it to gain copyright protection.

The Copyright Law will inspire, in 1915, the drafting of the Copyright Law of the Warlords of the North and, in 1928, of the law enacted during the Guomintang government. The Guomintang government in 1928 takes inspiration not only from the 1910 discipline, but also from the Japanese and German discipline⁹³. The legislation refers to both property rights and moral rights. The rights of economic use last the author's life and until the end of the thirtieth year after his death. The works of foreigners can be protected only for 10 years, given that they are "useful for the Chinese" and only if the country of origin of the author recognizes to the Chinese people's works the possibility to enjoy copyright protection on their own territory (so-called reciprocity principle).

In 1949, Mao took over from the Guomintang, proclaiming the birth of the People's Republic of China (PRC) and supporters of the Guomintang government withdrew to the island of Taiwan. China undergoes a socialist transformation and the previous legislation, which did not fit with the Maoist

⁹³ Alford W. P., *op.cit.*, p.20

changes, were abolished. Among the acts eliminated were therefore included both the Patent Law and the Copyright Law.

The system that was established was transitional: China moved from a law that guaranteed private ownership on the works to one that included state control over them. Beginning in 1949, the official Marxist doctrine considered all the artistic works worthless, moving from the assumption that the artists were guilty of avoiding the primacy of politics and the directives that come from the top of the party to direct themselves towards the proletarian line, mingling with the workers, soldiers and peasants and trying, thus, to describe their world.

For a new opening to the subject, China will have to wait for the reform period under Deng Xiaoping.

With the “open door policy” and after the accession to the WIPO in 1980, China felt the urgency to implement a Legal system to protect IP rights (in Chinese 保护知识产权) that could both implement the international agreements we saw in the previous paragraph, and also increase the foreign investments, too often discouraged by the poor defence of IP and the enormous number of cases of counterfeiting. This led to the enactment of three main Laws regarding copyright, trademarks and patents, which are the main subjects included in the concept of IP. Put in a chronological order, the legislations are the following:

1. The Trademark Law (商 标 法), issued in 1982⁹⁴
2. The Patent Law (专利法), issued in 1984⁹⁵
3. The Copyright Law (权法), issued in 1990⁹⁶

In the following paragraph, we will explain these laws more specifically, focusing in particular on the Law on Patents and the Copyright Law, which cover the subject of this thesis, designs and work of applied art. However, it is important to underline now that, although both the administrative and the jurisdictional apparatus has improved in the last decades, however China is still a fertile ground for counterfeiting, as a developing country, many local companies that maybe still do not have the resources needed to succeed, see counterfeiting as a shortcut to enter in a very competitive market. That’s why

⁹⁴ For the full English text see: <http://www.wipo.int/wipolex/en/details.jsp?id=13198>

⁹⁵ For the full English text see: <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn028en.pdf>

⁹⁶ For the full English text see: http://www.wipo.int/wipolex/en/text.jsp?file_id=186569

these laws have been modified over the years, in order to improve the idea that other countries have of China for their foreign investments.

2.2 TWO POSSIBLE PROTECTIONS OF DESIGN WORKS: THE CHINESE COPYRIGHT LAW AND PATENT LAW

Just like in the Italian legislation, in China industrial designs and works of applied art can be protected both by the Copyright Law and by the Patent Law. Before analysing the details of the legal protection of industrial design, we will here give a general overview of the Chinese law on copyright and patent law, to focus later on how they affect foreign investments in China, especially in the field of industrial design.

2.2.1 THE EVOLVEMENT OF THE COPYRIGHT LAW FROM 1990 TO THE PRESENT

As we already saw in the last paragraph, the last decades of the twentieth century in China were characterised by an increasing of the pressure for a modernisation of the legal and administrative framework regarding IP. The so-called "IP Fever"⁹⁷ was the combined result of the pressure from the more developed countries that, since 1979, thanks to the "Open Door Policy" of Deng Xiaoping, started to invest in the People's Republic of China⁹⁸, and those deriving

⁹⁷ Yang D., *The Development of Intellectual Property in China*, Vol. 25, issue 2, June 2003, pp. 131-142

⁹⁸ From now on called P.R.C.

from international organizations such as the WTO and the WIPO, of which China had become a member.

We can basically identify three phases from 1979 to the present day for the development of the Chinese copyright discipline⁹⁹: the first goes from 1979 to 1989, during which the government evaluates the possible reforms and the first regulatory measures; the second from 1989 to the mid-1990s when, despite the adoption of a new regulation, IP rights holders remain a very exiguous number; finally from the mid-90s to today: period during which the society developed more awareness about the need to protect artists through copyright.

During the 80s there has been a great stir in China about IP. First of all, the P.R.C. adhered to many International Conventions: 1980 saw the adhesion of the P.R.C. to WIPO, in 1985 there was the ratification of the Paris Convention and in 1989 the accession to the Madrid Agreement. In 1992 it joined the Berne Convention and the Universal Copyright Convention, in 1993 the Geneva Convention, in 1994 the Patent Cooperation Treaty and the Budapest Treaty and, finally, in 2001 it became a member of the WTO and in 2007 signed the WCT (WIPO Copyright Treaty) and the WPPT (WIPO Performances and Phonograms Treaty). Secondly, important regulations have been adopted, and competent bodies have been set up: in 1984 the Ministry of Culture adopted the "Trial Regulations on Copyright Protection for Books and Periodicals" and in 1985 the NCA (National Copyright Administration) was established. It was the first competent body in the matter Copyright, it reports directly to the China's State Council and partially absorbs the tasks of the Minister of Culture¹⁰⁰.

Copyright Law is "the backbone of Chinese copyright discipline"¹⁰¹. The law, adopted on September 7, 1990 in the 15th session of the Standing Committee of the 7th National People's Congress, entered into force 1 June1, 1991¹⁰², and consists of 56 articles subdivided into six chapters: General Provisions; Copyright; Copyright Licensing and Assignment Contracts; Publication,

⁹⁹ Tang G.H., *Copyright and the Public Interest in China*, Cheltenham, 2011, p.71

¹⁰⁰ Hughes P., *Copyright as International Cultural Policy: A New Model for Copyright Enforcement in China*, *Journal of East Asia & International Law*, Spring, 2008, pp.9-10

¹⁰¹ McIntyre S., *The Yang Obeys, But the Yin Ignores: Copyright Law and Speech Suppression in the People's Republic of China*, *UCLA Pacific Basin Law Journal* 75, 2011, p.103

¹⁰² Art.56 Copyright Law 1990

Performance, Sound Recording, Video Recording and Broadcasting; Legal Liabilities and Enforcement Measures; Supplementary Provisions. This structure will remain intact also following the regulatory measures of 2001 and 2010, which will later be discussed in more detail. This law was actually adopted because of the persistent pressure from external parties - in particular the United States - and ended up protecting foreigners more than Chinese citizens¹⁰³. The P.R.C. wanted to show that it was trying to adapt the national legislation to the international standards as much as possible¹⁰⁴; these efforts, however, were not considered sufficient by all foreign countries, in particular the United States, which threatened to apply commercial sanctions against the P.R.C if it had not made further changes to the discipline.

In 1992, therefore, China was led to the stipulation with the United States of the Memorandum of Understanding ("MOU") that entailed the adhesion of the P.R.C. to the Berne Convention, the Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Reproduction of Their Phonograms and consequently led to new Interventions on the 1990 Act.

Before 1991, there was no copyright protection on foreign works, and unauthorized use of these in the Chinese territories did not constitute a violation of any kind¹⁰⁵. For the purpose of drawing up the aforesaid normative text, the P.R.C. was influenced by the German and Japanese legislations. This influence derived from the attention not only to the mere economic aspects of the subject, but also to a clear protection of the moral rights recognized to the author. The same name adopted for the law, "zhuzuoquan" (著作权), which translated into English means "Author's right", in place of the typical Chinese term "banquan" (版权, copyright) is a clear demonstration: the attention of the legislator focuses more on the relationship between the author and the created work. Furthermore, the copyright law is also very similar to international laws and in particular to the Berne Convention: first of all, protection for intellectual

¹⁰³ Mertha A., *The Politics of Piracy, Intellectual Property in Contemporary China*, Cornell University Press, 2005, pp.118-119

¹⁰⁴ Timoteo M., *La nuova legge cinese sul diritto d'autore*, in *Il diritto d'autore*, 1992, n.1, pp. 133-149

¹⁰⁵ Tang G. H., *op. cit.* pag.71

property is guaranteed from the moment the work is created, unlike as provided in the Qing Code, according to whom a registration was needed; secondly, the duration of the property rights pertaining to the author is extended.

In the second paragraph of the art. 2 of the Copyright Law, the works of foreigners are taken into consideration by analysing the individual hypotheses of protected works. Under the Copyright Law of 1990, the works of foreign authors are protected both when they are published in China and when they are published outside China if the country of origin of the author has signed agreements on the matter with China or has joined the same international treaties.

The works object of protection are listed in the art.3: besides the works of literature, art, natural science, social science and engineering technology, are also listed, at paragraph 3, musical, dramatic, quyi¹⁰⁶, choreographic and acrobatic works, which were not included in the 1910 legislation.

As regards moral rights, the law adopted what was already provided for by the Great Qin Copyright Code of 1910, which established for the person who published or duplicated a work on behalf of the author the prohibition to alter the content in any way, change the title or the name of the author. The articles referring to these rights are art. 10, 16 and 20.

The alignment of the Chinese legislation with the international one guaranteed a protection of moral rights similar to that envisaged by the more developed States. With regard to property rights, art. 21, just like the provisions of the Berne Convention¹⁰⁷, provided that the right of publication, use and remuneration of a citizen is guaranteed during his life and up to fifty years after his death. In the hypothesis in which the holder is a juridical person or an entity without legal personality the term extends for fifty years after the publication of the work.

¹⁰⁶ Quyi refers to traditional art forms such as ballads, story telling, comic dialogues, clapper talks and cross talks

¹⁰⁷ See art. 7 of the Berne Convention

The patrimonial protection that was guaranteed to the author underwent, however, very invasive limitations in Section IV of Chapter II in art. 22 of the same Copyright Law. In fact, Article 22 provided for twelve "Fair Use" assumptions, in which it is not necessary to obtain any authorization to use the work by the owners of the exclusive rights or pay remunerations to them. Also, some international legislation and western regulations provided a list of similar case, but the twelve "Fair use" assumptions aroused considerable concern in other States, which feared that a more general interpretation of these assumptions could undermine the very validity of the norm itself. To mention just two of the more critical aspects of the norm, we can focus on paragraph 7, that stated that "the organs of State" may use, in pursuit of their tasks and at their leisure, published works. The concerns were born, however, from a misinterpretation of the law that extended the term "organs of state" to include also publicly owned corporations. However, this interpretation was not accepted, but a more restrictive interpretation was preferred, which restricted the notion of "state organs", including only legislative, administrative and judicial bodies and not also publicly owned corporations.

Another cause of concern was article 43, which stated that "a radio station or television station may broadcast, for non-commercial purposes, a published sound recording without seeking permission from, or paying remuneration to, the copyright owner, performer and producer of the sound recording". Assuming that radio stations or TV channels can broadcast musical works without a commercial purpose, is an evident contradiction: the radio station or the television channel hardly operate without a profit.

In conclusion, it is possible to underline how the 1990 legislation, despite the great efforts made by the Chinese government, remained on some aspects still far from the international standards on the matter. The fact that the full protection of unpublished works by foreigners was not yet guaranteed or how was still missing the protection for figurative works and manuscripts through

the provision of the so-called "droit de suite"¹⁰⁸ described by art. 14b of the Berne Convention were huge problems for foreign States.

After several attempts to change the copyright law to adapt to the international requirements, in 2001 China became part of the WTO, finally completing the transition from a socialist economy to a market economy started in the late 80s with the open door policy. This is the year of the first real modification of the Law on Copyright. The new legislation saw an extension of the subjective scope of application guaranteeing equal protection for the works of Chinese citizens, foreigners and stateless persons¹⁰⁹. The last part of article 2 extended the protection, with respect to the 1990 legislation, also to works created by subjects belonging to countries that have never signed agreements with China as long as they are published first in a country that is member of an international treaty to which also China belongs and be published simultaneously in a member country and in a non-member country. Article 3, on the other hand, extended the objective scope of protection of legislation, for example by including architectural works.

From the expansion of the number of protected works and rights pertaining to the author we can clearly deduce the will of the P.R.C. to adapt the 90s' legislation to the international standards and technological progresses.

The Chinese legislation of 2001, concerning neighbouring rights, established in Chapter IV that, in order to perform third-party works in public for profit, it is necessary to obtain authorisation and pay compensation to the rights holders¹¹⁰.

Article 48 provided that, in the case of violation of copyright or related rights, those who commit the violation must compensate the rights holder in relation to the damage caused. If it is too difficult to calculate the losses, the infringer must quantify the compensation based on the profits obtained from the violation. In the event that it is difficult to determine the profits, the Court must

¹⁰⁸ The term refers to the right of an artist, or his or her heirs, to be entitled of a share of the price of his/her work of art every time it is resold during the artist's lifetime or for 70 years after his/her death

¹⁰⁹ Art.2 of the Copyright Law of the PRC

¹¹⁰ Art. 36; in the legislation of the 1990, an authorisation was not necessary and the mere monetary compensation to the right holder was enough

- depending on the circumstances of the violation - determine the compensation that can not, however, exceed half a million Rmb.

In conclusion to the analysis of the changes made in 2001, it can therefore be affirmed that the modification was fundamental for the modernization of the Chinese discipline: the revision was more in line with the international standards required.

The Copyright Law was amended for the second and last time in 2010, during the 13th session of the Permanent Commission of the 11th National People's Congress on February 26, 2010 and comes into force on April 1, 2010.

Two main changes have been made to the previous law: the modification of art. 4 and the introduction of the new art. 26. The art. 4 established the lack of protection with regard to works prohibited by law and was modified as considered contrary to international forecasts. The previous formulation of Article 4 collided, on the one hand, with the provisions of the Berne Convention to Article 5 (2), according to which the enjoyment of rights outside their country of origin does not provide for any formalities and, on the other, with the TRIPs. To this day, the article establishes that “copyright owners, in exercising their copyright, shall not violate the Constitution or laws or prejudice the public interests. The State shall supervise and manage the publication or distribution of works, in accordance with the law”.

These changes, despite the good intentions, have changed substantially nothing because it remains the States' power of control on the works that can be disclosed. The reasons that led to an absence of protection, up to 2010, for the works for which a ban on publication and distribution was envisaged are: the government's willingness to oppose to subversive works that could undermine the solidity of the nation and that propagate obscenity or instigate crime; the necessity that citizens, legal entities and other organizations undertake civil activities only in accordance with the spirit of the law, with the consequence that the creations of the author must respect the law and the public morality. Third, it was not intended to protect prohibited works involving criminal liability. In fact, article 105 of the Chinese Criminal Law establishes that a person who

incites to subvert the political order can be sentenced to imprisonment up to 5 years.

Regardless, however, of the two interventions to articles 4 and 26, the Copyright Law remains unchanged compared to 2001.

All over the Chinese territory we can find offices of national bodies that, assisting the work of the judicial courts, try to guarantee the maximum protection to the owners of copyright and of the neighbouring rights through the application of the Law. First of all, the most important national organization in the field of Copyright is the National Copyright Administration of China (NCAC) established in 1985, responding to the Council of State; it is responsible for the implementation of the copyright law, the search for violations that affect the public interest, the approval of bodies that deal with the collective management of the rights, foreign collective agencies and arbitration agencies in the field of copyright. The administrative decision does not in any way affect the possible court case. Apart from the NCAC, there is also the National Working Group on Intellectual Property Rights Protection, made up of seventeen members working in fields related to Intellectual Property, whose objective is to promote the construction of a more complete legislation, to coordinate the work of the various judicial and administrative departments and, finally, to spread a culture of protection of intellectual property among the citizens.

2.2.2 THE EVOLUTIONARY PROCESS OF THE PATENT LAW

Just like the Copyright Law, also the Patent Law saw its first draft during the “open door policy” of Deng Xiaoping, precisely on March 12, 1984 and has been amended three times over the course of time¹¹¹. China needed a patent system, to attract new investments from foreign economic operators, encouraging the entry into the country of new technologies and the acceleration of the “four modernizations”¹¹². That is when the Standing Committee of the National People's Congress approved the first Patent Law of the People's Republic of China (中华人民共和国 专利法)¹¹³.

The impetus that led to this Law is to be found both on a domestic side, due to the need to cope with a more competitive economic system, and on an external side, as the effect of the adaptation of the Chinese legislation to the commitments undertaken internationally.

The Patent Law enshrined, first of all, the right of exclusivity granted to the owner of a patent: the owner was, and still is, given the right to prevent any third party from producing, without his consent, the creation covered by patent. This was possible through a particular protection assured by a procedure of registration, defined by the same Law. In particular, the Chinese inventor was required to apply directly to the Patent Office, while for the foreign applicant, who had no habitual residence or place of business in China, it was necessary for the application the mediation of a specific agency (patent agency) designated by the competent authority and authorized to deal with issues concerning patent rights¹¹⁴.

¹¹¹ The amendments took place on September 4, 1992; August 25, 2000 and December 27, 2008.

¹¹² The four modernizations are a reform promoted by Deng Xiaoping in 1978, to implement a rapid innovation in four fields: science and technology, agriculture, industry and national defence.

¹¹³ The Chinese system supports the patent law complementing it by implementing regulations, the first of which was enacted on January 9, 1985 and then amended in 1992 following the amendments to the patent law itself in 1984. The second reform of the patent law took place in August 2000 and was followed by the related Implementing Regulation of August 15, 2001, amended later on December 28, 2002.

¹¹⁴ Article 9 of the Chinese Patent Law of 1984

After the filing, the procedure for the examination and possible approval of the application began, this phase took place before the State Intellectual Property Office (SIPO). The SIPO proceeded with a preliminary examination, verifying the compliance with the law and, in case of a successful outcome, the application was published within eighteen months from the filing, with the possibility of shortening the terms at the request of the party. The procedure was considered concluded here for utility models and designs, for which the SIPO issued the patent and the relevant certificate and provided for publication and registration. The procedure continued for applications relating to invention patents and was more articulated because of the need to carry out a substantial examination of the application itself.

Regarding the object of protection, the law provided for three types of industrial creations: inventions, utility models and designs¹¹⁵, without clarifying their definition.

For the purposes of a patent, the characteristics of novelty, inventiveness and usefulness were required.

The law set at 15 years, eventually renewable, the duration for the invention patents and to 5 that for utility models and designs.

In terms of protection, the new legislation introduced the “dual track system” (双轨制 *shuangguizhi*) according to which, in the hypothesis of violation of intellectual property rights, the infringement could be analysed through administrative procedures or before a judicial authority¹¹⁶.

The first amendment of the Patent Law was the result of the Sino-American talks that led to the signing of the Memorandum of Understanding between the two governments in 1992, that has been already mentioned previously.

The most significant innovations concerned: the extension of patent protection to chemical, pharmaceutical and food products, previously excluded from the category of patentable inventions; the extension of the duration of the invention patents from fifteen to twenty years and that of patents on models of utility and design from five to ten years¹¹⁷; the possibility of claiming priority also for

¹¹⁵ Articles 1 and 2 of the Chinese Patent Law of 1984

¹¹⁶ Nevertheless, the law did not clearly describe the associated procedures, limiting itself to listing the possible solutions.

¹¹⁷ Article 42 of the Patent Law of 1992

design¹¹⁸, since it was already envisaged for inventions and utility models and, finally, a simplification of patent application and review procedures.

In 1994, with the signing of the Patent Cooperation Treaty (PCT)¹¹⁹, SIPO was authorized to receive international applications submitted by applicants from other contracting countries, to protect technological innovations carried out on Chinese territory. In particular, who filed a national patent application in a state that is signatory of the treaty could ask to also apply to other contracting states and, therefore, to obtain the extension to the Chinese territory of the protection already recognized internationally for their invention, utility model or design.

The evolutionary process of the Chinese patent discipline is marked by a fundamental stage represented by China's entry into the WTO¹²⁰.

In view of this entry, the Patent Law was reformed with a second amendment approved on 25 August 2000, which entered into force on July 1, 2001; the same day that the relevant Implementing Regulation came into force, replacing completely the previous one of 1992.

This amendment innovated, first of all, the discipline of service inventions, providing for the first time the possibility of concluding an agreement between the employee- inventor and his employer¹²¹.

On the other hand, even more important were the changes concerning the further simplifications made to the procedures relating to the examination, registration and revocation of the patent; the introduction of precautionary measures designed to interrupt an act of infringement and to preserve the evidence ¹²² and, finally, the possibility for a judicial appeal against the

¹¹⁸ Article 42 of the Patent Law of 1992

¹¹⁹ For the full text of the PCT see

http://www.wipo.int/export/sites/www/pct/en/activity/pct_1994.pdf

¹²⁰ For more information about the accession of China into the WTO see Cavalieri R., *op. cit.*

¹²¹ Before the second amendment, the inventions made by the employee pending an employment relationship or using the work unit material, belonged to the employer who became the sole holder of the patent. The current art. 6, paragraph 3 (that remained unchanged also after the third amendment), provides that "An invention-creation that is accomplished in the course of performing the duties of an employee, or mainly by using the material and technical conditions of an employer shall be deemed an employment invention-creation. For an employment invention-creation, the employer has the right to apply for a patent. After such application is granted, the employer shall be the patentee."

¹²² Article 61 of the Patent Law of 2001

administrative authorities' provisions, should the patent holder have chosen an administrative proceeding for the protection of its property¹²³.

It is quite clear that the aim pursued by the legislator of the reform was mainly to raise the level of patent protection, translating into the Chinese legislation the obligations assumed by the government at the moment of the accession to the WTO.

The new goal of China over the years became the creation of a new concept of the "made in china" product, so no longer something characterized by low quality and mass production, but products characterized by a cutting-edge technology. In this framework, we can well place the third reform on the Chinese Patent Law that was promulgated on December 27, 2008 and come into force on October 1, 2009¹²⁴, followed by the Implementing Regulation (中华人民共和国专利法实施细则¹²⁵), issued on January 9, 2010, and a new version of the Guidelines for the examination of patent applications (专利审查指南¹²⁶), both entered into force on February 1st. Compared to the previous revisions, this was not a response to external pressures, such as those conducted by the US in 1992, nor an obligation due to the need for greater integration into the international community, as in 2000: the Chinese leadership has emphasized the need to promote the transfer of advanced technologies for the national economic development.

The reformed legislation offers greater guarantees of transparency and protection of the patent rights, as well as access to protection, both jurisdictional and administrative, also for foreign operators wishing to invest in China.

We will restrict ourselves here to briefly listing some innovations that are particularly relevant for the purpose of this thesis, introduced by the 2008 reform in relation to some aspects of the Chinese patent system.

¹²³ Articles 41, 46, 55 e 57 of the Patent Law. See also Timoteo M., *La difesa di marchi e brevetti in Cina*, Giappichelli, 2010, p. 12

¹²⁴ For the Chinese version see: http://www.china.com.cn/policy/txt/2009-03/06/content_17389395.htm

¹²⁵ *Zhonghua renmin gongheguo zhuanli fa shishi xize* (2010). Full Chinese text at: <http://www.chinanews.com/cj/news/2010/01-31/2101119.shtml>

¹²⁶ *Zhuanli shencha zhinan*. Full Chinese text at: <http://www.sipo.gov.cn/sipo2008/zlsqzn/sczn2010.pdf>.

- introduction of the requirement of absolute novelty for all the three types of patents;
- limitation of the types of design that can be protected and extension of the scope of design protection;
- possibility of filing directly abroad patent applications for made in China inventions
- provision of the so-called "Prior Art Defence" as a defence tool that can be activated against a counterfeiting charge¹²⁷;
- determination of a higher amount of reimbursable damage.

Given the compliance with the requirements of art. 5¹²⁸, the patent is issued for inventions and utility models that respect the canons of novelty (新颖性), creativity (创造性) and practical use (实用性). The second paragraph of the art. 22 establishes that an invention or utility model are considered new if they are not included in the already existing technology. The Chinese legislator uses the expression 现有技术 ("prior art") corresponding to the "*stato della tecnica*" used by the Italian legislator, meaning with this term everything that is made available to the public through an oral or written representation, for means of a previous use of the same invention or any other method, prior to the date of filing of the application¹²⁹.

Article 22 states that :” novelty means that the invention or utility model concerned is not an existing technology; no patent application is filed by any unit or individual for any identical invention or utility model with the patent administration department under the State Council before the date of application for patent right, and no identical invention or utility model is recorded in the patent application documents or the patent documentations which are published or announced after the date of application”.

¹²⁷ The “prior art” is a file of all the information about a product given before a specific date. It can be useful in cases of infringement of patent rights if the information disclosed before the application can undermine the validity of the patent for the “absolute novelty” requirement

¹²⁸ “Patent rights shall not be granted for invention-creations that violate the law or social ethics, or harm public interests.”

¹²⁹ The third amendment replaced the standard of relative novelty, which left open the possibility of patenting in China the inventions disclosed abroad in an unofficial way, with the rule of absolute novelty, which considers destructive of the novelty any disclosure of the work prior to the application date.

The second requirement of patentability is that of creativity. Creative is the invention that presents "evident" original characteristics such as to represent a significant progress compared to the existing state of the art. It is therefore necessary for the invention to make a significant contribution to the development of technical progress: in particular, it refers to inventions that improve product quality, increase production efficiency, allow energy savings or reduce pollution. Article 22 describes it in this way: "Creativity means that, compared with the existing technologies, the invention possesses prominent substantive features and indicates remarkable advancements, and the utility model possesses substantive features and indicates advancements".

Finally, the last requirement is the practical use, that is to say the possibility that the invention or utility model can be manufactured or used or produce actual results. Article 22 states that: "practical use means that the said invention or utility model can be used for production or be utilised and may produce positive results".

For design works, instead, the art. 23 prescribes the only requirement of novelty, to be understood also in this case as an absolute novelty.

As far as industrial design is concerned, a significant change has been introduced by article 25 of the law according to which it will no longer be possible to protect "designs that are mainly used for marking the pattern, colour or the combination of the two of prints"¹³⁰. This exclusion has the purpose of avoiding overlapping protections for those elements that normally form labels and which can be protected by copyright or as trademarks if they have distinctive character. We will focus better on the influence of the new Patent Law on industrial designs in the next paragraph, analysing also the differences between the protection through patent application and the protection by copyright.

¹³⁰ In Chinese "对平面印刷品的图案、色彩或者二者的结合作出的主要起标识作用的设计"

2.3 A FOCUS ON INDUSTRIAL DESIGNS AND WORKS OF APPLIED ART

2.3.1 PROTECTING INDUSTRIAL DESIGN WORKS THROUGH PATENT

As already mentioned above, the new legislation of 2008 defines, in article 2, the intellectual creations that can be the subject of the exclusive right requested and obtained with the patent: the invention, the utility model and the design¹³¹. The term invention (发明 *faming*), designates the “new technical solutions proposed for a product, a process or the improvement thereof”; the utility model (实用新型 *shiyong xinxing*), consists of “new technical solutions proposed for the shape and structure of a product, or the combination thereof, which are fit for practical use”. Finally, the design (外观设计 *waishe sheji*) refers, with respect to a product, to “new designs of the shape, pattern, or the combination thereof, or the combination of the colour with shape and pattern, which are rich in an aesthetic appeal and are fit for industrial application”. Therefore, the shape and the pattern of a product can be protected alone, but the colour itself is not protectable by the Patent Law.

At the same time, art. 23 of the Patent Law, regarding the validity of a design patent, states that “a design for which the patent right is granted is not an existing design, and no application is filed by any unit or individual for any identical design with the patent administration department under the State Council before the date of application for patent right and no identical design is recorded in the patent documentations announced after the date of application.

¹³¹ De Sanctis G., *Brevettare in Cina, invenzioni, modelli d'utilità, disegni industriali. Elementi di strategia aziendale*, DESK-Beijing, p.11

Designs for which the patent right is to be granted shall be ones which are distinctly different from the existing designs or the combinations of the features of existing designs.

Designs for which a patent right is granted shall be ones which are not in conflict with the lawful rights acquired by others prior to the date of application.

For the purposes of this Law, existing designs mean designs that are known to the public both domestically and abroad before the date of application”.

It is also important to underline that, while in Europe there is the Unregistered Community Design (UCD) that grants protection for unregistered designs, in China there is no patent protection for unregistered designs, so a registration is mandatory to get protection.

The patent application method is described in the chapter III of the Patent Law, particularly in article 26, that states that: “when a person intends to apply for an invention or utility model patent, he shall submit the relevant documents, such as a written request, a written description and its abstract, and a written claim.

In the written request shall be specified the name of the invention or utility model, the name of the inventor or designer, the name or title and the address of the applicant and other related matters.

The written description shall contain a clear and comprehensive description of the invention or utility model so that a technician in the field of the relevant technology can carry it out; when necessary, pictures shall be attached to it. The abstract shall contain a brief introduction to the main technical points of the invention or utility model.

The written claim shall, based on the written description, contain a clear and concise definition of the proposed scope of patent protection.

With regard to an invention-creation accomplished by relying on genetic resources, the applicant shall, in the patent application documents, indicate the direct and original source of the genetic resources. If the applicant cannot indicate the original source, he shall state the reasons”.

After that, article 27 focuses more on the application for design patents, for which more details are necessary. In fact, the article claims that “when a person intends to apply for a design patent, he shall submit a written request, drawings

or pictures of the design, a brief description of the design, and other relevant documents.

In the relevant drawings or pictures submitted by the applicant shall clearly be shown the design of the products for which patent protection is requested”.

The documents presented for the application can be amended within 2 months from the filing date, but only if “the amendment to the invention or utility model patent application documents does not exceed the scope specified in the original written descriptions and claims, or that the amendment to the design patent application documents does not exceed the scope shown in the original drawings or pictures”¹³².

Multiple designs are also an option; but they have to be presented in one application, stated that they are part of the same class of object. By class of object the Law means “two or more similar designs of one and the same product or two or more designs of products of the same kind that are sold or used in sets may be handled with one application”¹³³. To make an example, a set of furniture (chairs, stools, wardrobe) can be filed in one application.

Chapter IV of the Patent Law describes the “Examination and Approval of Patent Applications”. Actually, there is no formality on the examination of a patent, there is just a preliminary examination procedure, after which the SIPO will provide the design patent right. Everything is described in detail in article 34, according to which:” upon receipt of an invention patent application, if the patent administration department under the State Council, after preliminary examination, confirms that the application meets the requirements of this Law, it shall publish the application within 18 full months from the date of application. And it may do so at an earlier date upon request of the applicant”.

Articles 37 to 41 focus on the possible rejection of the application and its re-examination, if required by the applicant. The most relevant part is maybe described in article 41, that states that “the patent administration department under the State Council shall establish a patent review board. If a patent applicant is dissatisfied with the decision made by the Patent Administration Department under the State Council on rejecting of the application, he may,

¹³² Article 33 of the Patent Law of the People’s Republic of China

¹³³ Article 31 of the Patent Law of the People’s Republic of China

within three months from the date of receipt of the notification, file a request with the patent review board for review. After review, the Patent Review Board shall make a decision and notify the patent applicant of the same. If the patent applicant is dissatisfied with the review decision made by the patent review board, he may take legal action before the people's court within three months from the date of receipt of the notification”.

As for the duration of protection, the design patent right lasts 10 years from the day of application¹³⁴ (utility models patents have the same duration, while inventions patent can last 20 years from the day of application) and the patentee has to pay an annual fee for the continuation of protection¹³⁵. Article 44 also specify that the failure to pay the aforementioned fee, along with a patentee’s request of early termination, will lead to the cessation of protection.

In the case in which the patentee finds out about a case of infringement of him/her patent rights, there are many ways to take action, all described in chapter VII of the Patent Law, specifically in article 60. There are mainly three ways to solve a dispute; in compliance with the Chinese culture of avoiding conflict, article 60 describes the peaceful consultation as the best solution. In fact, the first lines of the article claim that “if a dispute arises as a result of exploitation of a patent without permission of the patentee, that is, the patent right of the patentee is infringed, the dispute shall be settled through consultation between the parties”. However, it is quite difficult to solve a dispute regarding patent rights infringement by the mere consultation of the parties, so other two options can be taken in consideration: the legal route and the administrative route, that will be described better in paragraph 2.3.2. Article 60 continues saying that:

“if the parties are not willing to consult or if consultation fails, the patentee or interested party may take legal action before a people's court and may also request the administration department for patent-related work to handle the dispute. If, when handling the dispute, the said department believes the infringement is established, it may order the infringer to cease the infringement immediately; if the infringer is dissatisfied with the order, he may, within 15

¹³⁴ Article 42 of the Patent Law of People’s Republic of China

¹³⁵ Article 43 of the Patent Law of People’s Republic of China

days from the date of receipt of the notification of the order, take legal action before a people's court in accordance with the Administrative Procedure Law of the People's Republic of China”.

Many articles also refer to the possibility for foreigners to apply for patent protection in China. First of all, article 18 gives this possibility to foreigners, but in accordance to any treaty between the PRC and the country of origin of the applicant. It asserts that:

“where a foreigner, foreign enterprise or other foreign organization without a regular residence or business site in China applies for a patent in China, the application shall be handled in accordance with the agreements concluded by the country he or it belongs to and China or the international treaties to which both the countries have acceded or in accordance with this Law on the principle of reciprocity”¹³⁶.

In order to apply for patent, however, the foreign party should entrust a Chinese patent agency with the application, as declared by article 19. Also, if the applicant already applied for a patent for that design abroad, he may the right of priority, with certain time limits, as by article 29: “if, within twelve months from the date the applicant first files an application for an invention or utility model patent in a foreign country, or within six months from the date the applicant first files an application for a design patent in a foreign country, he files an application for a patent in China for the same subject matter, he may enjoy the right of priority in accordance with the agreements concluded between the said foreign country and China, or in accordance with the international treaties to which both countries have acceded, or on the principle of mutual recognition of the right of priority”. In order to join priority, however, a written documentation is necessary, as affirmed in article 30:

“An applicant who requests the right of priority shall submit a written declaration at the time of application and submit, within three months, duplicates of the patent application documents filed for the first time. Where no written declaration is submitted or no duplicates of the patent application

¹³⁶ This principle has also been mentioned at p. 41 of this thesis, regarding copyright

documents are submitted at the expiration of the specified time limit, the applicant shall be deemed to have waived the right of priority”.

Patent protection is a right and almost a duty when creating a design, especially if that design is famous worldwide and can be easily copied. However, there is one more protection method for designs, in China just like in Italy: copyright. Still, even if copyright grants a longer protection, there are some major requirements that have to be taken in consideration and a primary distinction between designs and works of applied art. Before giving for granted that a design can also be considered a work of art, it is necessary to understand which conditions are required by the Chinese Law to allow copyright protection.

2.3.2 ADMINISTRATIVE AND JUDICIAL PROTECTION OF DESIGN

The drafting of a regulation can not be said to be complete if there are no provisions that guarantee the application of sanctions, in case of violation. The P.R.C. is affected by a constant and pathological violation of intellectual property rights. At least seven out of ten companies operating in China have admitted that they have been subjected to crimes concerning the IP¹³⁷.

An accusation that can be made against the P.R.C. is that, perhaps, the high rate of illegal material marketed and used in the country is none other than the result of the absence of a widespread culture with regard to the need to protect IPRs. The Chinese government itself, aware of this problem, is trying to spread this culture of legality among the population through the adoption of official acts, such as the White Paper on IPR¹³⁸. The document also shows how the Chinese

¹³⁷ Devonshire C., Scott A., Woollard S., *China Briefing: Intellectual Property Rights in China*, Berlin, 2011

¹³⁸ The term white paper generally refers to an official report published by a national government or by an international organization on a given topic or sector of activity. To read the full text of China's White Paper on IPR protection see: http://www.chinadaily.com.cn/english/doc/2005-04/21/content_436276.htm

government aims to have an efficient legal system that guarantees effective protection.

Currently, the national Copyright Law provides that disputes relating to this subject can be mainly resolved through judicial protection, administrative protection and arbitration: the choice of the type of protection is left to the parties. Protection is also guaranteed to foreigners who, pursuant to art. 32 of the Constitution of the People's Republic of China¹³⁹, may act to protect their legitimate rights and interests through one of the aforementioned procedures. The choice between one of the forms of protection will depend on the objectives pursued by the Actor and the specificity of the case: if the Actor wants to obtain only a temporary injunction for the infringement, it will be preferable to have recourse to the administrative bodies, otherwise if it aims to achieve long-term effects and a substantial compensation for economic damages, the Actor will have to rely on the judicial Courts. The system described above, which in recent years has seen a strong implementation, has been called "Dual Track": in addition to the possibility of resorting to judicial Courts, the individual can obtain protection through administrative remedies that distinguish themselves for quickness, simplicity and reduced costs.

Finally, there is another possibility that must be remembered: the dispute can be solved also through an out-of-court agreement between the parties without reaching the above-mentioned bodies. The person who sees the violation of his right can send a warning to the infringer with the intention to interrupt the illegal activity. The letter must contain an indication of the work covered by copyright, the ownership of the right, the alleged illegal activity and the request for immediate termination of the violation behind the threat of proceeding with legal actions. In the hypothesis in which this attempt does not obtain the desired result, it can be used as evidence for the legal actions that will be taken later. In the case in which, instead, it succeeded to resolve the controversy, it would allow to avoid the activation of the complex machine of the Chinese justice.

¹³⁹ "The People's Republic of China protects the lawful rights and interests of foreigners within Chinese territory, and while on Chinese territory foreigners must abide by the law of the People's Republic of China. The People's Republic of China may grant asylum to foreigners who request it for political reasons".

The administrative bodies responsible for ruling on Copyright are the National Copyright Administration of the People's Republic of China (NCAC) at national level, and the Copyright Administrations, at local level. The rights holders can therefore apply to NCAC only if the case is of national significance. For trademarks and patents, reference should be made respectively to the Trademark Office and to the Standing Committee of National People's Congress on Amendments to the Trademark Law of the People's Republic of China of the SIPO.

The competence of the administrative bodies exists pursuant to article 48 of the Copyright Law, which states that: " anyone who commits any of the following acts of infringement shall bear civil liability for such remedies as ceasing the infringing act, eliminating the effects of the act, making an apology or paying damages, depending on the circumstances' and may, in addition, be subjected by a copyright administration department to such administrative penalties as ceasing the infringing act, confiscating unlawful income from the act, confiscating and destroying infringing reproductions and imposing a fine; where the circumstances are serious, the copyright administration department may also confiscate the materials, tools, and equipment mainly used for making the infringing reproductions; and if the act constitutes a crime, the infringer shall be prosecuted for his criminal liability:

(1) reproducing, distributing, performing, showing, broadcasting, compiling or communicating to the public on an information network a work created by another person, without the permission of the copyright owner, unless otherwise provided in this Law;

(2) publishing a book where the exclusive right of publication belongs to another person;

(3) reproducing and distributing a sound recording or video recording of a performance, or communicating to the public his performance on an information network without the permission of the performer, unless otherwise provided in the Law;

(4) reproducing and distributing or communicating to the public on an information network a sound recording or video recording produced by another person, without the permission of the producer, unless otherwise provided in the Law;

(5) broadcasting and reproducing a radio or television program produced by a radio station or television station without the permission of the radio station or television station, unless otherwise provided in this Law;

(6) intentionally circumventing or destroying the technological measures taken by a right holder for protecting the copyright or copyright-related rights in his work, sound recording or video recording, without the permission of the copyright owner, or the owner of the copyright-related rights, unless otherwise provided in law or in administrative regulations;

(7) intentionally deleting or altering the electronic right management information of a work, sound recording or video recording, without the permission of the copyright owner or the owner of a copyright-related right, unless otherwise provided in law or in administrative regulations; or

(8) producing or selling a work where the signature of another is counterfeited”.

The administrative bodies will then act following a complaint from the owner of copyright or on their own initiative. If the body, following receipt of the formal start request, considers that both the right and the violation exist, it may order the immediate cessation of the illicit activity. The burden of proof lies on who is suspected of having committed the violation: he/she will have to prove that he/she has not carried out any illegal activity, within a period indicated by the authority, otherwise he will be found guilty. The part of the judgment that is not satisfied with the sentence can be referred to the highest level of the administrative institutions by requesting a review or proceeding before the judicial Courts.

It should also be noted that, despite the increase in the workload of the administrative departments, foreign companies are still hesitant about proceeding at an administrative level; the reasons are essentially three: outside of China the regulatory systems are not used to provide this type of procedure for the violation of IP; the art.47 also requires the violation of the "public interest" by instilling doubts in the companies about the realization of the assumption in this case; there is no compensation for damages¹⁴⁰.

The judicial system, on the other hand, finds discipline in the "Organic Law of the People's Republic of China" (中华人民共和国人民法院组织法) of July 1, 1979, amended on September 2, 1983 and is structured on four levels: Basic People's Courts (基层人民法院), Intermediate People's Courts (中级人民法院), High People's Courts (高级人民法院) and the Supreme People's Court¹⁴¹ (最高人民法院). The distribution of disputes to the various courts will take place on the basis of territorial jurisdiction criteria, by subject and by value, as established by the law.

A special feature of the Chinese judicial system is the presence of special courts with specific skills in certain sectors, such as the Military Courts and the Intellectual Property Courts. The latter are currently established in Beijing, Shanghai and Guangzhou, while 15 IP Tribunals have been established in two municipalities and 13 cities¹⁴². The characteristic of these specialized courts is the presence of judges who already have a background in the field of IP and tribunals trained on the subject, including the IP tribunal of the Supreme People's Court. For the P.R.C., the creation of an increasing number of specialized courts is part of the government program aimed at the Enforcement of the Intellectual Property. The IP Tribunals are part of the respective Intermediate People's Court but have jurisdiction over specific IP-related matters. In this regard, we must remember that the first Intellectual Property Tribunal was established in 1993 in the courts of Beijing.

¹⁴⁰ Sun C., *The Inside View on Enforcement in China*, Managing Intellectual Property, July 2004

¹⁴¹ Hereinafter SPC

¹⁴² Latest IP Tribunals were established on the first two days of March 2018 and are located in Tianjin Municipality, and cities of Changsha and Zhengzhou.

The civil trial, unlike the criminal one, requires the initiative of the individual in order to start, and the action, according to the Civil Procedure Law, is prescribed in two years. The dispute, pursuant to art. 29 of the Civil Procedure Law¹⁴³, is brought to the Intermediate Courts in the city where the Defendant resides or where the violation has happened: the High People's Courts only have jurisdiction if the value of the dispute exceeds 200 million yuan or in cases where it is between 100 and 200 million yuan but one of the parties does not reside in the area of jurisdiction of the Court, either foreign parties or parties that are resident in Hong Kong, Macao or Taiwan, pursuant to Article 1 of the "Notice of the Supreme People's Court on Adjusting the Standards for the Jurisdiction of Local People's Courts at Different Levels over Intellectual Property Rights Civil Cases of the First Instance"¹⁴⁴. For cases of inferior value, the intermediate courts have jurisdiction, except in cases where the supreme courts have delegated the competence at first instance to the basic courts of the municipalities. The basic courts have jurisdiction over cases worth less than 5 million Yuan and those with a value between 5 and 10 million yuan if both parties are residents in the jurisdiction area of the Court¹⁴⁵.

The presence of these specialised Courts, along with all the progress regarding the Protection of IP in China shows the interest of the Chinese Government in an improvement of foreign investments and the will to guarantee an increase in the foreign companies' trust in the Chinese market. Analysing the current Chinese discipline on IP protection and considering the changes that this country has undergone over the last twenty years, it is impossible to not recognise the commitment of the Asian country to the adaptation of the same to international standards, especially after the accession to the WTO in 2001. The effort made and what China has been able to achieve in two decades is surprising. Moreover, the fact that China also guarantees, in the case of violation of IP rights, in addition to the judicial procedure, the administrative one, is not a widespread modality in the Western legal systems but guarantees quick and not too

¹⁴³ For the full text of the Civil Procedure Law of the People's Republic of China see: http://www.npc.gov.cn/englishnpc/Law/2007-12/12/content_1383880.htm

¹⁴⁴ In Chinese: 最高人民法院调整地方各级人民法院管辖第一审知识产权民事案件标准. For the full English text see: <http://www.lawinfochina.com/display.aspx?lib=law&id=11349>

¹⁴⁵ Article 2 of the abovementioned Notice of the Supreme People's Court

expensive resolutions. From this point of view, we could say that China can become an example for Western countries.

The case studies examined in the following paragraph, along with the case of *Inter Ikea Group, Ltd v. Taizhou Zhongtian Plastic, Ltd* are judicial cases.

2.3.3 DESIGNS AND WORKS OF APPLIED ART: SOME CASE STUDIES

As an alternative to design patents, another solution to protect a work is through copyright. However, copyright is not a substitute of design patents: they are two different kinds of intellectual property rights and they protect different things. Nevertheless, copyright is not only a standalone right, but can also be used as an added layer of protection on a design covered by patent.

Designs can therefore be protected by copyright only in the case in which they also fall into the definition of works of applied art. Actually, the Chinese Law itself does not explain what “work of applied art” specifically means, the term entered into the common thought after China signed the Berne Convention for the Protection of Literary and Artistic Works in 1992.

Being a member of the Berne Convention, China is obliged to protect works of applied art as stated by articles 1 and 2 of the convention: “the countries to which this Convention applies constitute a Union for the protection of the rights of authors in their literary and artistic works”¹⁴⁶ and also “the expression “literary and artistic works” shall include 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 dramaticomusical 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;

¹⁴⁶ Article 1 of the Berne Convention for the Protection of Literary and Artistic Works

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”¹⁴⁷.

However, the Berne Convention also gives to the member states the freedom to establish the terms of protection for works of applied art, as stated by article 7, paragraph 4:” 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, the Chinese Law does not provide any clear definition for works of applied art, either in the copyright law, nor in its implementing regulations. As a result, many Chinese courts started to entitle them legal protection as works of fine arts. The latter are defined by Article 4 paragraph 7 of the Regulations for the Implementation of the Copyright Law of the People’s Republic of China¹⁴⁸ as “two- or three-dimensional works created in lines, colours or other medium which, when being viewed, impart aesthetic effect, such as paintings, works of calligraphy, sculptures and works of architecture”.

To better understand when a work of applied art also falls into the category of work of fine art, being therefore protected by copyright, courts across China have also been upholding some standards to be applied in these cases:

- Originality - this is a common standard for all copyrightable works but, in the case of works of applied art, it gains two more specific qualities: they have to be “independent creations” and they must have “creativity”;
- Reproducibility – another common characteristic of copyrightable works;
- Practical applicability; and
- Aesthetic value – this last standard is the main one as it draws the borderline between design and works of fine art.

There is a major obstacle, however, that makes things hard for a judge that has to establish whether a work can be defined as a work of fine art and, consequently, be protected by copyright: the Chinese law does not clarify which

¹⁴⁷ Article 2 paragraph 1 of the Berne Convention for the Protection of Literary and Artistic Works

¹⁴⁸ For the full text see <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn009en.pdf>

extent of creative or aesthetic value is required to classify an object as work of fine art. The decision is quite subjective and decisions in China are taken mostly by looking at past judgements that have almost outlined a standard in this regard.

Some of these cases will be analysed next, to also give better motivations to the decisions taken by the judge in the legal case discussed in chapter three.

(1) OKBaby Ltd. vs. Cixi Jiabao Child Product Ltd. (Beijing No.2 Intermediate Court, No.12293, 2008)

The first example analyses the case between the Italian company OKBaby (the Plaintiff) and the Chinese Company Cixi Jiabao Child Product (the Defendant), regarding children toilet bowls. The Italian company claimed that, first of all, the Defendant copied their product, and second that their Spidy Toilet Bowl could be protected by copyright, since it was artistic, original, reproducible and had aesthetic value. The following pictures show both the Spidy Toilet Bowl (pic.1) and the Defendant's toilet bowl (pic.2).



Pic.1



Pic.2

Source: China law insight

The court established first that Spidy Toilet Bowl, by uniquely combining the useful function of a toilet bowl with the shape of animal, could be considered a work of fine art. Second, apart from small irrelevant differences, the two objects could be considered identical and therefore the Defendant had infringed OKBaby's copyrightable product.

This also means that a product, to be charged with infringement, does not have to be completely identical, but a great similarity is enough to be considered a copy.

(2) Blumberg Industries, Inc. vs. Zhongshan Juguang Lamp Ltd. (Beijing No.2 Intermediate Court, No.17315, 2006)

This case regards a company located in the United States, famous for lamp design and sale (the Plaintiff Blumberg Industries, Inc.) and a Chinese company (the Defendant Zhongshan Juguang Lamp Ltd.).

The object of the dispute is, in this case, the lamp "Avignon", in the following picture:



Source: China law insight

Unlike in the previous case of the toilet bowls, the Defendant's product was basically identical to the Plaintiff's lamp, with few changes in the flower decoration and in the colours. We're here not talking about similarity, but of identical products. This principle is the so-called "identical or similar standard", which broadens the possibility of the judge to actually charge the defendant with infringement. After that, the judge only had to understand whether the lamp could be considered a work of fine art.

Here, it is relevant to first make a difference between Law in the US and the Chinese Law. In the United States, in fact, the copyright law makes a distinction between the utilitarian aspect of the object and the artistic value, which could be comparable to the "*principio di scindibilità*", required by the Italian Law before the Directive 98/71/EC. This means that the utilitarian function of the object cannot be protected by copyright. Artistic features, on the other hand, are eligible for copyright protection if they are "capable of existing independently". On the contrary, the Chinese Law only protects objects that merge aesthetic value and function.

Reading the Chinese Regulations for Implementing International Copyright Treaties, in fact, it is possible to notice, in Article 6, two key points: the first is the duration of copyright protection, and the second is the aforementioned exclusion from protection of mere industrial goods that do not have aesthetic value.

Article 6, as a matter of fact, states that: "in the case of foreign works of applied art, the term of protection shall be 25 years commencing from the creation of the Works.

Paragraph one of this Article, however, shall not apply to the use of works of fine arts, including drawings of cartoon characters, in industrial goods."

After asserting that the "Avignon" lamp was a product that merged utilitarian function and artistic value, the court decided that, also following the principles of the Berne Convention, the work was protectable by copyright, being a "work of fine art with practical function".

Moreover, in the second draft of the Copyright Law amendment (July 6, 2012), article 3 added "works of applied art" to the list of copyrightable "works" but

also defined them as “works which carry both practical uses and aesthetic meanings”.

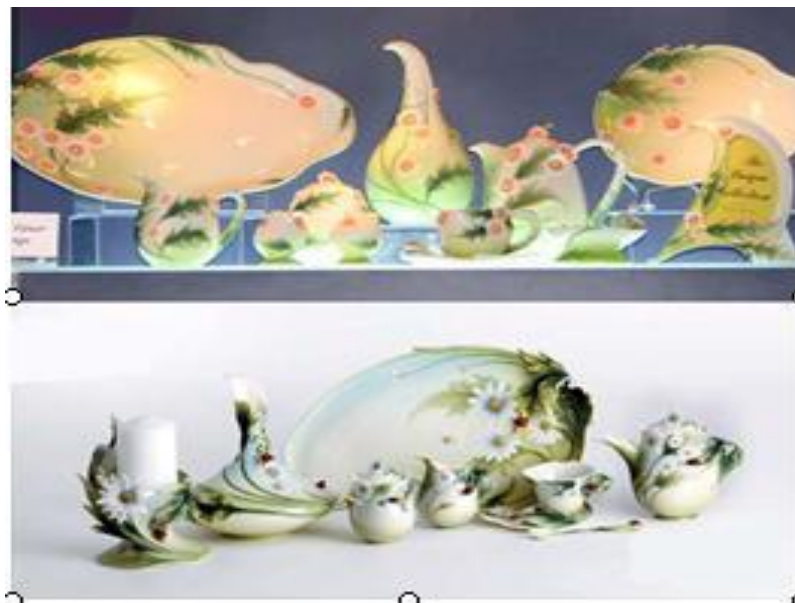
These first two cases are quite understandable, since the level of similarity between the product of the Plaintiff and the product of the Defendant are quite evident. However, in some cases the similarity of between the objects can be not so obvious.

In these cases, the “identical or similar” principle can not be applied, and the variable that makes the difference is mostly the artistic feature of the object.

The next case will therefore analyse one of these cases in which similarity is not the protagonist of the judgement, while is the artistic value of the design or its originality that played the main role.

(3) Chaozhou Ge Lan Te Clothes Ltd. vs. Haichang Ltd. (Jiangxi High Court, No.19, 2007)

The protagonists of this case are two Chinese companies, producers of chinaware such as dishes, tea sets and so on. The following pictures both represent, on top, the product of the Defendant, Haichang Ltd. and, on the bottom, the products of the Plaintiff Chaozhou Ge Lan Te Clothes Ltd.





Source: China law insight

Clearly, the Defendant's products are not completely identical to those of the Plaintiff, but the court of second instance held that, first of all, the products of the Plaintiff did not comply with the traditional standards of previous chinaware. They satisfied, for these reasons, the requirement of originality and could be classified as works of fine art. Also, even if the Defendant "did not totally copy the original work and did make substantial alterations, it was an unsubstantial alteration founded on the original expression and not deviating from the original expression, and as to the public, it makes no substantial difference between the two. Also, the Plaintiff did not produce adequate evidence proving that the Plaintiff's chinaware series product was a work of an independently created product. Therefore, it should be held that the Defendant's series of chinaware have infringed upon the Plaintiff's chinaware products".

The last case in which the court held that Plaintiff products reached the minimum requirement of artistic value to fall into the works of fine art category is relevant because the judge has adopted a quite low standard to classify them as such. The artistic value of the object, in fact, is not obvious as in previous cases.

(4) Lego Inc. vs, Guangdong Xiao Bailong Toy Ltd. (Beijing No.1 Intermediate Court, No.16676, 2010)

When the court had to decided whether the Plaintiff Lego Inc.'s toy bricks (see pic.5) could be protected by copyright as works of applied art, it stated that “the key lies in whether or not such an expression was independently created by the Plaintiff, and also has reached the basic level of intellectual creativity as required by the Copyright Law. To this, the court held, in light of the fact the defendant failed to adduce evidence to prove the pre-existence of such an identical or substantially similar expression of intellectual work, therefore, by the evidence on hand, it is reasonable to assume that such expression is an independent creation by the Plaintiff and not the result of copying another’s intellectual creation. Furthermore, the Lego toy brick product is an abstraction of art and carries a certain artistic beauty which has reached the basic level of intellectual creativity, therefore, the toy bricks carried an expression which has satisfied the independent creativity as required for being a piece of work”. As to the “basic level of intellectual creativity” the court specified that “the basic level of intellectual creativity is not to require the intellectual achievement to reach a comparatively higher level of artistic or scientific level of aesthetic value, it only requires the intellectual creation as expressed in the work not to be too low and negligible”.



pic. 5

Source: China law insight

The last case will give an opposite example of a court that established the lack of the minimum requirements for a product to be copyrightable as works of fine art. The contrast is made more evident also by the fact that the product is completely different from the ones examined in the last four cases.

(5) Ai Lu Mu International Inc. vs. Huizhou Xin Li Da Electronic Tools Ltd.
(Guangzhou High Court, No.45, 2006)

When the practical function of an object does not merge with a similar artistic value and overcomes its aesthetic, the Chinese courts tend to deny copyright protection. This was the case of the model ELMM-1000 plastic cutter of the Plaintiff Ai Li Mu International Inc. (see picture 6). Even if the plastic cutter of the Defendant (see picture 7) was actually quite similar to that of the Plaintiff, however, the latter did not reach the aesthetic value or value of appreciation required.



Pic. 6



Pic. 7

Source: China law insight

To sum up, practical function and aesthetical value are the two variables that must be taken into consideration. If an object combines practical use with a relatively high originality, creativity or artistic value, it is almost sure that the Chinese court will allow protection through copyright under the Berne Convention. However, every case is different and the legal case in chapter three is, in this regard, a clear example.

CHAPTER III

THE CASE OF IKEA SYSTEMS B.V. V. TAIZHOU ZHONGTIAN PLASTIC CO., L.T.D.:

3.1 ORIGINAL TEXT OF THE JUDGEMENT (SHANGHAI NO.2 PEOPLE'S COURT, 2009)

上海市第二中级人民法院
民事判决书

(2008) 沪二中民五(知)初字第 187 号

当事人信息:

原告 英特 - 宜家系统有限公司 (InterIkeaSystemsB.V.) 。

法定代表人加布里埃尔·奥尔森·斯加林 (Maria Gabrielle Osson Skalin),

常务董事。

委托代理人朱妙春, 上海朱妙春律师事务所律师。

委托代理人金蔓丽, 辽宁鼎晟律师事务所律师。

被告台州市中天塑业有限公司。

法定代表人陈某某, 总经理。

委托代理人周显根，浙江利群律师事务所律师。

委托代理人朱美聪，浙江利群律师事务所律师。

审理经过：

原告英特-宜家系统有限公司与被告台州市中天塑业有限公司侵犯著作财产权纠纷一案，本院于2008年6月27日受理后，依法组成合议庭进行了审理。被告在答辩期内对管辖权提出异议，本院于2008年8月6日裁定驳回其管辖异议。被告不服，提起上诉，上海市高级人民法院于2008年9月8日终审裁定驳回上诉，维持原裁定。2009年1月16日、2009年3月25日本院对本案公开开庭进行了审理。原告委托代理人朱妙春、金蔓丽，被告委托代理人周显根、朱美聪到庭参加诉讼。本案现已审理终结。

原告诉称：

原告英特-宜家系统有限公司诉称：原告公司创立于1943年，是世界上最大的家具零售公司，在31个国家和地区设立了190多家专营店。玛莫特(Mammut)系列儿童家具是在与原告的指导下，由设计师莫滕谢尔斯特鲁普(Morten Kjelstrup)和服装设计师阿伦·厄斯特(Allan Ostgaard)代表原告设计完成。

1994年，玛莫特童椅获得瑞典“年度家具”的大奖，玛莫特系列商品多年前就在商品目录和多本书籍中刊载。几年前，原告发现被告未经原告允许擅自抄袭原告享有著作权的玛莫特系列作品的设计，生产和销售了产品型号为ZTY-522、ZTY-525、ZTY-525A及ZTY525-B等儿童椅和儿童凳，并在其公司网站上展示侵权商品，侵权行为持续至今。原告早在2004年就委托律师多次致函被告要求其停止侵权行为，但被告不予理睬，反而将侵权设计申请外观设计专利，后被审查机构认定无效。原告认为，

被告的生产、销售及网站宣传行为侵犯了原告享有的著作权,给原告造成了极大的经济损失。请求判令:

- 1、被告立即停止一切侵犯原告玛莫特系列作品著作权的行为;
- 2、被告立即收回已投入市场的侵权产品、销毁侵权商品存货和生产模具、印模,销毁带有侵权商品的包装及宣传材料;
- 3、被告立即删除 www.ztpc.cc 网页中展示的侵权产品图片;
- 4、被告赔偿原告包括合理费用在内的经济损失人民币 50 万元;
- 5、被告就其侵权行为在《新民晚报》、《钱江晚报》上刊登声明,消除影响

被告辩称:

被告台州市中天塑业有限公司辩称:

- 1、原告不具有本案的诉讼主体资格;
- 2、原告没有证据证明其对玛莫特系列产品享有著作权,即使原告享有相关权利,该系列产品也不属于实用艺术作品,仅是实用工业品,因为其不具有实用艺术品应当具有的独创性和艺术性等特征;
- 3、在原告产品设计完成之前,在动画作品中就存在与其产品基本一致的家具;
- 4、被告生产的产品是被告的设计人员独立创作完成的,不存在侵犯他人著作权的事实。综上,请求法院驳回原告的诉讼请求。

本院查明：

本院经审理查明：

原告是一家成立于荷兰王国的有限责任公司，该公司成立于 1983 年 10 月 31 日。案外人瑞典宜家公司(Ikea of Sweden Aktiebolag)是一家注册于 1960 年 11 月 21 日的瑞典公司。

本案系争的玛莫特(Mammut)儿童椅和儿童凳是由两位设计师莫 X?谢尔斯特鲁普(Morten Kjølstrup)和阿 X?厄斯特(Allan Ostgaard) (以下简称 M. K+A. φ)受雇于 1991 年 2 月 6 日创作完成的，并于 1992 年 1 月正式将作品交付给瑞典宜家公司。根据原告与瑞典宜家公司签署的《知识产权权属问题的声明》以及 M. K+A. φ 于 2008 年 6 月 6 日发表的《关于“Mammut 作品著作权”的声明》，玛莫特(Mammut)作品的相关著作权已经于 1992 年 2 月 8 日转让给原告。《艺术家庭》(1994 年)、《大众化设计》(1995 年)等杂志书籍也对系争的玛莫特(Mammut)儿童椅和儿童凳做过相关的刊载和介绍。

2006 年 6 月 10 日，案外人黄某在上海市清涧路 187 弄 11 幢某号 1508 室，购买了三张童凳和二张童椅，付款后获得一张发票、一张名片和一本宣传册，此外，黄某还对购物地点及所购的童凳和童椅等共拍摄照片十八张。上述过程在上海市公证处公证员黄欣、公证人员丁振华的监督下进行，上海市公证处制作了(2006)沪证字第 7549 号公证书。上述发票上盖有“台州市中天塑业有限公司”的发票专用章，名片上印有“台州市中天塑业有限公司、李伟上海区域经理”等字样，宣传册上印有“中天塑业”、“ZTPC”等字样。

此外，原告还提供了一张以“上海市永冠贸易有限公司”名义购买阿木童凳和阿木童椅的销售发票和一张送货清单，发票上面也盖有“台州市中天塑业有限公司”的发票专用章。

2008 年 4 月 10 日，高露云(北京)知识产权代理有限公司的代理人李某某在位于北京市东城区朝阳门北大街某号首创大厦的北京市长安公证

处与公证人员对于 www.ztpc.cc 网站上的有关内容进行证据保全并拷屏打印共 34 页,北京市长安公证处制作了(2008)京长安内经证字第 2664 号公证书。根据该份公证书,上述网站上载有原告指控被告侵权的 15 个型号的产品: ZTT-326、ZTT-322、ZTT-325、ZTY-534、ZTY-533、ZTY-537、ZTY-525S、ZTY-525M、ZTY-525L、ZTY-542、ZTY-536、ZTY-541、ZTY-538、ZTY-521、ZTY-535。

被告法定代表人陈某某于 2004 年 2 月 10 日、2004 年 10 月 25 日和 2005 年 8 月 8 日,向国家知识产权局申请了五项外观设计专利,名称分别为:椅(阿木童)、椅(ZTY-521)、凳(ZTY-537)、凳(ZTY-536)、椅(ZTY-538),专利号分别为:200430019946.X、200430083416.1、200430083418.0、200430083419.5、200530114174.2。其中,200430019946.X 号外观设计专利于 2006 年 8 月 30 日被国家知识产权局专利复审委员会宣告全部无效。

经比对,在 www.ztpc.cc 网站上被控侵权的十五个型号产品中,儿童凳(ZTY-525S、ZTY-525M、ZTY-525L)与原告的玛莫特(Mammut)儿童凳从整体形状上看构成基本相同,儿童凳(ZTY-534、ZTY-533、ZTY-537、ZTY-536、ZTY-541、ZTT-322、ZTT-325、ZTT-326、ZTY-542)与原告的玛莫特(Mammut)儿童凳在凳面部分的形状上有所区别,但在凳腿部分的形状上基本相同,两者从整体上看构成相似。儿童椅(ZTY-521、ZTY-538、ZTY-535)与原告的玛莫特(Mammut)儿童椅在椅背部分的形状上有所区别,但在椅腿部分的形状上基本相同,两者从整体上看构成相似。此外,经比对,原告公证购买的被告产品阿木童儿童凳、儿童椅在整体外形上与玛莫特(Mammut)儿童凳、儿童椅构成基本相同。

以上事实由原告提交的经过公证认证的声明、责任协议、杂志书籍、产品宣传册、设计草图、公证书、实物证据、知识产权局网站查询结果和无效宣告请求审查决定书,以及原、被告的诉辩意见及本院审理笔录等证据予以佐证。

本院认为：

本院认为，本案的主要争议焦点为：玛莫特(Mammut)儿童椅和儿童凳是否属于受我国著作权法保护的实用艺术作品。

原告认为，玛莫特(Mammut)儿童椅和儿童凳具有较高的艺术性，本身又属于家具，具有实用性，属于受我国法律保护的实用艺术作品。被告认为，上述儿童椅和儿童凳在设计上根本达不到艺术创作高度，与国内外的其他椅子没有什么区别，更多是考虑家具实用功能方面的要求，因此不构成实用艺术作品。

本院认为，实用艺术作品是指具有实用性、艺术性并符合作品构成要件的智力创作成果，即实用艺术作品应当具有实用性、艺术性、独创性和可复制性。根据我国著作权法的相关规定，实用艺术作品归属于美术作品范畴而受到著作权法的保护。美术作品，是指绘画、书法、雕塑等以线条、色彩或者其他方式构成的有审美意义的平面或者立体的造型艺术作品。因此，实用艺术作品的艺术性必须满足美术作品对于作品艺术性的最低要求，才能够获得著作权法的保护。本案系争的玛莫特(Mammut)儿童椅由椅背、椅垫和椅腿三个部分组成，椅背是由一块梯形的实木和三根矩形木条组成，其中上部的梯形实木占据了整个椅背近二分之一的空间，椅垫是一般椅凳的基本结构，椅腿是由四根立椎体组成，呈上窄、下宽的形状。玛莫特(Mammut)儿童凳由凳面和凳腿两部分组成，凳面是上下均等的圆形实体，形状与一般的儿童凳无异，凳腿是四根纺锤状棒体。本院认为，本案系争的玛莫特(Mammut)儿童椅和儿童凳的设计要点主要体现在造型线条上，但从整体上看其与普通的儿童椅和儿童凳在外形上的区别不大，属于造型设计较为简单的儿童椅和儿童凳，在艺术性方面没有满足构成美术作品的最低要求，因此不属于美术作品范畴中的实用艺术作品，不受我国著作权法保护。因而，被告的上述行为不构成对原告著作权的侵犯。

判决结果：

综上,依照《中华人民共和国著作权法》第三条第(四)项、《中华人民共和国著作权法实施条例》第四条第(八)项之规定,判决如下:
驳回原告英特-宜家系统有限公司的诉讼请求。

案件受理费人民币 8,800 元,由原告英特-宜家系统有限公司负担。
如不服本判决,原告英特-宜家系统有限公司可在判决书送达之日起三十日内,被告台州市中天塑业有限公司可在判决书送达之日起十五日内,向本院递交上诉状,并按对方当事人的人数提出副本,上诉于中华人民共和国上海市高级人民法院。

审判长李国泉

代理审判员徐忠

代理审判员胡宓

二〇〇九年八月二十二日

书记员张婷婷¹⁴⁹

¹⁴⁹<http://www.iphouse.cn/cases/detail/47247.html?keyword=%E5%8F%B0%E5%B7%9E%20%E4%B8%AD%E5%A4%A9#a12>

3.2 ENGLISH TRANSLATION

Shanghai No.2 Intermediate People's Court

Civil Judgement

(2008) Hu Er Zhong Min Wu (Zhi) Chu Zi

No.187

Parties information:

Plaintiff: Inter Ikea Systems B.V.

Legal Representative: Marie Gabrielle Osson Skalin, Managing Director

Attorney: Zhu Miao Chun, Zhu Miao Chun Shanghai Law Firm

Attorney: Jin Man Li, Liaoning Dingsheng Law Firm

Defendant: Taizhou Zhongtian Plastic Co.

Legal Representative: Chen Mou Mou, General Manager

Attorney: Zhou Xian Gen, Zhejiang Liqun Law Firm

The trial:

Dispute over copyright infringement between the Plaintiff Inter Ikea System B.V. and the Defendant Taizhou Zhongtian Plastic Co. After this Court accepted the case on June 27, 2008, it formed a collegiate bench to conduct the trial, as per law. The Defendant raised an objection to the Court's jurisdiction, which was rejected on August 6, 2008. The Defendant lodged an appeal. On September 8, 2008, the Shanghai higher People's Court ruled that the appeal was dismissed and the original conviction upheld. On January 16, 2009 and March 25, 2009, The Japanese Court held a hearing for this case. The plaintiff hired for the lawsuit the Attorneys Zhu Miaochun and Jin Manli, and the defendant hired the Attorney Zhou Xiangen and Zhu Meicong.

The Plaintiff claims:

The Plaintiff, Inter Ikea Systems B.V. alleged that: Inter Ikea Systems B.V. was founded in 1943. It is the world's largest furniture retailing company and has established more than 190 authorised stores in 31 countries and regions.

The Mammut series of children furniture was created, under the guide of the Plaintiff, by the designer Morten Kjelstrup and the fashion designer Allan Ostgaard.

In 1994, it also won the Sweden award "Furniture of the year" and, in the previous years, its products were published on many catalogues and books.

A few years ago, the Plaintiff discovered that, without any authorisation and by plagiarising the design of the copyrighted Mammut series, the Defendant was producing and selling the following models of children chairs and stools: ZTY-522, ZTY-525, ZTY-525A, ZTY 525-B. Moreover, the infringing products were showcased on the Defendant's website, and the infringement is continuing up to the present day.

In the year 2004, Inter Ikea had demanded several times through lawyer' letters that Zhongtian Plastic stopped its infringement, but the Defendant not only turned a blind eye on the Plaintiff requests, but also applied for a patent protection of its children furniture, which were actually declared invalid afterward by the Patent Reexamination Board of the State Intellectual Property Office of China.

The Plaintiff claims that the Defendant's activity of producing, selling and promoting online the infringing products violate the copyright owned by the Plaintiff, and caused to the latter heavy economic losses.

The Plaintiff requires that:

1. Zhongtian Company should immediately refrain from infringing the Mammut series copyright
2. Zhongtian Company should immediately withdraw from the market all infringing products as well as destroy all their moulds and moulages, products in stock, advertising materials and packages

3. Zhongtian Company should immediately remove from the website www.ztpc.cc¹⁵⁰ all the images promoting the infringing products
4. Zhongtian Company should compensate Inter Ikea economic losses for an amount of 500,000 RMB, plus the Plaintiff costs and expenses
5. Zhongtian Company should publish a statement on its infringement on the “Qiangjiang Evening” and on the “Xinmin Evening” to avoid adverse effect on Inter Ikea reputation in China¹⁵¹.

The Defence:

The Defendant, Taizhou Zhongtian Plastic Co., argues that:

1. The Plaintiff does not possess the requirements needed to file a lawsuit
2. The plaintiff has no evidence to prove that it owns copyright on the Mammut series of products. Even if the Plaintiff gets the related rights, this series of products can not belong to the category of works of applied art, but only practical industrial products, since it does not show the needed requisite of originality and artistry that belong to the works of applied art
3. Before the creation of the Mammut design, furniture with a similar design had appeared in children cartoons
4. The Defendant’s products are the result of the work of the company’s designers, therefore there is no infringement of the Plaintiff’s copyright

In summary, the Court is requested to reject the Plaintiff’s claim.

Court observation:

This Court found through trial that:

¹⁵⁰ It is no longer possible to reach this website page

¹⁵¹ These two newspapers are both Chinese newspapers that also have an English version. They are both very popular and a good instrument to reach the population. For more information, see the online newspapers: http://qjwb.zjol.com.cn/html/2018-08/22/node_77.htm (Qianjiang Evening) and <http://www.xinmin.cn/> (Xinmin Evening)

The Plaintiff is a limited liability company established in the Netherlands on October 31, 1983. The company Ikea of Sweden Aktiebolag is a Swedish company registered on November 21, 1960.

For the creation of the Mammut children's chairs and stools were hired two designers: Morten Kjelstrup and Allan Ostgaard (hereinafter referred to as M.K.+ A.φ). The work was completed on February 6, 1991 and the products were delivered to Ikea of Sweden Aktiebolag on January 1992.

According to the "Statement of Intellectual Property Rights Issues" signed by the Plaintiff and the Ikea of Sweden Aktiebolag Company and the "Declaration on the Copyright of Mammut Works" published by M.K.+A.φ on June 6, 2008, the copyright ownership on the Mammut products was transferred to the plaintiff on February 8, 1992. Magazines such as "Artistic Family" (1994) and "Popular Design" (1995) also published and introduced the Mammut children's chairs and stools.

On June 10, 2006, Huang Mou, a person not involved in the case, purchased three children stools and two children's chairs in Shanghai, in Qinglan Road, Lane 187. No.11, Building 1508. After payment, he received an invoice, a business card and a brochure. In addition, Huang Mou also took a total of 18 photos of the shopping venue and of the children's stools and children's chairs purchased.

These events were carried out under the supervision of the notary public of the Shanghai Notary Office, Huang Xin, and the notary public, Ding Zhenhua. The Shanghai Notary Office issued the (2006) Shanghai Certificate No. 7549. On the aforementioned invoice was printed the seal of "Taizhou Zhongtian Plastic Co., Ltd"; the name of Taizhou Zhongtian Plastic Co., Ltd.'s Shanghai Regional Manager Li Wei was printed on the business card and the brochure also presented the writing "Zhongtian Plastic", "ZTPC" and other words.

Moreover, the Plaintiff also provided a sales invoice in the name of "Shanghai Yongguang Trading Company" for the purchase of Amutong children chairs and a delivery order. On this invoice as well was printed the name of "Taizhou Zhongtian Plastic Co., Ltd".

On April 10, 2008, the Agent Li Moumou, at the Beijing Chang'an Notary Office of the Gao Luyun (Beijing) Intellectual Property Agency Co., Ltd., located in Beijing Dongcheng District, collected evidences from the website www.ztpc.cc and printed a total of 34 pages; the Beijing Chang'an Notary Office issued the "Beijing Changan Internal Economics Certificate No. 2664" (2008). According to the notarial certificate, the above website showcases 15 models of products for which the plaintiff accuses the defendant of infringement: ZTT-326, ZTT-322, ZTT-325, ZTY-534, ZTY-533, ZTY-537, ZTY-525S, ZTY -525M, ZTY-525L, ZTY-542, ZTY-536, ZTY-541, ZTY-538, ZTY-521, ZTY-535.

On February 10, 2004; October 25, 2004 and August 8, 2005, the legal representative of the Defendant, Chen Moumou, applied for five design patents to the State Intellectual Property Office. The names were: Chair (Amu Tong), chair (ZTY-521), stool (ZTY-537), stool (ZTY-536), chair (ZTY-538), and their patent numbers were: 200430019946.X, 200430083416.1, 200430083418.0, 200430083419.5, 200530114174.2. Among them, the design patent 200430019946.X was declared invalid by the Patent Reexamination Board of the State Intellectual Property Office on August 30, 2006.

After comparison, among the 15 infringing models showcased on the www.ztpc.cc website, the overall shape of the children's stools ZTY-525S, ZTY-525M and ZTY-525L are basically identical to that of the Mammut children's stools, the stools ZTY-534, ZTY-533, ZTY-537, ZTY-536, ZTY-541, ZTT-322, ZTT-325, ZTT-326 and ZTY-542 show a small difference with the Plaintiff's Mammut stools in the shape of the stool part, but the legs' shapes are basically the same, and the two products are overall similar in appearance. The children's chair ZTY-521, ZTY-538, ZTY-535 differs from the Plaintiff's Mammut children's chair for the shape of the back of the chair, but the shape of the legs is basically the same, the composition of both products is overall analogous. Moreover, making a comparison, the products bought by the Plaintiff's Agent (Amutong children's stool and children's chair) are basically very similar to the Mammut children's stools and chairs. The above facts are submitted by the Plaintiff with a notarized certificate, a responsibility agreement, the magazines, the products' brochures, the design sketches, notarial certificates, physical evidences, IP website search

results and the Announcement of Invalidation. The Defendant's objections and the Judgement Notes are also considered an evidence.

This Court believes that:

The court believes that the main controversy in this case is whether the Mammut children's chair and the children's stool belong to the works of applied art protected by China's copyright law.

The Plaintiff believes that Mammut children's series of chairs and stools possesses a high level of artistry. It belongs both to the category of furniture, for its practical character and also to the works of applied art protected by China's copyright law. The Defendant believes that the abovementioned children's series of chairs and stools, speaking of design, does not reach the required level of artistry, it is not different from any other chairs and stools present in China or abroad and mostly responds to practical needs. For these reasons, it does not constitute a work of applied art.

The Court believes that works of applied art refer to the results of the creativity of the human intellect that possess practical character, artistry and are conformed to the requirements of that category. In summary, works of applied art should have the following characteristics: practical character, artistry, originality and reproducibility. According to the relevant provisions of China's Copyright Law, works of applied art belong to the category of works of fine art and are protected by copyright law. Works of fine art refer to paintings, calligraphy, sculptures etc., which are composed of lines, colours, or other forms of aesthetically pleasing surfaces or three-dimensional shapes. For these reasons, in order to be protected by the Copyright law, works of applied art must satisfy the minimum requirements of artistry of works of fine art. The Mammut children's chair in this case consists of three parts: the back of the chair, the seat cushion and the legs. The back of the chair is composed of a trapezoidal solid wood and three rectangular wooden strips. The upper trapezoidal solid wood occupies the entire back of the chair. Close to one-half of the entire chair, the seat cushion is the basic structure of the general chair. The legs are composed of four vertical structures, with a narrow, wide-at the bottom shape. The Mammut

children's stool consists of two parts: the stool surface and the stool legs. The stool surface is a circular entity with equal upper and lower sides. The shape is the same as that of a normal children's stool. The stool legs are four spindle-shaped rods. The Court believes that the main characteristics of the design of the Mammut series of children's chairs and stools mainly consist in its shapes and lines, but, overall, its appearance does not have relevant differences from the ordinary children's chairs and stools. They are relatively simple in design and, in terms of artistry, they do not reach the minimum requirements. Therefore, this design can not be considered a work of applied art and is not protected by China's Copyright Law. For this reason, the above-mentioned behaviour of the Defendant does not constitute an infringement of the Copyright of the Plaintiff.

Judgement results:

To dismiss the Plaintiff, Inter Ikea System, Ltd 's claim.

The case acceptance fee is equal to 8000 RMB and will be charged to the Plaintiff.

If dissatisfied with this decision, the Plaintiff Inter Ikea System Ltd can, within thirty days from the date of the verdict, appeal to the Shanghai Higher People's Court of the People's Republic of China. The Defendant Taizhou Zhongtian Plastic Co., Ltd. can appeal within 15 days after the verdict.

Presiding Officer Li Guoquan

Acting Judge Xu Zhong

Acting Judge Hu Wei

August 22, 2009

Clerk Zhang Tingting

3.3 CONSIDERATIONS ON THE COURT JUDGEMENT

3.3.1 INFORMATION ON THE PARTIES: CHARACTERISTICS AND BACKGROUND

To better understand this case, it is indispensable to first profile the two firms that took part in this process, starting with some information about the Plaintiff, Inter Ikea System B.V.

The first IKEA business was founded in Sweden in 1943 by Ingvar Kamprad. It was initially established as a mail order company for everyday items such as pens, decorations and watches. In 1950 house furniture became part of the assortment and in 1951 the first catalogue was created.

In 1953 the headquarters was moved to Älmhult, in the south of Sweden where, in 1958, Ingvar Kamprad opened its first store. From here IKEA began to gradually specialize in furniture and furnishing accessories developing its own exclusive range, providing design items at affordable prices and accessible to the majority of the population.

The first Ikea store outside Sweden was founded in Norway in 1963 and, starting from the 1970s and all through the 80s, Ikea stores started rising all over the world, like in Japan (1974), Hong Kong (1975), Italy (1989) and so on, and arrived in China in 1998, with its first store in Shanghai.

At the beginning of the 1980s, because of its growth, with its presence in almost 20 countries, its founder realised that, in order to keep growing, he needed to protect the exclusive Ikea concept and to simplify its structure. This is when the Ikea franchise system was born. The plaintiff, Inter Ikea Systems B.V., was established in the Netherlands in 1983 and is owner of all Ikea franchisor worldwide. It is now one of the three core business of the larger Inter Ikea

Holding B.V., which is actually divided in: Inter Ikea System B.V. (franchising), Ikea Sweden BV/ Ikea Supply AG (range and supply) and Ikea Industry Holding B.V. (industry). These ownership changes, as a matter of fact, came into force on 31 August 2016, so after the examined case took place. Inter IKEA Group (Inter IKEA Holding B.V. and all its subsidiaries) is owned by Interogo Foundation, established in 1989, based in Liechtenstein¹⁵².

Thanks to the business acumen of its owner and a very rational idea of the market, Ikea has become one of the titans of the furniture industry, offering to its international clients selected, culture-based products that offer design objects at affordable prices.

Needless to say, the success of Ikea furniture makes its products among the most imitated all over the world, a challenge that Ikea has to face daily.

On the other hand, Taizhou Zhongtian Plastic Co., Ltd. was founded in 1995 and is located in Jiaojiang District in Taizhou, on the coast of the East China Sea. The company invested 45 million yuan, employs from 100 to 200 employees, covers an area of 40,000 square meters, with a construction area of 28,000 square meters and is equipped with dozens of large, medium and small injection moulding machines (the biggest is 60,000 grams).

The company mainly produces more than 350 varieties of plastic products in two brands: "ZTPC" and "LUYI". Some examples of their products are plastic trays, plastic waste bins, plastic turnover boxes, plastic buckets, security lock boxes, plastic furniture (tables, chairs, stools), children's furniture, outdoor tables and chairs, cleaning series (mop buckets, dustpans, caution signs) and other products. These goods are sold not only in China but also in Japan, the United States, South America, the Middle East area and Eastern Europe. Moreover, it works as a supplier for companies such as Home Depot and Carrefour¹⁵³.

¹⁵² For more information about Inter Ikea Group see: <http://www.inter.ikea.com/>

¹⁵³ For more information Taizhou Zhongtian Plastic Co., Ltd see: <https://tzsztsy.en.china.cn/about.html>

Since the year 2000, their total assets reached more than 10 million and keeps increasing.

The company has more than 30 patents in China and passed the “ISO9001:2000 quality certificate system” and Europe “En840 quality testing”, so it offers good quality products with good techniques and technologies, acquiring a positive reputation among its customers.

The strength of the company is definitely the impressive range of products it offers and the service it offers to its clients. For example, its products are also available on the more well-known B2B or B2C websites in China such as Alibaba and Amazon.

3.3.2 ANALYSIS OF THE FACTS

The Plaintiff, Inter Ikea System B.V.¹⁵⁴, filed this lawsuit against the Defendant, Taizhou Zhongtian Plastic Co., Ltd with Shanghai No.2 People’s Court, for dispute over economic rights for infringement of a copyrighted work.

The aforementioned copyrighted work is the Mammut series of children furniture (see picture 1), developed by the fashion designer Allan Ostgaard and the designer Morten Kjelstrup on behalf and under the direction of Inter IKEA, that was also the owner of the copyright of the work. Over the years, the Mammut series of furniture had been presented in many books and catalogues. In 1994, it also won the Sweden award “Furniture of the year”. On the Plaintiff website, it is presented as “furniture that brings imagination to life” and is described with the following portrayal: “Inspired by the shapes in cartoons, the MAMMUT series is fun furniture kids love. There are smart ideas like the raised

¹⁵⁴ Hereinafter referred to as “Inter IKEA”

edge on the table to stop spills. Plus, features like rounded corners and drawers with stops to help your kids stay safe, too”¹⁵⁵.

A few years after the creation of the Mammut series, the Defendant created various children furniture pieces such as chairs and stools, by plagiarising the design of the work of the Plaintiff, without its permission (see picture two). The infringing products were also showcased and sold on the website of Zhongtian Company¹⁵⁶.

According to the Plaintiff, the design of the Mammut series of furniture possessed all the characteristics to be protected by copyright as works of applied art under the Chinese Copyright Law¹⁵⁷, such as utility and high artistry. These works of applied art would therefore fall into the copyrightable category of works of fine art, which was made more evident by the national award that the Mammut furniture won in 1994.

Because of all these reasons, the fabrication and selling of the infringing products of the Defendant, along with all the commercials and online advertising, not only constituted in infringement of the copyright, but also caused heavy economic losses to Inter Ikea.

¹⁵⁵ <https://www.ikea.com/gb/en/collections/mammut/>

¹⁵⁶ <http://zhongtianplastic.en.hisupplier.com/product-17681-Kid-s-Furnitures.html>

¹⁵⁷ About the characteristics required by the Chinese Copyright Law for designs to be protected by Copyright see also paragraph 2.3.2 pag.62



Picture 1

(Ikea's Mammut furniture)
Source: <https://www.ikea.com>

Picture 2

(Zhongtian Plastic's furniture)
Source: <https://tksztsy.en.china.cn>

The Court, in this case, had to judge two aspects: first, the similarity between the two designs and, secondly, whether the Mammut series of children chairs and stools could belong to the category of works of applied art protected by the Chinese Copyright Law.

It is clear that, as the Court underlined in the judgement, the similarity between the two series of products is undeniable. The basic parts such as the shape of the legs, the chairs cushions and the stools surfaces are basically identical. That being said, the Court had the more difficult task of judging the protectability through Copyright of the Mammut furniture. The main object of discussion was the simplicity of the lines and shapes of the products. The Chinese Copyright Law does not give any precise description of the complexity of a design, in order to consider it a work of applied art, although the four requirements of practical character, artistry, originality and reproducibility exist. The judges mostly

based their opinion on these four characteristics required, but these are not free from personal opinions and impressions. Another judgement parameter are often similar cases that happened in the past, some of which have been analysed in paragraph 2.3.3.

In conclusion, it is fundamental to remember that every case is different, similar situation does not lead to the same judgements, especially in a matter such as the design protection, for which it is impossible to establish common and objective standards.

CONCLUSIONS

The aim of this thesis was to highlight some aspects of the phenomenon of the violation of industrial design in China, and in particular of the protection by copyright and patent of the latter, noting the effectiveness and the limits of the respective protection system through the sectoral translation of a Court judgement. The translation of the judgement has made it possible to observe that counterfeiting in China is a phenomenon that occurs in a particular legal context, in which intellectual property has developed late compared to some Western countries, even if, without a doubt, in the last 30 years, enormous progresses have been made to improve the legal system concerning this field.

As seen above, the idea of a legal protection of intellectual property appeared incompatible, on a cultural level, both with the Confucian tradition, which considers knowledge a freely available common good, and with the communist ideology, above all in the Maoist inclination, on the basis of which the exclusive appropriation of intellectual works clashes with a collectivist society. Despite these cultural problems, starting from the reforms of Deng Xiaoping in the period of Open Door Policy, the legal protection of design has evolved, both with the patent law of 1982, whose third and final reform dates back to October 1, 2009, and with the Copyright Law of 1990, lately amended on February 26, 2010.

This double possible protection, however, causes many problems for international companies approaching the Chinese market. In fact, both types of protection have positive and negative aspects. The protection offered by the patent is shorter than the one offered by copyright, we speak of a duration of 5 years (renewable for other 3 years) of the design patent, compared to the copyright protection, that lasts for all the life off the author plus 50 years after his/her death. Moreover, since Copyright does not require any registration, it also has economic advantages.

However, patent protection is more solid, it allows the designer to be protected by any infringement. Copyright, on the other hand, is subject to quite subjective

perspectives, as clearly seen by the analysis of the case regarding the Mammut series furniture. The necessity for a design work to be classified as work of applied art in order to be protected by copyright, makes its protection unstable.

Another major issue, that is a specifically Chinese problem, is the lack of trust of foreign companies that want to invest in China in the Chinese legal system. This is due to the conviction of the existence of a limited autonomy of the legal apparatus, a reflection of a close relationship between the Courts and the Chinese Communist Party: the judges enjoy neither independence nor autonomy, since the courts are subordinate, vertically and horizontally, to political power.

In an attempt to reduce the gap between regulatory requirements and its practical implementation, the government has launched a series of public awareness and information campaigns on the negative effects of counterfeiting of intellectual property rights, on the need to ensure greater effectiveness of the mechanisms to protect them and ensure closer cooperation between the various authorities involved. These initiatives, carried out both at central and at local level, have encouraged the creation of new bodies that are increasingly specialized in this sector, thus guaranteeing a higher level of protection of industrial property rights. In promoting the development of the legal framework and social awareness of intellectual property rights in China, the European Union's cooperation and technical assistance activity has become particularly important: the European Commission has in fact launched the EU-China Program IPR2, opening a dialogue front with China¹⁵⁸.

Despite these attempts by both the Chinese government and the European Union, on the basis of the data emerging "Business Confidence Survey" conducted by the EU Chamber of Commerce in China on June 2018, despite China remains a top-three destination for present and future investment for 59 % of member companies, the lack of confidence in the Chinese legal system

¹⁵⁸ See the web page <http://www.ipr2.org/>. During the annual China IP Dialogue meeting, the European Commission and the Chinese Ministry of Commerce elaborate programs and initiatives both on the substantive aspects of legislation and on how to protect intellectual property. The IP Working Group meets every two years to discuss issues of specific relevance to the respective industrial sectors.

discourages foreign investments, which could be even higher than the current ones. The positive note, however, concerns the protection of intellectual property. Perceptions about the implementation of IPR regulations have improved, with more than double the share of respondents reporting enforcement as adequate or excellent compared with 2013¹⁵⁹. Despite this improvement, IP protection in China is still considered insufficient by more than the 70% of the Italian companies working there.

To sum up, two factors must be taken into consideration, the first is that, over a period of thirty years, China has progressively harmonized its legal system to the international standards. The current economic development and the progressive rise of high-tech industrial sectors continue to strengthen awareness of the role of industrial property rights to guarantee high levels of growth for the country, which proposes to become an inventor and no more an imitator. The second is the dynamic context of China, in which many changes in the judiciary field can take place within a few years. Regarding industrial design, we have noticed in the course of this thesis that the Chinese situation is not very different from the Italian and international ones. The field of industrial design remains rather ambiguous, and this duality is due to the overlap of industrial design works with works of fine art. This is a rather complex problem to face and, for this reason, it is up to the company or designer to find the right way to protect its work, without underestimating the various nuances of the law, both in the Chinese and in the international context.

¹⁵⁹ To read the full Business Confidence Survey see:
<http://www.europeanchamber.com.cn/en/publications-business-confidence-survey>

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