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International Information for International Business

Volume 26, Number 10

October 2012

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## Protecting Italian Lamps and Egg Chairs: Proposed Repeal of Section 52 CDPA (UK)

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Hidden in the recesses of the recently published Enterprise & Regulatory Reform Bill<sup>1</sup> (“the ERR Bill”) are some potentially radical changes to the UK’s copyright regime. These proposed reforms would result in a drastic increase of the duration of copyright protection for mass-produced artistic works from the current term of 25 years (subject to some exceptions), to life of the author plus 70 years (see “UK Bill Proposes Extending Copyright Protection for Designs to 70 Years” [26 WIPR 29, 7/1/12]). Furniture and jewellery designers, toy manufacturers and TV and film producers are most likely to reap the benefits of this change; mass-market furniture stores and retailers of copycat merchandise will no doubt be far less enthusiastic.

### Current Law

By way of background, section 52<sup>2</sup> of the Copyright, Designs and Patents Act (“CDPA”) currently curtails the duration of copyright<sup>3</sup> in mass-produced artistic works to 25 years, as opposed to the life of the artist plus 70 years which is usually afforded to works of artistic copyright.

“Mass-produced” in this sense essentially means that more than 50 copies of an article have been made.<sup>4</sup> Sculptures, wall plaques, medals and printed matter primarily of a literary or artistic character (such as book jackets, calendars and greetings cards) are specifically excluded from the application of the provision.

After a period of 25 years from the date when the articles were first marketed,<sup>5</sup> the copyright owner essentially loses his right to prevent the production of copycat articles, although he may still enforce his copyright in respect certain forms of reproduction (for example, within a film).

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The rationale behind this section is that the law of designs is intended to afford protection to designs of articles that are marketed for sale.<sup>6</sup> Artists should not be able to take advantage of the extensive period of copy-

right protection where they choose to exploit their works commercially. There was also a concern prior to the introduction of the CDPA that copyright protection was open to abuse by manufacturers of purely functional items, such as automobile spare parts.<sup>7</sup>

Section 52 reduces the risk of double protection for such “industrial designs” and aligns the period of copyright protection with the duration of protection enjoyed by proprietors of registered designs, namely a maximum period of 25 years after registration.<sup>8</sup> In general, the threshold for copyright protection is lower than for registered design protection (due to the higher standard of novelty required to register a design, as opposed to the lower standard of “originality” for copyright), but copyright only prevents a third party from “copying” the work in contrast to registered design protection which grants a monopoly right to the registered owner.

## Why the Change?

In its *Impact Assessment* published alongside the ERR Bill,<sup>9</sup> the government admits that it has not carried out a consultation to canvass views on the proposed change. The furniture industry is driving this change; increasing competition from cheap Chinese imports is hampering their EU business models and the perception is that the UK makes for an ideal transit. One particular company claims to be losing some EU€250 million per year in international turnover, a significant proportion of which is attributable to UK legislation which differs from that of other EU Member States.<sup>10</sup>

There is no doubt that the s 52 CDPA exception extends far wider than the spare parts issue it was in part intended to address, encompassing almost all artistic works which are applied industrially. The furniture petitioners have argued that such a wide exception conflicts with EU legislation requiring member states to ensure that copyright protection is available to registered designs in accordance with national laws<sup>11</sup> and the UK is one of only three EU Member States which restricts the term of copyright afforded to designs.<sup>12</sup>

Italy’s failure to comply with such legislation was addressed in the Court of Justice of the European Union ruling in *Flos SpA v. Semeraro Casa e Famiglia SpA*.<sup>13</sup>

In that case, Flos had brought copyright infringement proceedings before the Italian courts in respect of Semeraro’s importation and sale of “Fluida” lamps in Italy, which allegedly imitated all the stylistic and aesthetic features of the Arco lamp, an industrial design in which Flos held the intellectual property rights. The national courts in Italy referred questions to the CJEU concerning whether amendments made to national legislation to preclude copyright protection for certain industrial designs were permissible. The CJEU concluded that such provisions are not in accordance with EU legislation and a member state is not entitled to exclude copyright protection for industrial designs.

Aside from wishing to comply with EU law, the UK Government is concerned that the country’s more relaxed

laws are being abused by importers of copycat products who are using the UK as a staging post to bring such products into the EU.

## Impact of the Change

The government has acknowledged that it is not clear to what extent the repeal of s 52 CDPA would result in an appreciable effect on the number of design products manufactured, imported and sold in the UK. There is a distinct lack of verifiable data on the extent to which products currently available would infringe artistic copyright if s 52 were to be repealed and whether artistic copyright would subsist in the underlying works in any event.<sup>14</sup>

Whilst the furniture industry is leading the campaign, the ramifications could be felt far wider, with retailers of merchandise particularly likely to also benefit. Following the Supreme Court’s decision in *Lucasfilm v. Ainsworth*<sup>15</sup> in 2011, there is a strong perception that the UK does not adequately protect the creative industries secondary streams of income by comparison with the US.

In 2005, the US District Court of California awarded Lucasfilm, the producers of the Star Wars films, US\$20 million in respect of Mr Ainsworth’s acts of copyright infringement, trade mark infringement and unfair competition in the US. However, Lucasfilm was unable to enforce the judgment on Ainsworth, since he was not resident in the US. Lucasfilm then sought to have the US judgment enforced in the UK (which was rejected on the basis that the award contained an element of punitive damages) and requested, in the alternative, that the English courts decide the substantive issue of US copyright infringement under US law (jurisdiction in this regard was accepted in principle by the Supreme Court).

At the same time, Lucasfilm sought damages against Ainsworth for infringement of UK copyright. Ainsworth had been engaged to produce props for the first Star Wars film back in 1976, including the Stormtrooper helmets, and still owned the original moulds. Lucasfilm argued that they owned the copyright in those helmets, which was being infringed by the sale of replica helmets by Ainsworth via his website. The cumulative effects of ss 51<sup>16</sup> and 52 CDPA meant that in order to succeed, Lucasfilm had to establish that the helmets were “sculptures”.

On this point, the Supreme Court agreed with the decisions of the courts below and held that since a 20th century military helmet would not be deemed a sculpture, neither should a replica helmet used in the making of a film, “however great its contribution to the artistic effect of the finished film”. The finished film was the work of art rather than the helmet.

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Clearly, s 52 was not the sole stumbling block for Lucasfilm’s case in the UK and although the courts did not go quite so far as to hold that copyright did not subsist in the helmets at all, neither did they conclusively find that copyright did subsist. However, it is undoubtedly the case that without s 52, Lucasfilm would have had an easier case to run. In particular, the argument that the helmet was a work of artistic craftsmanship would have been worthwhile pursuing.<sup>17</sup> This is sure to give renewed hope to those industries seeking to exploit merchandising rights in TV and film productions, particularly those with a long-shelf life.<sup>18</sup>

Current indications are that the repeal of s 52 would come into immediate effect, thereby renewing the previously expired copyright of certain mass-produced artistic works.<sup>19</sup> The government cites various examples of designs which would benefit from the repeal in its *Impact Assessment*, including the Fritz Hansen Egg Chair, the Flos Arco Lamp (discussed above) and the Eileen Gray Side Table. However, the government has neglected to mention the other industries likely to benefit, including jewellery designers, toy and games manufacturers and retailers of official merchandise.<sup>20</sup>

## Backlash

Not all quarters are thrilled by the proposed amendments, as highlighted by a letter to *The Times* published on July 31, 2012 and signed by a number of eminent intellectual property academics.<sup>21</sup> Their concern, which would no doubt be endorsed by many high street retailers and low cost manufacturers, is that the repeal would constrain creative freedom and have a high social cost by making many items unaffordable to many consumers. The government’s *Impact Assessment*, for example, cites a number replica items available online at, on average, less than 15% of the price of the original.

The letter also rightly points out that the effect of *Flos* does not render the UK non-compliant with EU law. Article 17 of the Designs Directive only requires member states to ensure that registered designs are eligible for the protection under national copyright laws. The extent to which and conditions under which such copyright protection is granted is a matter of national law, subject of course to harmonisation legislation in this field.

Had the UK intervened in the *Flos* case, the academics noted that the UK Government would have been able to inform the CJEU that during the passage of the Designs

Directive, the UK secured permission to retain the 25-year term under s 52. Original proposals had been to require member states to ensure that copyright protection was available to registered designs “irrespective of the number of products to which such design is applied or intended to be applied and irrespective of whether the design can be dissociated from the products to which it is applied or intended to be applied”.<sup>22</sup> However, this wording was dropped from the final Directive in response to concerns raised by the UK and Irish delegations<sup>23</sup> and as a result no amendment was required to UK law.<sup>24</sup>

The government’s *Impact Assessment* does not address the extent to which s 52 might conflict with other provisions of EU legislation, most notably the Copyright Term Directive<sup>25</sup> which harmonises the duration of copyright in artistic works to life of the author plus 70 years, nor the Information Society Directive<sup>26</sup> which sets out an exhaustive list of permitted exceptions to copyright protection.<sup>27</sup>

## A Measured Response?

The implications of *Flos* and the UK’s compliance with EU legislation will continue to sustain academic debate for some time. It is however curious that the UK Government has decided to take this step without public consultation or a full assessment of the legal landscape. Undoubtedly it appears that economic factors are driving the change, which is anticipated to promote innovation and encourage investment in UK design.

Lucasfilm meanwhile, might view this as an opportunity missed; argument on this point before the Supreme Court could have led to a reference to the CJEU. However, the repeal of s 52 could lead to the same result for Lucasfilm in roughly the same timescale without the expense of CJEU proceedings; Ainsworth may find himself in Lucasfilm’s sights once more.

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**“The government’s Impact Assessment does not address the extent to which [CDPA] s 52 might conflict with other provisions of EU legislation”.**

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Interestingly, there are no plans to amend s 51 CDPA which equally curtails the protection of copyright in design documents by limiting copyright protection to reproduction of the document, rather than the design which it embodies, unless that design is itself an artistic work.

If the ERR Bill is enacted, radical changes such as this can be expected to occur more frequently, with the Secretary of State being granted the power to change the permitted exceptions to copyright infringement simply by Statutory Instrument.

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## Notes

<sup>1</sup> Available on the UK Parliament website at <http://services.parliament.uk/bills/2012-13/enterpriseandregulatoryreform.html>.

<sup>2</sup> See <http://www.legislation.gov.uk/ukpga/1988/48/section/52>.

<sup>3</sup> At least in respect of the right to prevent copies of the work being made in the form of articles of any description (other than films), to prevent anything which is done for the purpose of making such articles and/or to prevent anything being done with such articles (s 52(2) CDPA). The restriction does not apply to all forms of reproduction of the work and does not apply to all artistic works.

<sup>4</sup> Article 1, Copyright (Industrial Process and Excluded Articles) (No. 2) Order 1989/1070, available at <http://www.legislation.gov.uk/uksi/1989/1070/article/2/made>.

<sup>5</sup> Specifically, 25 years from the end of the calendar year in which the articles were first marketed.

<sup>6</sup> Provisions under the 1911 and 1956 Copyright Acts went further than the current law, expressly referencing registered design protection as a reason for refusing copyright protection.

<sup>7</sup> As a result, when implementing the CDPA, the UK Government took care to exclude industrial items from copyright protection through the implementation of s 51 and re-formulation of s 52. See *British Leyland Motor Corp Ltd v Armstrong* [1986] 2 WLR 400 where it took the House of Lords some rather ingenious thinking to avoid a finding of liability on the part of the defendant for infringement of copyright in the Mini exhaust pipe.

<sup>8</sup> Design right protection must be applied for quickly since the design must be novel and have individual character over the state of the art to be valid.

<sup>9</sup> Available at <http://www.parliament.uk/documents/impact-assessments/IA12-014J.pdf>.

<sup>10</sup> The change was not proposed by the recent Hargreaves Review (available at <http://www.ipo.gov.uk/ipreview.htm>) (see also “UK Review Rejects US-Style Fair Use, Proposes New Digital Copyright Exchange” [25 WIPR 18, 6/1/11]), which touched on design law only briefly.

<sup>11</sup> Article 17 of Directive 98/71 on the legal protection of designs available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31998L0071:EN:HTML>.

<sup>12</sup> The others being Romania and Estonia.

<sup>13</sup> Case C-168/09 of January 27, 2011 (see “Copyright Protection for Designs Must be Enforceable in Italy, says CJEU” [25 WIPR 13, 3/1/11]).

<sup>14</sup> See, for example, *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd* [1976] AC 64 where the House of Lords held that a boat-shaped chair did not possess the requisite artistic intent to qualify as a work of artistic craftsmanship.

<sup>15</sup> *Lucasfilm Limited v Ainsworth* [2011] 3 WLR 487 (see “UK Supreme Court Rules Replica Star Wars Helmets Do Not Infringe Copyrights” [25 WIPR 26, 9/1/11]).

<sup>16</sup> Section 51 states that it is not an infringement of copyright in a design document or model recording or embodying a design, for anything other than an artistic work or a typeface, to make an article to the design or to copy an article made to the design (i.e. the article document must itself be an artistic work (or typeface) if copying it is to infringe).

<sup>17</sup> In the event, this argument was dropped on appeal since even if the works were works of artistic craftsmanship, the shortened term of 25 years protection would have expired.

<sup>18</sup> For example, characters from Sesame Street and Thomas the Tank Engine, as well as well-known series likely to still be popular 25 years later, such as Pokémon and Harry Potter.

<sup>19</sup> Transitional provisions are likely to be implemented to allow time for retailers of replicas to comply with the change — see Norman Lamb MP’s comments before the Public Bill Committee Meeting held on July 12, 2012, available at <http://www.theyworkforyou.com/search/?s=design&pid=11032>.

<sup>20</sup> For example, replicas of the mascots of the Olympic and Paralympic Games.

<sup>21</sup> Professor Lionel Bently, University of Cambridge; Professor Tanya Aplin, King’s College London; Professor Ronan Deazley, University of Glasgow; Professor Graeme Dinwoodie, University of Oxford; Professor Sir Robin Jacob, University College London; Professor Martin Kretschmer, Bournemouth University; Professor Hector MacQueen, University of Edinburgh.

<sup>22</sup> Article 14(1) of the draft Directive published in the European Commission’s *Green Paper on the Legal Protection of Industrial Design* available at [http://ec.europa.eu/internal\\_market/indprop/design/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/design/index_en.htm).

<sup>23</sup> See further Professor Lionel Bently’s Legal Studies Research Paper No. 19/2012, “The Return of Industrial Copyright?”, dated July 2012.

<sup>24</sup> This approach was explained in the UK’s *Consultation Paper on the Implementation of the Designs Directive* at para 49: “This Directive does not amend the law relating to forms of protection other than registered designs. The fact that the design of a product is registered must not deny copyright protection which would have been available if the design had not been registered. However this is not presently the case in UK law. There does not appear to be any requirement for amendment to the Copyright, Designs and Patents Act 1988.” Available at <http://www.ipo.gov.uk/pro-policy/consult/consult-closed/consult-closed-2001.htm>.

<sup>25</sup> Directive 2006/116/EC available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:372:0012:0018:EN:PDF>.

<sup>26</sup> Directive 2001/29/EC available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:167:0010:0019:EN:PDF>.

<sup>27</sup> See further Professor Bently’s Research Paper, *ibid*.