

IP Federation Brexit policy position – design rights

Introduction

The IP Federation represents IP intensive companies in the United Kingdom - a list of members is attached. Our members are extensively involved with IP in Europe and internationally. Not only do our members own considerable numbers of IP rights, both in Europe and elsewhere, but they are affected by the activities and IP rights of competitors. They may be either plaintiffs or defendants in IP related court actions, here and elsewhere.

The IP Federation position on design rights vis-à-vis Brexit is as follows:

- We recognise the extreme practical difficulties in securing a suitable bilateral arrangement with the EU which would effectively keep the UK in the Community design system after Brexit.
- Assuming therefore that Community designs will cease to have effect in the UK at Brexit, our strong preference is for all RCDs automatically to be transferred across to the UK register at the time of Brexit.
- On unregistered designs, we acknowledge that the loss of UCD is a particular concern for certain sectors of the UK design industry. A new Community-style UK UDR which 'mirrors' the existing UCD would go part way to addressing those concerns.
- Existing UK UDR should nonetheless be maintained on Brexit. UK UDR is a well-established and valuable IP right.
- Any newly-created Community-style UK UDR should sit alongside the existing UK UDR and should mirror the existing UCD exactly. The 3 year term of protection for UCDs should not be increased in the UK.
- The UK should make it a priority to secure an agreement with the EU that disclosure in the UK after Brexit would still qualify for UCD in the remaining states of the EU.
- Any potential wider review of the UK law on unregistered design should only be undertaken after Brexit.
- Brexit should not be seen as a reason to introduce criminal sanctions for infringement of unregistered design rights. We strongly oppose such sanctions.

Commentary

The European Community design right is a unitary design right created by EU legislation which covers the whole of the European Union, therefore currently including the United Kingdom. The Community Design Regulation

provides for both a Community *registered* design right (RCD) and a separate, Community *unregistered* design right (UCD). Following Brexit, it appears that existing Community design rights - both RCDs and UCDs - will cease to have effect in the United Kingdom.

In relation to Brexit, there are the following three options for dealing with design rights:

- Option 1** Do nothing and allow the owners of Community design rights (both registered and unregistered) to lose their existing rights in the UK.
- Option 2** Negotiate a bilateral arrangement with the EU under which the UK remains part of the Community design system after Brexit.
- Option 3** Enact national legislation to enable owners to continue to own effective design rights in the UK.

The IP Federation's basic position is as previously stated in policy paper [PP 1/17](#):

- Certainty is paramount to industry.
- All accrued and pending intellectual property rights must be preserved in the UK post-Brexit. This is a top priority issue.
- The UK must provide for the ability to obtain equivalent UK rights in the UK post-Brexit. This is a top priority issue.

The cost and level of administration required in any system enacted must be kept as minimal as possible, but not at the expense of certainty.

Option 1:

We oppose this option in the strongest possible terms. It would result in the irretrievable loss of significant and valuable IP rights, which would impact the ability of the design industry to take appropriate action to stop design infringement in the UK.

Option 2:

In theory this would be our preferred option. However, in practical terms we accept that there are very significant political and legal challenges to overcome if this is to be achieved. In particular it would require on-going deference to the CJEU: which may politically be very unpopular. If it *could* be achieved, then it may present an opportunity for other non-EU countries e.g. Switzerland to join an enlarged 'Community' design system in the future, which may in turn benefit UK design rights owners.

Option 3:

Assuming that Option 2 cannot realistically be achieved before Brexit, the UK must work to mitigate the loss of both RCDs and UCDs in the UK.

Registered Designs

On registered designs, the key priority is that existing RCDs are preserved in the UK.

Preservation of registered design rights must be straightforward and low-cost for rights holders. We think this would be best achieved by automatically entering all RCDs onto the UK Register at the time of Brexit (analogous to the so-called “Montenegro option” put forward in relation to EU TMs - see IP Federation policy paper [PP 2/17](#)).

Automatic preservation also has the benefit that it would eliminate the risk of any inadvertent loss of registered rights through inaction on the part of rights owners.

Transitional provisions will need to be carefully considered - particularly in relation to RCDs for which publication has been deferred. We suggest that the longer period of deferment afforded to RCDs should be preserved in relation to RCDs automatically entered onto the UK register.

Following Brexit, designers will continue to be able to secure adequate registered design protection by registering designs separately at the UK IPO and the EUIPO.

Unregistered Designs

On unregistered designs, the focus for Brexit should be on plugging the gaps.

No abolition of UK UDR

UK Unregistered Design Right (UK UDR) must be retained at Brexit.

Replacing or abolishing UK UDR in time for Brexit would require enactment of primary legislation. This would inevitably take up some time and effort which, pre-Brexit, would be an unnecessary distraction.

UK UDR is a well-established and valuable IP right. It can protect designs not otherwise protectable by way of copyright, registered design or UCDs e.g. functional designs

To abolish UK UDR would be to spend effort in order to deny rights-holders some of the useful protection that they currently enjoy in the UK.

Retain UCD in the UK

We acknowledge that preserving UCD in the UK post-Brexit is a key priority for certain sectors of the UK design industry.

This could be achieved by unilaterally treating UCDs as applying to the UK, although this would require deference to the CJEU and so may be politically unpopular.

A better way to achieve a similar result may be to create a new Community-style UK UDR which ‘mirrors’ UCD and which sits alongside the existing UK UDR. Transitional provisions may deal with UCDs already in existence at the time of Brexit.

Whether or not disclosures in the UK after Brexit would qualify for UCD should be a matter for negotiation with the EU. It would clearly be advan-

tageous to UK business if disclosure in the UK after Brexit still qualified for UCD. The creation of a Community-style UK UDR, which could be made accessible to EU entities, would hopefully assist with negotiation on this issue.

Community-style UK UDR must mirror UCD

Mirroring of the UCD in the UK should be absolute: such as is required only to preserve the existing right in the UK.

If a new Community-style UK UDR is created, to sit alongside existing UK UDR, then it should not cherry-pick only certain features of existing UCD.

In particular, the term of protection of any Community-style UK UDR should match the three-year term of protection afforded to UCDs.

Existing UK UDR is distinguishable from UK Registered Design in many respects: they are quite different rights. UCDs in the UK, however, are distinguishable from UK Registered Designs primarily with reference to the term of protection. The scope of the right is essentially the same. It follows that any enhanced term of protection for a Community-style UK UDR would narrow the gap between registered design rights and unregistered design rights in the UK. This would potentially negatively impact the take-up of design registration in the UK, which would inevitably reduce legal certainty for both rights holders and third parties.

A term of protection of 10-15 years for any Community-style UK UDR would carry the very real risk of significantly devaluing registered designs in the UK.

Any shift away from registration of designs in the UK is entirely the wrong direction of travel.

No criminal sanctions for UDRs

There should be no introduction of criminal sanctions for UDRs. Brexit should not be seen as an opportunity to revisit this issue. We oppose this in the strongest possible terms - see IP Federation policy paper [PP 1/14](#) in relation to criminal sanctions for existing UK UDR: many of the same concerns would inevitably apply to a Community-style UK UDR.

Designers can already now obtain access to criminal remedies at low cost by initially registering the design.

Review of the UK law on unregistered design

Any comprehensive review of the law on unregistered designs in the UK should be undertaken after Brexit: away from the pressures of the Brexit negotiation.

It is absolutely critical that the UK IPO consults widely on any proposed changes in this area.

IP Federation
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IP Federation members 2017

The IP Federation represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. The CBI, although not a member, is represented on the Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. It is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

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