

# LAW SOCIETY SUBMISSION

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**SUBMISSION IN RESPONSE TO THE PUBLIC CONSULTATION ON THE  
OVERLAP OF INTELLECTUAL PROPERTY PROTECTION BETWEEN  
INDUSTRIAL DESIGNS AND COPYRIGHT LAW**

DEPARTMENT OF JOBS, ENTERPRISE AND INNOVATION

OCTOBER 2016

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#### **ABOUT THE LAW SOCIETY OF IRELAND**

**The Law Society of Ireland is the educational, representative and regulatory body of the solicitors' profession in Ireland.**

**The Law Society exercises statutory functions under the Solicitors Acts 1954 to 2011 in relation to the education, admission, enrolment, discipline and regulation of the solicitors' profession. It is the professional body for its solicitor members, to whom it also provides services and support.**

**The headquarters of the organisation are in Blackhall Place, Dublin 7.**

## 1. Introduction

- 1.1 The Law Society of Ireland is pleased to respond to the Department of Justice and Equality (the "Department") public consultation on the overlap of intellectual property protection between industrial designs and copyright law, dated 24 August 2016 (the "Consultation").

## 2. Background

- 2.1 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, (later replaced by Directive 2006/116/EC)<sup>1</sup> (the "Term Directive") provides for a single duration for copyright and related rights across EU Member States.
- 2.2 Under the Term Directive the term of protection for copyright for literary and artistic creations was harmonised at 70 years after the death of the author. This was transposed into Irish law by the European Communities (Term of Protection of Copyright) Regulations 1995<sup>2</sup>, and was replaced by sections 24-36 of the Copyright and Related Rights Acts 2000 to 2007 ("CRRA").
- 2.3 This general rule for the duration of copyright for literary and artistic creations does not currently apply under Irish law to copyright in designs registered under the Industrial Designs Act 2001 or for copyright in artistic works exploited by an industrial process. These artistic works have duration of protection of 25 years commencing on the date of application for an industrial design, or the date the artistic work is first marketed. The relevant sections of the CRRA are as follows:
- 2.4 Section 31A<sup>3</sup> provides that copyright in a design registered under the Industrial Designs Act 2001 expires 25 years after the filing date of the application for registration of the design under that Act or on the date of expiration of the copyright under the CRRA, whichever is sooner.

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<sup>1</sup> Directive 2006/116/EC of the European Parliament and the Council of 12 December 2006 on the term of protection of copyright and certain related rights.

<sup>2</sup> SI 158/1995

<sup>3</sup> Inserted by s.89 of the Industrial Designs Act 2001 (No.39 of 2001), which, by the Industrial Designs Act 2001 (Commencement) Order 2002 (S.I. No. 275 of 2002) came into effect on 1 July 2002.

- 2.5 Section 78B<sup>4</sup> prescribes 25 year copyright protection for artistic works that have been exploited by the copyright owner (or by someone else under licence) by (i) making products (through industrial process) that are copies of the artistic work; and (ii) marketing those products. This 25 year term runs from the end of the calendar year in which the relevant products were first marketed by the copyright owner (or by a licensee).
- 2.6 This Consultation is prompted by the ruling of the Court of Justice of the European Union (CJEU) in *Flos SpA v Semeraro Casa e Famiglia SpA*<sup>5</sup>. *Flos* clarified that the Copyright Term Directive is mandatory across all copyright works. Accordingly, this Consultation is a precursor to legislative amendments to sections 31A and 78B of the CRRA, which will have the effect of extending copyright protection in registered designs and in artistic works exploited by an industrial process to the life of the creator plus 70 years. It is noted that the UK recently amended its corresponding legislation to align itself with EU law.

### 3. UK Consultation

- 3.1 The Law Society's submission draws on the questions, arguments and Government responses to the issues raised in the UK's consultation<sup>6</sup> on its repeal of its corresponding copyright legislation.
- 3.2 We note that the UK consultation invited stakeholder input on the costs and benefits of specific issues which were not highlighted in this Consultation (e.g. start date of the transitional period; distinction between 2D and 3D copies; a separate stock depletion period and eligibility for same). Whilst these issues were not specifically highlighted in this Consultation, the request for submissions has left sufficient scope for the Department to consider responses that are broader in scope than answering the two questions listed in the Consultation document.
- 3.3 One would hope that affected stakeholders and interested parties will raise these issues in their response to the Consultation. This will give the Department insight into any divergence between the relevant Irish and UK markets, and how that should influence its response in designating a transitional period.

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<sup>4</sup> Inserted by s.89 of the Industrial Designs Act 2001 (No. 39 of 2001), which, by the Industrial Designs Act 2001 (Commencement) Order 2002 (S.I. No. 275 of 2002), came into effect on July 1, 2002.

<sup>5</sup> Case C-168/09.

<sup>6</sup> <https://www.gov.uk/government/consultations/transitional-arrangements-for-the-repeal-of-section-52-cdpa>

## 4. Consultation Questions

### 4.1 Question 1: Will the proposed amendment potentially impact in a positive or a negative manner on businesses?

- 4.1.1 The particular sectors of the Irish economy likely to be affected by the repeal would include designers and rights-owners; manufacturers and sellers of replicas (including components); publishers; photographers; image agencies and other users of 2D copies of earlier works.
- 4.1.2 Designers and rights-owners are the main beneficiaries under these proposals. The proposed amendments to sections 31A and 78B of the CRRA positively impacts businesses that are rights-owners, particularly those who will see through the revival of copyright protection previously expired and those who will benefit from a prolonged period of royalty payments. Further, the repeal of law could result in a greater willingness for rights-owners to remain in Ireland and create new designs in the knowledge that Irish law affords them the same duration of protection given to other copyright works.
- 4.1.3 The proposed repeal will adversely affect businesses that sell, or intend to sell, products in reliance on the 25 year term prescribed by sections 31A and/or 78B of the CRRA. Following the repeal of law, these businesses' current practices will involve copyright infringement. These businesses must consider whether to design their own original products, obtain a licence from rights-owners, find some other copyright exception to rely on or cease that part of their business. The cost and time aspects of transitioning to a new product line, or obtaining licences to continue using existing works, may be prohibitive for some businesses (e.g. terminating existing supply contracts and sourcing new ones; design costs, marketing and IP protection). Some may continue their operations as normal, based on a view that their products do not infringe existing rights, but carrying the underlying risk of an infringement action or the threat of one.
- 4.1.4 Our comments above are necessarily general, as the Law Society wishes to comment on the legal issues only. However, it does appear that this question is not easily considered with any degree of granularity without information on the number of businesses that currently rely on sections 31A and 78B of the CRRA, the value of that part of their business and the financial implications of adjusting their practices. Also, information on the number of affected rights-owners would assist in this assessment, such as regarding the number of items that will be protected by copyright following the change of law, the number of rights-owners that compete with businesses who rely on sections 31A and 78B of the CRRA, the costs and consequences of this competition (e.g. loss of market share in Ireland due to availability of cheaper unlicensed copies) and any loss associated with purported consumer confusion amongst the relevant Irish market between licensed copies and replicas.
- 4.1.5 The Law Society encourages the Department to take immediate steps to prepare and publish a guidance document to explain to affected parties the purpose, timing and consequences of the repeal so they can plan and budget for these changes. The responses to the Consultation will no doubt inform the content of any such guidance document.

## 4.2 Question 2: Would a short transition period before the amendment comes into force be the most appropriate and efficient?

- 4.2.1 The CJEU ruling in *Flos* recognised the lawfulness of a transitional period provided that the measure does not have the effect of deferring for a substantial period the application of the rules on copyright protection. In that regard, the CJEU held that any assessment of the length of the transitional period, and of the category of third parties covered by it, must be proportionate. Accordingly, the application of a transitional period should ensure a balance is struck between the acquired rights and legitimate expectations of third parties concerned on the one hand, and the interests of rights-owners on the other hand. *Flos* provided that, in order to strike the correct balance of competing rights, the transition measure can only be considered appropriate if it:
- is only directed at a category of persons entitled to point to a legitimate expectation (such as persons who have already done some act or incurred costs in reliance on the availability of the works in order to produce or market products based on those works);
  - is limited to what is necessary to phase out that part of their business that is based on earlier use of the relevant works, or to clear their stock; and
  - does not defer entitlement to copyright for a substantial period.
- 4.2.2 We note the Department's recognition that the transitional period should be such as to permit affected parties to adjust their practices, including allowing manufacturers of replicas time to dispose of their stock. The Consultation appears to suggest the Department is considering a single transitional period, applicable to all users of earlier rights.
- 4.2.3 Further to *Flos*, we submit that there should be a defined transition period and an additional depletion period (as deployed in the UK) which will allow for a distinction to be made between what transition period(s) is necessary for different categories of users. We submit that the inclusion of an additional period to allow for the depletion of stocks would be appropriate, particularly if a short transition period is applied. This additional depletion period should mitigate some of the effects of a shorter transition period, and hopefully remove the need for a 'fire sale' of existing stocks.
- 4.2.4 Of particular importance will be the start date of the transition period. The UK consultation resulted in a transition period commencing from the start of the consultation process. We encourage the Department to inform stakeholders of its intentions in this regard as soon as possible.
- 4.2.5 From a rights-owner's perspective, a short transition period would be most appropriate, so they may benefit from the full term of copyright without delay. Further, given the position under EU law, and the time that has already elapsed since the implementation date of the Copyright Term Directive, a swift introduction of the repeal will give legal certainty and bring Irish law into alignment with EU law.
- 4.2.6 However, businesses that currently produce and/or sell products in reliance on the 25 year term prescribed by sections 31A and/or 78B of the CRRA will call for a longer transition period. This is evident from the submissions received in response to the UK consultation, where affected businesses and the Law Society of Scotland suggested transitional periods in the range of 2 to 5 years.

- 4.2.1 The Law Society of Ireland does not suggest a particular transitional period. If a transitional period is considered appropriate by rights-owners it will no doubt be viewed differently by those that exploit their works. Therefore, we recommend that whatever transitional period is chosen should be sufficient to allow relevant parties to amend their practices. Ideally, the Department should leverage any insights shared by its UK counterparts.
- 4.2.2 Regardless of whether a short or longer transitional period is chosen, we suggest the Department should engage immediately and effectively with affected sectors to publicise the proposed changes and encourage early business decisions. Published guidance will be invaluable for stakeholders, and the Department's decision on what is an appropriate transition period should incorporate the time it takes to publish this guidance.

For further information please contact:

Cormac O Culain  
Public Affairs Executive  
Law Society of Ireland  
Blackhall Place  
Dublin 7  
DX 79

Tel: 353 1 6724800  
Email: [c.oculain@lawsociety.ie](mailto:c.oculain@lawsociety.ie)