

# PROTECTION OF SPARE PART DESIGNS \* \*\*

## 1. Introduction

Lawmakers throughout the world have for long been deeply concerned with what is to be protected to what extent within intellectual property law.<sup>1</sup> Such concern has gained further importance following the incredible pace of technological development and information flow. Recently, significant steps have been taken for the harmonisation

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\*\* Following is the list of the abbreviations used herein: *a*: Article; *ALRC*: Australian Law Reform Commission; *BL*: British Leyland; *CC*: Code of Commerce; *CDPA*: Copyright, Designs and Patents Act; *Comp*: Compare; *The Decree-Law (EndTasKHK)*: Decree-Law No. 554 Pertaining To The Protection of Industrial Designs; *E*: Esas (principal); *EC*: European Community; *Ed*: Edition / Editor; *Eds*: Editors; *EIPR*: European Intellectual Property Review; *Etc*: et cetera; *EU*: European Union; *fn*: footnote, *FMR*: Ankara Barosu Fikri Mülkiyet ve Rekabet Hukuku Dergisi (Ankara Bar Association Journal of Intellectual Property and Competition Law; *GRUR*: Gewerblicher Rechtsschutz und Urheberrecht; *HD*: Hukuk Dairesi (Department of Law); *I*: Issue; *IAWC*: Intellectual and Artistic Works Code; *IIC*: International Review of Industrial Property and Copyright Law; *JPTOS*: Journal of the Patent and Trademark Office Society; *K*: Karar (Verdict); *LSE*: London School of Economics; *No*: Number; *OG*: *Official Gazette*, *OJ*: Official Journal, *p*: Page; *R – D*: Research and Development; *RDA*: Registered Design Act; *TRIPS*: Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods; *UCLA*: University of California at Los Angeles; *UK*: United Kingdom; *USA*: United States of America; *V*: Volume; *WIPO*: World Intellectual Property Organisation.

<sup>1</sup> Intellectual property has been defined as the metaphysical field of law. See. **LEHMAN**, p.7 fn.16.

of intellectual property law in terms of international level in general, and within the EU in particular. Efforts for the fulfilment of this purpose are still on the way.

One of the most controversial topics regarding intellectual property is the limit to the protection of designs. Among the topics that lawmakers are heavily engaged in is spare part designs.

The 1993-dated Preparatory Directive regarding the protection of designs in the EU Law took effect in 1998.<sup>2</sup> The Draft Legislation on the issue has not been effected yet; steps in this regard are being taken.<sup>3, 4</sup>

Defined as the image of a product or a part thereof, designs are covered by legal protection as per EU Law, for a period of 25 years provided that they are registered.<sup>5</sup> A registered design is worthy of protection by the said Law if it bears novel and individual

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<sup>2</sup> OJ., 28.10.1998, No: L 289/28.

<sup>3</sup> For the Preparatory Directive see OJ., 23.12.1993, No: C 345/14. For the Preparatory Regulation see OJ., 31.01.1994, No: C 29/20.

<sup>4</sup> Designs have first been subject to regulation under the “ Decree-Law No. 554 Regarding the Protection of Designs” in Turkish Law within the process of the Customs Union with the EU. OG, 27.06.1995, No: 22326. Formerly, designs had been protected according to unfair competition legislation, and intellectual and artistic works legislation in Turkey.

<sup>5</sup> Registered designs are protected for a maximum period of 25 years in Turkish Law, as is the case in EU Law. See The Decree-Law a.12. Unregistered designs are protected pursuant to general provisions, that is, unfair competition and intellectual and artistic works legislation, (Decree-Law a. 1) in Turkish Law whereas there exists a separate regulation within the Community Regulation with respect thereto. According to the preparatory regulation, unregistered designs remain under protection for a period of 3 years after they are presented to the public. S. Community Preparatory Regulation a. 12.

characters.<sup>6</sup> A registered design grants exclusive rights to its owner. Third parties cannot manufacture, launch, sell, contract, import, make commercial use of or hold for the same purposes a product on which a design under protection has been applied, unless such parties obtain the approval of the owner of the design for the said ends.<sup>7</sup> This provision reveals that the lawmaker grants extensive authorities to the owner of the design.

How the right to design spare parts shall be protected stirred up significant controversies in EU Law and no agreement has been arrived yet regarding the issue. The following is a controversial example: The design of an automobile, a complex product, remains under protection for 25 years provided that the design is novel and individual character. Any component of the automobile is also protected for 25 years provided it individually meets the same criteria.<sup>8</sup> Product and component designs that do not present alternatives to the designer as to the improvement of the design are not protected.<sup>9</sup> Moreover, there are such automobile parts (referred to as must match parts below) that create conflicts within the laws of the developed countries with respect to whether they would be worthy of protection or not.<sup>10</sup>

Now that the protection of spare parts is all the more relevant to the automotive sector, examples shall be supplied with respect thereto. Yet, this should not imply that the

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<sup>6</sup> See The Directive a.4 and 5; The Decree-Law a.5 and 6.

<sup>7</sup> See The Directive a.12; The Decree-Law a.17. However, an amendment to the relevant provision of the Preparatory Regulation is likely to take place. See a.21.

<sup>8</sup> The Directive a.3.

<sup>9</sup> The Directive a.7; The Preparatory Regulation a.9; The Decree-Law a.10.

<sup>10</sup> For additional information see **BEIER**, p. 840 etc.; **POSNER**, p. 108 etc.; **HUGHES**, p. 116 etc.; **SULUK**, p. 195 etc.

subject is limited to automotive sector. The problem of spare part design is to be seen where a complex product matters.

In the current study, firstly the concepts of spare part and spare part design shall be introduced and spare part designs that create problems will be discussed. Secondly, existing regulations in different legal systems with respect to the rights to design spare parts will be dealt with. Different opinions on the issue will be presented thirdly. And finally, a personal assessment will take place in consideration of the consumers, competition and economy.

## ***2. The Concept Of Spare Part And Spare Part Design***

One needs to be acquainted with complex products to understand the concept of spare part. *A complex product is one composed of more than one component that provide for the assembly and the disassembly of the product.*<sup>11</sup> An automobile, a refrigerator and a washing machine are complex products, for example. *A spare part is one that can be assembled or disassembled and that can replace the original part in the event that a complex product requires alterations due to wears, abrasions or crashes.*<sup>12</sup> One needs to be aware that the EU Law require that the spare part have a physical attachment to the complex product. Therefore, a complex product is different from sets and groups. The steering wheel, seat, door, body and brake pedal of an automobile are spare parts, for instance. However, parts of a group of furniture or cups or a set of sleeping sheets, in other words individual entities within a group shall not, in principle, be considered spare

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<sup>11</sup> See The Directive a.1/c; The Preparatory Regulation a.3/c.

<sup>12</sup> See **SULUK**, p.118. Spare part has not been defined in EU Law. This definition originated from article 14 of the Directive, and article 23 of the Preparatory Regulation.

parts within the framework of the EU design law. The reason for this is that individual entities (parts) within a set or group generally have no physical attachment to one another.

The concept of spare part design indicates the visibility of the spare parts. Spare part designs are divided into various groups according to spare part types. Although the grouping can be made from different perspectives, I shall discuss the legally important differences.

- a) ***Spare Part Designs that are not Dependent on the Visibility of the Complex product and that are Functionally Independent of It;*** This type of spare part designs do not depend on the general visibility of the complex product and they need not be manufactured (designed) in a specific way in order that it could fulfill the function expected of the product. This type of designs are not that much different from product designs. They do not bear must match or must fit properties. For example, the seat designs, interior parts and rear-view designs of an automobile are of this type. Such parts benefit from the design protection for 25 years as per the EU and Turkish Laws, when they are considered individually and independent of the general visibility (design) of the complex product.<sup>13</sup>

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<sup>13</sup> The Directive a.4; The Decree-Law a.5. Whether this type of spare part designs need to be visible during normal utilisation so that they can be under protection is not clear in Decree-Law. Yet, recent alterations in the EU Law require that such designs need to be visible during normal utilisation in order that they can be protected. Therefore, such part designs as the engine, spark-plugs and accumulator which are under the body of the automobile shall not be protected. Taking into account the visibility of the design and the

- b) *Spare Part Designs that are Dependent on the Visibility of the Complex product (Must Match Part Designs)*; This type of spare part designs are dependent on the general visibility (design) of the complex product and they are referred to as must match part within the doctrine. Must match part designs need to be made (designed) in a specific way in order that they can match with the general appearance of the complex product. This necessity arises from aesthetic concerns. The door, body and fender designs of an automobile belong to this type of spare part design.
- c) *Spare Part Designs that Need to Be Made (Designed) in a Specific Way in order that they can fulfill their Technical Functions (Must Fit Part Designs)*; This type of parts are to be made in a specific way so that they could fulfill the functions expected of them. This is technical necessity. For example, the designs of the exhaust pipe or the connective pieces of the brake pedal of an automobile are of this type.

It is of immediate concern that it is the design of a product or a part of a product, and not the product itself, that is protected by the design law. In certain cases when a product design is under protection, the holder of the right enjoys monopoly over the product, although such possession of monopoly is not a legal (*de jure*) but an actual (*de facto*) one. Taking this into consideration, lawmakers have brought about certain exceptions regarding design protection in order to prevent the actual protection to exist with respect to the product itself, together with the designs of the products. Inspired by

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product, the appropriateness of this regulation shall be seen. A likewise regulation is also to be effected in Turkish Law.

this point, certain legal systems have excluded the product and spare part (must fit parts) designs rendered necessary by the technical function from protection.<sup>14</sup> However, lawmakers have adopted different regulations with regard to product designs that need to be made in a specific way because of aesthetic concerns ( must match parts). The recent debate regarding spare part designs in general, and automobile spare parts in particular is over the designs of must match parts. On the one side there are the automobile manufacturers claiming that must match part designs should be under full protection as is the case with a product design; and on the other there are the independent spare part manufacturers, the insurance sector and consumer organisations asserting that this type of designs should be protected pursuant to certain exceptions as is the case with the designs of must fit parts. The latter side says designs of this type should not be protected.

It has taken quite long for the design legislation in the EU Law to take effect because of the various approaches adopted by member countries regarding the issue.<sup>15</sup>

### ***3. Legal Regulations In Different Laws Regarding The Issue***

#### **3.1. The EU Law**

The history of designs in EU Law date as further back as the history of the Union itself. First efforts in this regard were initiated in 1959, all ending in failure since member country legislations regarding the issue were distantly different from one another. After designs have gained considerable importance in commercial life, differences in member

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<sup>14</sup> For example, this is the case in EU, German, French, British, American, Benelux and Turkish Laws. For more information on this topic see **SULUK**, p.134 etc.

<sup>15</sup> For further information see **SULUK**, p. 164 etc.

country legislations have started to exert a negative impact on the commerce taking place in the Common Market. The EC Commission has taken action thereafter, and issued a Green Paper regarding the issue in 1991,<sup>16</sup> and opened up a debate. The preparatory Directive and Regulation of the Union, prepared in the light of the Green Paper, regarding the issue appeared in 1993.<sup>17</sup> Following a couple of postponements due to disagreements over the designs of must match parts, the Directive took effect in 1998 and the Preparatory Regulation is still under discussion.<sup>18</sup>

Designs are under *sui generis* regulations in all EU-member countries with the exception of Greece. However, national legislations regarding the issue have significant differences. Harmonisation efforts are on the way in this regard. It is to be immediately noted that the greatest challenge to such efforts is spare part designs.

When the issue was brought before the European Court of Justice (ECJ), the Court decided that a settlement be arrived at within national laws in principle, since an EU-level harmonisation had not yet taken place.<sup>19</sup> The ECJ mainly took up the issue within those provisions of EU Agreement relating to competition.

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<sup>16</sup> **EC COMMISSION:** Green Paper on the Legal Protection of Industrial Design, Brussels, June 1991. Green Paper is largely dependent upon the Preparatory Regulation produced by the MPI regarding Community Design. The text is available in MPI, Proposal of the Max Planck Institute for a European Design Law, IIC, V.22, No: 4/1991, pp.523-537.

<sup>17</sup> See fn. 3 above.

<sup>18</sup> For the ultimate version of the Preparatory Regulation see. <http://www.eu.europa.int/search> .

<sup>19</sup> Case 144/81, Keurkoop B.V. v. Nancy Kean Gifts B. V., [14 IIC 515 (1983)]; Case 53/87Cicra v. Regie Renault 5 October 1988 [20 IIC 186 (1989)]; Case 238/87 Volvo v. Veng, 5 October 1988 [20 IIC 64 (1989)]. For an analysis of these decisions see bkz. **GOVAERE**, p. 195 etc. The new rulings by the Court on the issue are in the same way. See. Case C-63/97, BMW v. Mr. Deenik 23 February 1999

The protection of spare part designs has kept busy the Commission, the Council and the Parliament for a considerable while.<sup>20</sup> The issue has been dealt with many times, at times with intervals and at times as if arriving at a resolution, yet no result has been obtained yet. Relevant sectors are engaged in constant and significant amount of lobbying in this regard. Member countries' views on the issue are shaped by their respective weights in automobile industry or spare part manufacture, since the issue is directly related with automotive industry. In other words, member countries have adopted an economic, rather than a legal perspective regarding the issue.

A couple of options have been put forth as solutions regarding spare part designs since the appearance of Green Paper. Whereas some claimed that spare part designs should be protected like any other product, others had contrary views.<sup>21</sup> The compulsory licensing system was emphasised as an *intermediary solution* to the problem, yet this was not acceptable at all, which ended in the neglect of the issue for a while. Then, the 1998-dated Directive took effect, adopting the principle of *Stand Still Clause*.

It is to be promptly said that designs of must fit parts are not protected as per EU Law.<sup>22</sup> Although automobile manufacturers earlier expressed opposition, they later

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(<http://europa.eu.int/cj/en/cp/cp99/cp9907en.htm>); Case-38/98, Renault SA v. Maxicar SpA and Orazio Formento, 11 May 2000 (<http://curia.eu.int/jurisp/cgi-bin/form.pl?lang=en>); Case-23/99, EU Commission v. French Republic, 26 September 2000 (<http://europa.eu.int/cj/en/cp/cp00/aff/cp0065en.htm>) (01.12.2000).

<sup>20</sup> For further information on this see. **SUTHERSANEN**, p.95 etc.; **SULUK**, p.164 etc.

<sup>21</sup> See the points below made in this regard.

<sup>22</sup> The Directive a. 7; The Preparatory Regulation a.9.

submitted to this principle.<sup>23</sup> Debates on the appropriateness of this principle have already ceased to exist today.

It is not yet certain how the EU Law shall handle the designs of must match parts. There have been numerous amendments in this regard.<sup>24</sup> It even became likely that harmonisation efforts regarding design legislation may stop, as a result of the disagreements by member countries relating to the protection of spare part designs.<sup>25</sup> Yet, such unlikeliness no more seems to be the case, thanks to the Directive, enacted in 1998, which includes a *stand still clause* which stipulates that no opinions shall be voiced on the issue for a while. Yet still, the ambiguity on the issue remains prevalent. The issue will be re-discussed after October 2001 pursuant to article 18 of the Directive dated 1998.

### 3.2. British Law

The British Law is exceptional in its treatment of the issue among Member State Laws.

A design should simultaneously bear novel, original and aesthetic properties in order that it can be protected pursuant to the design legislation.<sup>26</sup> If the properties borne by a design have completely functional characteristics, that design is not protected even though it presents alternatives.<sup>27</sup> Yet, in spite of their functional properties, designs that

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<sup>23</sup> See **KUR**, pp. 27-29.

<sup>24</sup> For further information see **SUTHERSANEN**, p.23 etc.; **SULUK**, p. 172 etc.

<sup>25</sup> **KUR**, p. 26.

<sup>26</sup> RDA a.1.

<sup>27</sup> It is essential to state that, with the exception of must fit and must match part designs, functional designs are protected through design right (unregistered design right) in British Law, provided that such designs

also have other properties of aesthetic nature and that present alternatives are protected in British Law.<sup>28</sup> In additions to these qualities, there is one more requirement for part designs. According to this requirement, a part design is protected if it can be *made and sold separately*.<sup>29</sup> This means that the part in question could be separately produced and sold, as distinct from the complex product it is attached to. It needs to be emphasised that according to article 51 of the Copyright, Designs and Patents Act (CDPA) dated 1988 producing a three dimensional product out of a two dimensional image through reverse engineering is not a violation of intellectual property right. For example, it is free to create a drawing by analysing an exhaust pipe, and then to manufacture an exhaust pipe out this drawing. To put it differently, intellectual and artistic work protection does not take effect in this case. This provision has given way to the imitation of spare part designs through drawings.

Spare part designs are principally not protected in British Law, the only exception to this being the spare part designs that can be *made and sold separately*. In this context, neither the must fit nor the must match part designs are protected.<sup>30</sup>

There have been important rulings issued in line with the British Case Law. House of Lords, the British Supreme Court, ruled in the British Leyland (BL) case<sup>31</sup> in 1986 that

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present alternatives to the designers. See. CDPA a.213. In EU and Turkish Laws, however, functional designs are also protected as registered designs provided they present alternatives. See The Directive a.7; The Preparatory Regulation a.9; The Decree-Law a.10.

<sup>28</sup> **HOWE, Q.C.**, p.40-41.

<sup>29</sup> RDA a.44/1.

<sup>30</sup> RDA a.1/b and CDPA a.213/1, (a) and (b).

<sup>31</sup> (1986) RPC 279 (**CORNISH**, quoted from p.485).

the defendant firm Armstrong violated the exhaust pipe design belonging to the plaintiff firm BL, but the plaintiff could not enjoy this right. When ruling as such, the Court applied a principle present in British Land Law to the intellectual property law. This principle is called non-derogation from grant, which follows that the holder of the right cannot enjoy his right for purposes other than those for which the right has been granted.<sup>32</sup> According to the Court, if the BL firm enjoyed its intellectual property right regarding the drawing of the exhaust pipe, then such conduct would be an abuse of the right of this firm pertaining to the automobile. In other words, it infringes the purpose for which the said right was granted. The House of Lords ruled that automobile owner should be able to get their vehicles repaired at the most proper prices. And this is possible by providing competition in spare part sector, or by avoiding protection of the spare part designs.<sup>33</sup> This ruling has caused considerable debates in British Law.<sup>34</sup>

The said ruling was a breakthrough in terms of spare part designs in British Law. In line with this ruling, the regulation was brought about in 1988, which stipulates that spare part designs cannot, in principle, be protected.<sup>35</sup>

In 1993, there have been a total 24 applications<sup>36</sup> regarding the spare part designs of Ford Motor Company, Iveco and Fiat vehicles. When the applications were brought before the Appeal Tribunal, it divided them into three groups according to a) part designs

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<sup>32</sup> SAUNDERS, p.51.

<sup>33</sup> On the same issue see also ELLIS, p.169; JOHNSTON, p.51.

<sup>34</sup> For these debates see. CORNISH, p.485-486 and the article titled Design Again by the author, p.203 ; HOWE, Q.C., p.31 etc.; GROVES, p.234 etc.

<sup>35</sup> CDPA a.213/(3), b, i and ii; RDA a.1/(1), a and b.

<sup>36</sup> (1993) RPC 399; (1994) RPC 545; (1995) RPC 167 (FELLNER, quoted from p.22).

belonging to the exterior parts of automobiles (must match designs),<sup>37</sup> b) part designs that contribute to the essential (general) visibility of automobiles<sup>38</sup> and c) part designs not belonging to either of the preceding two categories. The Court rules that the rear lamp design falls into the third category.<sup>39</sup> The Appeal Tribunal decided that such part designs as doors and panels that fall into category (a) cannot be registered; and such others as side-view mirrors and steering wheel that are in category (b) can be registered. When the case was brought before the House of Lords, they decided that the parts in category (a) are not *made and sold separately* in the market and therefore they cannot be protected. The Court also ruled that the rear lamps are excluded from protection. Brandon voices the view that this ruling has brought about considerable and unfair constraints over spare part designs.<sup>40</sup>

All the aforementioned points indicate that after 1986 spare part designs are , in principle, not protected in British Law.

### 3.3. German Law

There is no particular provision in German Law with respect to the protection of the right to design spare parts. Therefore, spare part designs enjoy the same protection as any product design. Yet, court verdicts require the fulfillment of very strict conditions for their protection.<sup>41</sup>

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<sup>37</sup> Exterior parts such as the body, doors and front windows.

<sup>38</sup> Side-view mirrors, tires, seats and the steering wheel.

<sup>39</sup> For further information see **BRANDON**, p.43.

<sup>40</sup> **BRANDON**, p.44-45.

<sup>41</sup> **FRANZOSI**, p.168.

The German Law requires that designs bear aesthetic, original qualities and, at the same time, be applicable to the industry in order that they can be protected in line with the design law. The German Law enforces a level of protection higher than the one found in EU Law. The originality of a design, as stipulated by this law, means that the design is the result of the compact and creative activity of the designer. This activity should be one superseding an intellectual activity performed by a normal level designer.<sup>42</sup> In other words, a design should not only reflect the characteristics of its designer but also stand at an intellectual level higher than found in a normal designer, as is the case with intellectual and artistic works. The average ability and the degree of individual creativity in question is separately assessed at each individual case.<sup>43</sup> It is essential to say that the German Law maintains a relatively high level in terms of aesthetic properties.<sup>44</sup> As such, two principles are in force with respect to the protection of a design in German Case Law<sup>45</sup>: a) There needs to be design in legal terms (Musterfähigkeit); In this context, technical novelties and construction methods are not protected. b) The design to be protected should bear an individual character and stand at a standard level higher than present in normal commercial ones (Eigentümlich).

The above mentioned conditions are rarely found in spare part designs. Nonetheless, spare part designs are, in practice, protected; such cases are exceptional,

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<sup>42</sup> **LANGE**, p.16 and 19; **KRUGER**, p.171. For further information on *originality* as defined in German Federal Court verdicts, see 1977 GRUR 461 et seq.; 1977 GRUR 607; 1979 GRUR 705 (**KRUGER**, quoted from pp.172-173).

<sup>43</sup> **HENNING-BODEWIG / RUIJSENAARS**, p.645.

<sup>44</sup> **HENNING-BODEWIG / RUIJSENAARS**, s.646.

<sup>45</sup> **POSNER**, p.110.

though. Following provides an example: As per the verdict issued by the German Federal Court in 1987, the car wing parts and front fenders shall be protected.<sup>46</sup> The Court decided that this type of spare parts are independent of the automobile (the complex product), and can be sold individually.<sup>47</sup> Therefore, their designs, provided that they fulfill general conditions, should be protected.

### **3.4. French Law**

The French Law protects designs that are have novel and original qualities. Novelty is a relative concept, and designs formerly unknown in France are considered new. Originality is considered in the sense found in intellectual and artistic works, and therefore the required level is relatively low. In French Law, designs are protected through the design legislation and the legislation on intellectual and artistic works, without any exceptions whatsoever.

Although there is no particular regulation regarding them, spare part designs are relatively easily protected, because there is no provision preventing their protection. There is an extensive protection with respect to spare part designs in France, which led to the complete extinction of competition in the spare part market.<sup>48</sup> The extensive protection available in this country resulted in complex product manufacturers' control over spare part market. This stems from the fact that in addition to the design legislation, there is also the intellectual and artistic works legislation which provides protection for spare part designs, without considering any exceptions (cumulative protection). In

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<sup>46</sup> BGH, 1987, GRUR 518-Kotflügel (**LANGE**, quoted from p.19).

<sup>47</sup> Compare with a.14 of RDA, which regulates the issue in British Law.

<sup>48</sup> **HUGHES**, p.118.

conclusion, competition in the market has ceased to exist because of the low level of conditions required for the protection of designs and the provision of protection for spare parts without making any exceptions.<sup>49</sup>

### 3.5. American Law

In American Law, designs that bear new and aesthetic characteristics and that are nonobvious<sup>50</sup> are protected through the design patent. Nevertheless, now that it is quite difficult to find designs bearing these qualities, it is accepted that designs are not sufficiently protected in America today.<sup>51</sup> As to the spare part designs, designs of must fit parts are not protected. Although there is no particular regulation on the designs of must match parts, these parts in principle receive no protection since it is quite improbable for spare part designs of this type to meet the conditions cited herein. The main reason for the relatively little concern regarding designs under protection relates to automobile spare parts. Automobile manufacturers have come to claim that especially the spare part designs should be protected whereas spare part manufacturers opposed to protection. The insurance sector particularly did intense lobbying work on the grounds of the claims that

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<sup>49</sup> **HUGHES**, p.120; **KUR**, “Gedanken zur Systemkonformität einer Sonderregelung für must-match-Ersatzteile im künftigen Europäischen Geschmacksmusterrecht” 1996 GRUR, Int. p.877 (**GIMENO**, quoted from p.538).

<sup>50</sup> Further explanations on nonobvious in the context of the American Design Law see **BROWN**, p.1341; **FRENKEL**, p.554; **REICHMAN**, p.24; **GOLDENBERG**, p.22.

<sup>51</sup> **GOLDENBERG**, p.25.

follow that competition in the market would be destroyed and as a result, prices would rise heavily; and the lobbying work proved successful.<sup>52</sup>

Recently new draft laws have been submitted to the American Congress regarding the issue, yet it is not likely for the time being that these would be passed.<sup>53</sup> So deeply rooted is the debate over spare part designs that modernisation studies to be performed with regard to American Design Law are prevented from proceeding.<sup>54</sup> Though, relevant debates in EU Law are closely followed up in America, and the regulation to take effect will considerably affect American Law, according to expectations.<sup>55</sup>

### 3.6. Turkish Law

The Decree-Law was prepared in the light of the Community Preparatory Directive and Regulation dated 1993. However, following various amendments in EU Law after this date, present regulations in Turkish Law today differs to a considerable extent from the current EU Law regarding the issue.<sup>56</sup> Recent developments on the issue are, though, bear qualities that will have an impact on current Turkish Law. Therefore, Turkey should never remain indifferent to the developments in EU Law.

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<sup>52</sup> **REYNOLDS**, p.37.

<sup>53</sup> For further information see **GOLDENBERG**, pp.61-62.

<sup>54</sup> **GIMENO**, p.539. It is to be immediately stated that, the EU Law is also likely to suffer from a likewise situation. See. **KUR**, p.26 etc. It only seems that this likelihood may not be the case after the Directive that took effect in 1998. Yet still, how spare part designs shall be protected still remains ambiguous in EU Law.

<sup>55</sup> **HUGHES**, p.118.

<sup>56</sup> Compare explanatory remarks herein regarding Turkish Law with those that relate to EU Law stated above.

The regulation in Turkish Law regarding spare part designs is briefly as follows<sup>57</sup>:

- a) If a spare part individually bears novel and individual characters, it shall enjoy a 25-year protection just as is the case with any product design (a.5). For example, the steering wheel and the seat designs of an automobile are, in principle, in this group.
- b) Designs of must fit parts are not protected (a.10/II). As such, “*Designs that must necessarily be produced in its exact form and dimensions in order to enable the product in which the design is incorporated or to which it is applied to be mechanically assembled or connected with other products fall outside the scope of protection*”. It is difficult to come up with this kind of cases in practice. The design of the connective part of the exhaust pipe exemplifies the situation.<sup>58</sup> However, the design of the other parts of the exhaust pipe shall be protected only if such design is novel and individual character. The designs of the connective parts regarding the connection points are generally must fit ones.
- c) According to article 22 which is entitled *Use for Repair Purposes*, designs of must match parts receive limited protection provided that they meet all of the following criteria: aa) Three years shall have expired after the first launch of the product that is designed or on which the design is applied, bb) The designed product (the spare part) shall be the part of a complex product (i.e. an automobile) and its visibility shall depend on this complex product, cc) The spare part design shall be used for repairs to bring back the original appearance of the complex product, dd) the public opinion

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<sup>57</sup> The regulation on must fit part designs is not different from the one in EU Law, therefore only must match part designs shall be mentioned herein.

<sup>58</sup> The Explanatory Memorandum of the EU Council regarding article 7 of the Preparatory Directive and article 9 of the Preparatory Regulation ( quoted from **FRANZOSI**, p.71).

shall not be misinformed with respect to origin of the product used for repair (the spare part). The body, fenders and buffers of the automobile fall within this category.

Designs of must match parts cause significant conflicts in practice. In the light of the regulation available in Turkish Law, it can be stated that spare part designs that cause problems in practice are under certain conditions protected only for three years. Following the expiry of three years these spare parts can be made and sold by everyone.

However, a close look on the court rulings reveal that the existing regulation is not properly understood. The 3<sup>rd</sup> Istanbul Commercial Court of First Instance ruled in 1996 that the Boztekin firm violated the right belonging to Renault which pertains to automobile spare part designs.<sup>59</sup> Turkish Court of Appeals approved of the ruling without any amendments whatsoever.<sup>60</sup> Although the defendant demanded a correction, this demand was refused. In this case, Renault registered the design in question in France. The Decree-Law was effected in 1995 and the design was presented to the public before this date; therefore the said design could not be registered in Turkey.<sup>61</sup> For this reason, the Renault's design can be protected in Turkey pursuant to general provisions and within the scope of the right of unregistered protection. As a matter of fact, Renault filed the suit on the grounds of brand name and unfair competition provisions. Yet, both the trial court and the Court of Appeals established a ruling as if there were a registered design in Turkey without taking general provisions into consideration. Furthermore, now that the

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<sup>59</sup> 04.12.1996, E.1996/259, K.1996/471.

<sup>60</sup> 11.HD., 24.6.1997, E.97/2738, K.97/5042. For a criticism of the ruling see **ASLAN**, Industrial Design, p.19 etc.

<sup>61</sup> The Decree-Law does not include any transition provision with respect to designs formerly registered in other countries before 1995.

case pertains to spare part designs, were it registered design, it would be protected only for three years since the right was enjoyed only for purposes of repair. The case was over within this time and there could be no word regarding the existence of registered design right. If this ruling sets a ground for other rulings to be issued, significant deficiencies might take place when practice matters.

#### ***4. Considerations On The Issue***

##### **4.1. Considerations For The Full-Protection Of Spare Parts**

- Intellectual property rights grant exclusive rights to the holder of the right. Exceptions to this rule are only possible through reasonable grounds. The reasonable grounds should depend on a serious nature. Because, a particular regulation must have a particular reason. As a constitutional principle, the principle of respect for private property maintains its validity, other than in exceptional cases. No particular reason is needed for not protecting spare part designs.<sup>62</sup>
- The protection of spare part designs contributes to the development of technology, as is the case with the protection of any product design. R-D activities are supported in this regard.
- It is not true that spare part designs give more competitive power to the designer than other designs do. A spare part is a constituent of the new equipment market, and a

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<sup>62</sup> **BEIER**, p.843. For opposing views **THOMPSON**, p.283-284. According to the author, spare part designs is a multidimensional topic which relate to automobile manufacturers, insurance companies, consumers and independent spare part manufacturers, and therefore they need to be specially treated.

person purchases a package including such elements as spare parts and services when s/he purchases an automobile.<sup>63</sup>

- The reliability of the complex product and the guarantee regarding product quality, and the provision of spare parts relating to that product are to be within the manufacturer of that product. If, following the expiry of 3 years after the product is launched, third parties are allowed to supply spare parts, then the reputation of the complex product will be harmed and this will have an adverse effect on customer satisfaction. Moreover, there is the problem of indemnification whenever there is a damage during the utilisation of the product because of the spare part. Certain body parts as the fenders, doors and engine cover, the must match parts on the exterior of the automobile, are important in terms of safety. The complex product manufacturer might have invested significant amounts in the design of these parts for safety provision. If their designs are not protected spare part manufacturers will imprint on them and shall have no responsibility in case of an accident.<sup>64</sup>
- The exception of protection provided for spare parts is also a challenge against the development of long-life products. Investment is only possible when there is support for the development of these products. If imitation is allowed, investments will be hampered and cheaper and short-life production becomes more preferable.<sup>65</sup>

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<sup>63</sup> See **ALRC**, Report, No: 16.14 and **GOVAERE**, opinions by automobile manufacturers in p.237.

<sup>64</sup> **ENBORG**, p.230.

<sup>65</sup> **BEIER**, s.872-873.

- Just as a single paragraph of a book is protected as an intellectual and artistic work together with the whole book, so too should spare part designs be protected in the same way.<sup>66</sup>
- Providing competition through avoiding protection of spare parts is first of all incompatible with the legal technique. Such issues as the provision of competition and abuse of the dominant situation are subject matters of competition law and it is not proper to resolve the problem by means of design law. A resolution of this kind shall devitalise the protection provided for other intellectual property rights.<sup>67</sup>
- Avoiding protection of spare parts shall cause unfair competition, as well. Taking into consideration the investment and time and factors alike allocated by a firm to R-D activities it becomes obvious that the firm pays a considerable amount. It is the firm's deserved right to obtain benefits in return for these payments. However, an exception provision would grant to competitors advantages in that they can imprint on the design originally developed by the firm or person after waiting for 3 years and without paying the price for that. That is, an exception provision excluding spare parts from protection shall create unfair competition.
- It is natural that designs rendered obligatory by the technical function (in terms of spare parts, the must fit designs) are not protected. Because, the protection of the technical function is beyond the limits of design law, and that function is protected through patents and utility models (petty patents). In addition, designs rendered

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<sup>66</sup> **ENBORG**, s.229.

<sup>67</sup> **BEIER**, p.858 - 862 and 871.

obligatory by the aesthetic function (the must match designs) need to be protected through design law since they are within the limits of design law.<sup>68</sup>

- It is not proper in terms of legal technique to bring about exceptions with regard to the protection of spare part designs. One needs to keep in mind that intellectual property rights grant exclusive rights to their owners. An exclusive right constitutes the *specific subject matter* or core (essence) of intellectual property rights. The core of a constitutional right cannot be harmed for the sake of the interests of certain groups.
- The avoidance of protection shall work for the benefit of the firms in developing countries which can easily imprint on spare part designs at low cost, rather than it shall for European firms. In other words, the said provision shall inure to the benefit of manufacturers in countries where low-cost production is the case, rather of European manufacturers.<sup>69</sup>
- Creative attempts, and not the ones of problematic nature, need to be protected. Rewarding counterfeiters instead of originators shall be a mistake in terms of legal and competitive policies.<sup>70</sup>

#### **4.2. Considerations Against The Protection Of Spare Part Designs**

- Spare part designs have a special place within intellectual property rights. Today, it is possible to find replacement products that can fulfill the function of any designed

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<sup>68</sup> **BEIER**, p.850-851.

<sup>69</sup> **BEIER**, p.877.

<sup>70</sup> **BEIER**, p.873-874.

product. Yet, this is not the case in spare parts.<sup>71</sup> For example, a consumer purchasing an automobile will have to consult the manufacturer of the vehicle when a spare part is needed. Yet, one who wishes to purchase an automobile has many choices. And this indicates that the consumer is much dependent on spare parts. If no exception takes place with respect to the protection of spare part designs competition in spare part sector shall cease to exist. Protecting spare part designs shall grant market power to manufacturer firms and this being so, such firms gain control over the market after sales<sup>72</sup> since consumers are left without any choices.

- If the right to design spare parts is protected the already-expensive spare part prices shall further increase. Without an exception provision, the consumer will have limited choice, prices will rise and market availability of spare parts will decrease. This will in turn cause the payment of considerable social costs.
- The owner of the design can use the quality design as a marketing means. This is how he can obtain returns out of the investments made by him. He even gains more than he invested (*design premium*).<sup>73</sup> The design premium is a premium that rewards the designer for his work and is the return for his investment and labour. That is, *it is the surplus value added by the design to the product*. And this value is to be identified by the taste of the consumer. None can be blamed for the reception of this premium. Yet, the mechanism that fixes this price is operative only when there are alternative designs. If a design leaves no room for freedom of choice, then the said mechanism

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<sup>71</sup> ALRC, Discussion, p.209 fn.29.

<sup>72</sup> ALRC, Discussion, p.212.

<sup>73</sup> HUGHES, p.117.

shall not function. This turns the design premium into *monopoly premium*,<sup>74</sup> which is incompatible with the main purpose of design protection.

- Automobile manufacturers aim to make profits, which they cannot make out of automobile sales because of fierce competition, out of spare part sales. To this end, they want to make use of the design law as an instrument.<sup>75</sup>
- In a report prepared by the Business Performance Group of the London School of Economics, novelty and support for development – the purposes pursued in protection of designs - were compared to the burden that spare part protection would place on this industry, and it was stated in the report that these would cost considerably high to the society when compared to the result that would obtain through the protection of spare parts. The report, therefore, is in strict opposition to the protection of spare parts.<sup>76</sup>
- The consideration claiming that the issue is to be resolved within competition law is groundless. Because, spare part protection has assumed a complexity with which competition law falls short to deal.<sup>77</sup>
- Although intellectual property rights grant monopoly power to their holder, in general they do not constitute a dominant situation in the market alone. In exceptional cases, through such other factors as creativity, novelty, quality and advertisement a dominant situation can be constituted. However, when it comes to spare part designs, a dominant situation can be formed *per se*, through their protection, and not by virtue

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<sup>74</sup> HUGHES, p.117; GOVAERE, p.221-222.

<sup>75</sup> HUGHES, p.118.

<sup>76</sup> HUGHES, quoted from p.120.

of their quality.<sup>78</sup> Because, the consumer of the complex product is simply bound to the manufacturer of the product since there are no other choices. It shall therefore be a rational approach, rather than a faulty structure, to exclude spare part designs from protection.<sup>79</sup>

- It shall provide the automobile manufacturers with the monopoly right over the automobile design, which cannot be opposed to. However, if spare part designs of the automobile are protected then the exclusive right granted with respect to the design shall automatically cover the product. This means that it is not possible for third parties to design and launch in the market the spare parts in question in any other way. Monopolisation takes place as a result, because design protection is provided for a product which is to be, as mentioned above, protected through patents. This situation is incompatible with design protection.<sup>80</sup> Another result is that the holder of the right is rewarded twice. Automobile manufacturers obtain returns from well-designed automobiles or parts, in which designs they invested, through automobile sales. They are rewarded again –this time unjustly, though- through the protection spare part designs.<sup>81</sup>
- The insurance sector claims that spare part designs should not be protected from their point of view. This sector will be affected to a considerable extent, if those parts damaged in accidents are protected through spare part designs. It argues for flexibility

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<sup>77</sup> CHRISTOU, p.1492.

<sup>78</sup> POSNER, p.114.

<sup>79</sup> GIMENO, p.543.

<sup>80</sup> GOVAERE, p.220-221.

<sup>81</sup> POSNER, p.114.

on the issue, claiming that people should have the chance to purchase the spare parts of their choice, either original or unoriginal ones.<sup>82</sup>

## ***5. Personal Opinions***

### **5.1. General**

Intellectual property rights stand, in essence, in contradiction to free competition, and therefore, the balance of interests regarding the issue is to be maintained. On the one hand, there is the design right and the functions thereof, and on the other there is the principle of free competition. Design protection functions to grant exclusive rights to the designer for a certain period so that the investment made in the design returns and research and progress in design studies are supported. The function placed on design protection is, therefore, to be taken into consideration when establishing the scope and limits of this right.

Design law protects designs, provide for a competitive environment and develop industry. Depending on this, it can be said that design protection helps promote and reward the designer, and it is meant to pave the way for the proper functioning of competition and development of the industry.

To be promptly expressed in this regard is that the current debate over the protection of spare part designs relates to the designs of must match parts. When restricting a right through law there should be proper aim, the restriction must be just, relevant factors have to be taken into consideration, the scope and limits of the restriction

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<sup>82</sup> POSNER, p.114.

need to be properly adjusted and finally the least restrictive method providing for the accomplishment of purpose should be opted for (the principle of proportionality).

Whether or not must match part designs shall be protected, and if protected, what type of protection shall be supplied is an economic and political issue rather than one that relates to law. EU member countries could not arrive at a solution as they adopted this approach when handling the issue. For example, such countries as France and Germany where automobile manufacturers form the majority are in favour of full protection of spare part designs whereas others such as Italy, UK and Spain where spare part sector is the majority argue for the avoidance of such protection. Spare part designs are not protected in US by virtue of the influence of insurance sector and competition has been properly provided in this sector thanks to this reason<sup>83, 84</sup>

The issue is a multidimensional one, and whether must match part designs shall be protected or not shall be discussed herein referring to different points of approach.

## **5.2. In Terms Of Consumer Law**

It is essential to stress that both automobile and spare part manufacturers claim that they are protecting the consumer when they voice their respective opinions. The

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<sup>83</sup> Yet, the doctrine states that designs do not receive sufficient protection in general in US. See **THOMPSON**, p.275 etc.; **REYNOLDS**, p.36; **FRENKEL**, p.560.

<sup>84</sup> Turkey does not have a legal policy of its own regarding the issue. As mentioned above, the existing legislation is directly taken from the Preparatory Directive and Regulation of the EU dated 1993. Current Turkish Law brings an exception of protection with respect to spare part designs. This being so, anyone can make use of spare part designs under certain conditions after the expiry of 3 years(a.22).

former approach the issue in terms quality and safety while the latter emphasise prices and market availability.<sup>85</sup>

There will not be any problem in practice in terms of safety and customer satisfaction. Because, it will not, in principle, be difficult differentiate between original and unoriginal spare parts. If spare part manufacturers make spare parts under their own trademark –otherwise conduct would be a violation of trademark rights and/or unfair competition, hence an infringement of law- it seems unfeasible to say that customer satisfaction will be harmed. The customer purchases the spare part knowing that it is not original, therefore the reputation of the complex product (in this case, the automobile) will not be damaged. As to safety, the problem will be resolved pursuant to the legislation regarding general safety standards.

Spare parts are products that pertain to a considerable part of the society (generic products). In the event that there is no competition in the spare part sector the problem automatically turns out to be one that belongs to the consumer.<sup>86</sup> The consumer is directly affected especially in terms of price and market availability. For instance, though not a *de jure* one, automobile manufacturers had a *de facto* monopoly over spare part market in US till 1980s. The competition that started thereafter caused significant decreases in spare part prices.<sup>87</sup>

If there is no competition in spare part sector, the consumer will directly be bound to the manufacturer of the complex product. It was even said that one who purchases an

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<sup>85</sup> For further information see **GOVAERE**, p.223.

<sup>86</sup> **ANTILL**, p.247.

<sup>87</sup> **FITZPATRICK**, p.236-237.

automobile sells his own spirit to the manufacturer.<sup>88</sup> If firms other than automobile manufacturers are not allowed to make spare parts, the consumer is left with no choice other than consult the manufacturer. Wishing not to change for the worse his automobile's shape, the consumer will only be able to resort to the manufacturer firm. This is the *de facto* result that arises from the protection of spare parts. Therefore, it seems inevitable that a monopoly will be created in spare part market, if no exception is effected with respect to spare part protection.

### 5.3. In Terms Of Competition Law

Intellectual property rights are, in essence, monopolistic, and in contradiction to the rules of competition.<sup>89</sup> An unlimited protection of the said rights is grounds for monopolisation, and avoiding their protection prevents investment and development.<sup>90</sup> Therefore, regulations that would maintain a balance between the two sides is essential.

Spare part design is one of the most important areas where the intellectual property right and free competition confront each other.<sup>91</sup> Although intellectual property rights, in essence, restrict the competition in the market in principle, they do not destroy it at all. However, full protection of spare part designs completely removes competition out of place. Through the protection of compact, or quality designs, design protection aims at providing protection for the designer of a product because he designed it well. Yet, the

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<sup>88</sup> This expression was used by Lord Templeman in the BL case dated 1986 (**HUGHES**, quoted from p.118).

<sup>89</sup> **KEYDER**, p.204.

<sup>90</sup> **OKUTAN**, p.110.

<sup>91</sup> **KUR**, pp.31-32.

protection of a designed *product proper* from competition is not within the subject matter of design law.<sup>92</sup> Therefore, legal systems have not provided protection for designs of functional nature that leave no room for alternatives. Nevertheless, legal systems have not drawn the same line so clearly with respect to designs of aesthetic nature that leave no room for alternatives. In other words, whether designs rendered obligatory by the aesthetic function shall be protected, and if protected, how this would be have stirred up controversies. The postponement of the enforcement of design legislation in EU Law is a relevant example.<sup>93</sup>

From my point of view, *the consideration regarding the avoidance of protection of a design rendered obligatory by the technical function also holds valid for designs rendered obligatory by the aesthetic function.*<sup>94</sup> If the shape (design) of the interconnection that attaches an exhaust pipe to the main body of an automobile is not original (must fit) it will not function. By the same token, if the shape (design) of the automobile's door is not the same as the original, that door shall serve technical function but fail to fulfill the aesthetic (must match) function. That is, one can open and close the door, which means that the technical function of the automobile shall not be harmed. Yet, it will not be possible to have the consumers approve of the design. For example, a BMW door may fit a Mercedes technically, but not aesthetically. The opposite also holds. As this argument makes clear, if the door of an automobile is to be replaced or repaired,

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<sup>92</sup> **PISTORIUS**, p.573.

<sup>93</sup> Also see the discussion above on EU Law.

<sup>94</sup> See **BEIER** For an opposing view, p.851.

equipping it with the appearance of the original door is almost an obligation in terms of aesthetics.

*If must match part designs are protected legally the limits of design protection will be violated.* That is, the design legislation protects novel and compact designs and promotes their development. This has benefits in favour of the country and the society. However, through the protection of the said part designs legal protection causes monopolisation, let the provision of these benefits alone. This kind of protection transgresses the limits of design protection; it even forces those of patent protection. The patent legislation protects inventions and as a result, the inventor enjoys an exclusive right over his invention for a limited period of time. Nevertheless, it is possible to invent other things that could fulfill the function of the said invention. For example, Mr. X, who invents a new brake system, cannot, only because he invented the system, prevent third parties from inventing another system that could replace his. To put differently, the protection of patents does not prevent the invention of other items that can be used as replacements. But this is not the case with the designs of must match parts: *if must match part designs are protected it will not be possible to make replacement designs.* Once these designs are provided with legal protection, third parties' freedom to make replacement designs will not exist in terms aesthetics and they will also be forbidden by law to produce others same as these. This will allow the complex product (automobile) manufacturer to create a *de facto* monopoly over these spare parts.

One needs to keep in mind that the real problem regarding the issue is one that relates to competition. It is a fact that competition decreases prices. Lawmaker does not always keep a legal system restricted to the system's area of interest: whenever there are

reasonable causes the lawmaker makes it go beyond its limits. What matters is whether there are conditions that justify such a regulation or not. As the above discussion puts forth, reasonable causes with respect to spare part designs do exist.

#### **5.4. In Terms of the Economy**

That there are so many debates today over the protection of spare part designs mainly results from the growing expansion of the spare part market and competition that becomes more fierce. Currently, the automobile spare part sector is quite extensive and profitable.<sup>95</sup> High figures add to the harshness of debate between interest groups.<sup>96</sup> Without discussing the economic aspect of the spare part sector, it seems unlikely to have a complete understanding of the issue. As such, the issue not only pertains to automobile manufacturers and independent spare part manufacturers but also to the consumer and insurance sectors. It has been stressed that automobile spare parts have been the battlefield for automobile manufacturers and insurance sector for long, and the conflict regarding the protection of spare parts is the last move that takes place in this battlefield.<sup>97</sup>

Regulations tending to over-protect intellectual property rights will do harm to consumers, competition and in general the national economy.<sup>98</sup> Hence, it is of vital importance to establish what will be protected to what extent, or the limits of protection. If the protection in question is more than necessary it will entail considerable drawbacks.

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<sup>95</sup> **HUGHES**, p.118; **GIMENO**, p.537.

<sup>96</sup> **MCFARLANE**, p.413.

<sup>97</sup> For information on the issue see **FITZPARTRICK**, p.235.

<sup>98</sup> See **PISTORIUS** for the same, p.568.

This opinion especially holds valid for developing countries where market economy does not properly operate. In the event that intellectual property is over-protected with respect to standard products, the holder of the right becomes over-powerful in the market, which is obviously undesirable for national economy in general and for the consumer in particular. Therefore, being less protective especially with respect to these products is essential.<sup>99</sup>

First and foremost, countries establish their legal policies in consideration of their respective economic, social and political conditions. Therefore, developing countries are favouring different opinions on the issue. In this regard, approaches to spare part designs are fixed in accordance with economic factors.<sup>100</sup>

Relevant research revealed that spare part market amounts to some USD 800 million/year.<sup>101</sup> It is estimated that the retail sales of automobile spare parts in EU amounted to ECU 40 billion as of 1994, and that automobile body parts (which are generally must match parts) had a share of 25% (ECU 10 billion) in this figure.<sup>102</sup> Automobile manufacturers control 95% of the market, which is because of the fact that spare parts of different automobile models cannot be replaced with one another, or cannot be changed. The result is, there is no competition between automobile manufacturers and independent spare part manufacturers in automobile spare part market.<sup>103</sup> A research done

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<sup>99</sup> See **NEWMAN** for the same, p.351.

<sup>100</sup> **THOMPSON**, p.282 etc.

<sup>101</sup> **ALRC**, Report, No: 16.11.

<sup>102</sup> **HUGHES**, p.118.

<sup>103</sup> **HUGHES**, p.118.

in UK on automobile spare parts<sup>104</sup> concluded that automobile body parts are a highly profitable market for automobile manufacturers.

There is another economic side to the issue. Insufficient protection of intellectual property avoids investments.<sup>105</sup> Amounts spent to develop designs are not negligible. For example, General Motors counsel Enborg stated that the average amount –depending on the car model and manufacturer firm- spent in 1990 for the design of an automobile fender ranges from USD 4.5 million and USD 10 million.<sup>106</sup>

In conclusion, lawmakers need to take into account the economic aspect of the issue while maintaining the balance between the right of the design owner and free competition.

## ***6. Conclusion***

Significant steps have been taken in the world recently for the protection of intellectual property rights. In particular, developed countries have exerted their pressure over developing countries in this regard, and they have accomplished their aims to a considerable extent.

It is generally accepted today that protection of intellectual property rights is unavoidable for the progress of a country. Yet, what will be protected according to which

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<sup>104</sup> The Economics Intelligence Unit Research Report; “The UK Market for Replacement Car Parts 1994 Edition” (HUGHES, quoted from p.118).

<sup>105</sup> The findings of the American International Trade Commission reveal that American firms made, on the average, USD 720 million to USD 900 million reductions in their annual investments because of counterfeiting in medicine sector. See **MISSINGHOFF / BOMBELLES**, p.39.

<sup>106</sup> **ENBORG**, p.228.

criteria is of vital importance in this context. Because, in countries where market economy is in force contradict with competition, the main motivator of economy. These rights need to be sufficiently, and not to an extent not deserved by them, protected. Otherwise, instead of the country and the society, certain interest groups will be served. As a result, the protection will do harm to the society and the country.

Taking into account the function of design law, novel and compact designs can be protected for certain period so that the investment made in the design returns and the designer is rewarded. One must be aware that it is the designs, and not the product that is designed, that designs law protects. Inspired by this, legal systems do not provide protection if the technical function shapes the design. It follows from this that if a product can fulfill a function only when it is designed in a specific way then the design of that product will not be protected. In other words, designs that do not present alternatives are not protected.

Although legal systems have excluded designs that do not present alternatives in technical and engineering terms from protection, many legal systems have not adopted this kind of regulation with respect to designs rendered obligatory by the aesthetic function. This fact especially bears vital importance regarding automobile spare parts.

To me, a settlement is to be arrived at taking into account the consumers, competition and the economy. Considering the function of design protection and the settlement to be arrived at as such, it can be said that *the regulation regarding must match part designs should be in parallel with the one relating to must fit parts*. Therefore, there should be an exception of protection with respect to must match part designs. Just as must fit part designs leave no room for designers to make replacement designs, neither

do the must match part designs give way to replacement designs. The lawmaker would otherwise have protected the product which is designed or on which the design is applied while attempting to protect the design itself, which regulation would transgress the limits of design law.

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