



Designs Update

Designs and Copyright Committee

The IP Federation Design and Copyright Committee has been resurrected, following a 10-year hiatus.

The time is right to resurrect the Committee.

It is an important time for design rights in the UK - the uncertainty posed by Brexit is a particular concern for IP Federation members, a significant proportion of which currently rely on Registered Community Designs (RCDs) and Unregistered Community Designs (UCDs) to protect their designs in the UK.

It is hoped that the newly re-formed Committee can continue the good work done by previous incarnations of the Committee.

Brexit for Designs

Brexit has - unsurprisingly - dominated the UK designs agenda in 2017.

The IP Federation's position on Brexit vis-à-vis design rights was considered in policy paper PP 3/17. This built on the general Brexit policy position expressed in earlier policy paper PP 1/17.

Broadly speaking, the Federation's position in relation to design rights is that the status quo should be maintained as far as possible on Brexit, certainly until such time as there has been the chance to carry out a full review of designs law in the UK.

Registered Designs

Of key concern to members of the IP Federation are the transitional provisions relating to existing RCDs in the UK. Absent any suitable transitional provision, RCDs will irrevocably lapse in the UK.

The Federation has consistently advocated automatic entry of all existing RCDs on to the UK Register at the time of Brexit. This is analogous to the so-called "Montenegro" option put forward in relation to EU Trade Marks - see PP 2/17.

The benefits of "Montenegro" to Federation members (and rights holders, generally) are clear: low cost, low risk, low complexity.

Unregistered Design Rights

The area of unregistered design rights presents a particular challenge in the light of Brexit. Rights holders currently enjoy UCD protection in the UK, but UCD will cease to have effect in the UK following Brexit.

The debate on the right direction to take in relation to UDRs in the UK has been diverse, both in terms of the nature of the stakeholders and the views put forward.

New 'hybrid' UDR?

There have been efforts, notably on the part of ACID but also by others, to promote the idea of replacing the existing UK unregistered design right (UK UDR) on Brexit with a new 'hybrid' unregistered design right. Essentially, the new 'hybrid' design right would mirror

the scope of the UCD (and hence bring unregistered design rights more into line with the scope of registered designs in the UK), but would also borrow the longer 15-year term of protection which currently exists for UK UDR.

The IP Federation has cautioned against any rush to create such a 'hybrid' right, on the basis that it would blur the line between registered and unregistered design rights in the UK. Federation members have expressed concern that effectively narrowing the gap between unregistered and registered rights in this way could negatively impact the take-up of design registration in the UK, which would reduce legal certainty both for rights holders and third parties.

UCD versus UK UDR

It has been clear from several of the stakeholder meetings attended during 2017 that, in some sectors of the UK design industry, the UCD is viewed as a more valuable right than the UK UDR. The fashion industry is one notable sector of the UK design industry, in particular, which values the UCD over the UK UDR. (This should not come as a surprise: UK UDR does not, of course, protect surface decoration.)

The IP Federation has been keen to stress to the UK IPO, and others, that this negative view of UK UDR is not shared universally across UK Industry and that the UK UDR remains a valuable right which provides some protection for designs not otherwise protectable by way of copyright, registered design or UCD.

Consequently, the Federation has been clear in its opposition to the abolition of UK UDR on Brexit, regardless of the circumstances. The message is that to abolish UK UDR would be to deny rights holders some of the useful protection that they currently enjoy in the UK.

Two-prong approach

When it comes to UCD in the UK, the majority of IP Federation members have expressed the view that UCD is not seen as an especially important IP right and that the impact of losing UCD in the UK would be limited. Nonetheless, the Federation recognises the genuine and valid concern in certain sectors about the loss of UCD in the UK.

How then might the loss of UCD in the UK be mitigated?

The IP Federation response on this issue has been to advocate the creation of a new, UCD-style unregistered design which would sit alongside the existing UK UDR in the UK. The new UK right could (and should) mirror the existing UCD exactly, such as is required only to preserve the existing right in the UK until such time as a full review of UK unregistered design law is undertaken. This two-prong approach to unregistered designs in the UK would effectively maintain the status quo vis-à-vis unregistered design rights in the UK - to the benefit of those stakeholders which currently rely heavily on UCD in the UK.

Consultation on unregistered design rights

One area of broad consensus among stakeholders - including between the IP Federation and ACID - has been on the critical need for detailed, formal consultation on any proposed changes to the status quo on unregistered design rights in the UK.

There is some debate about the preferred timing of any consultation. The Federation has advocated that any such consultation should be undertaken *after* Brexit, away from the pressures of the Brexit negotiation. Other stakeholders see some benefit in running a formal consultation *ahead* of Brexit.

Even before the General Election was announced this year, it was difficult, frankly, to see how the UK IPO could have realistically fitted a full, formal consultation exercise in on the proposed timeline. It seems reasonable to assume that the announcement of the General Election, if anything, compounded the problem.

In any event, it is not clear whether the Department for Exiting the European Union (DExEU) would sanction any such consultation.

At the time of writing, no consultation has yet been announced.

Criminal sanctions - unregistered design rights

One of the unwelcome consequences of the Brexit process is that it appears to have prompted a renewed drive by ACID to revisit the issue of criminal sanctions for infringement of unregistered design rights in the UK.

We have been here before. The issue was considered in policy paper PP 1/14. IP Federation opposition to this has been re-stated firmly in Brexit policy paper PP 2/17. The Federation stance is unchanged on this issue. The arguments are as relevant now as they were in 2014 - and many of the arguments are as relevant to UCD as they are to UK UDR.

Clearly, this is an area of concern for the Federation and one which will need to be monitored closely.

A tricky juggling act

The UK IPO undoubtedly faces a challenge in trying to balance the interests of different stakeholders in the area of designs. This is made more difficult still by the lack of clear evidence on many of the issues, for example the 'value' contribution to the UK design industry of UK UDR or UCD.

It may be some time until we see clearly the shape of things to come. Nevertheless, there are positive signs that the UK IPO is serious about trying to strike a balance which takes into account the reasonable concerns of UK Industry - as represented by the IP Federation - in the area of designs, and it is clear that the Federation will have a significant role to play in shaping the new order.

New members welcome on the Committee!

Simon Forrester, Dyson Legal, 30 June 2017