

Unintentional infringement of UK and Community designs

Introduction

The Federation represents IP intensive companies in the United Kingdom - a list of members is attached. Our member companies are extensively involved with IP in Europe and internationally. Not only do our companies 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 Consultation

The Intellectual Property Office launched a public Consultation about equalisation of remedies for unintentional design infringement on 1 December 2010. The Consultation document outlines two options for equalising the law governing the remedies available for unintentional infringement of UK and Community designs.

IP Federation comments

1. The IP Federation supports Proposal 1 in the Consultation, namely that the law on designs should be harmonised so that there is *no* financial compensation of the right owner for innocent infringement of -

- UK registered designs,
- Community registered designs,
- UK unregistered design right, or
- Community unregistered design.

2. In support of the above view, the Federation first notes that no financial penalty is imposed upon a person who innocently infringes a UK *patent*, and that the legal analogy of patents with registered designs is strong. Proposal 1 is consistent with the law on patents. Proposal 2 is not, and would constitute a dangerous precedent for patents.

3. The Federation further believes that there are fundamental considerations of justice, as well as economic considerations, in support of Proposal 1, which were no doubt considered before the UK Registered Designs Act 1949 and the CDPA 1988 were enacted:-

- (i) An innocent infringer is in any case exposed to the risk that if he is successfully sued by a right owner, the owner may get an injunction to prevent him from continuing to sell the relevant product, or may impose a royalty on future sales. However, it would be wrong to regard a company as "negligent" or "irresponsible" (para 30 and Q5

of the Consultation) if he fails to carry out investigations of third party rights before he sells any new product. Outside a Court, a final determination of infringement is of course impossible. Investigations, even to arrive at a possibly flawed opinion (see Annex), would be so costly that in general they would be a barrier to innovation, especially by SMEs. Penalties for innocent infringement, where they exist, are a further barrier to innovation.

- (ii) Right owners can reduce the risk of innocent infringement by marking their own products and by writing letters.
- (iii) If the innocent infringer is liable to financial penalties, the right owner has an incentive to delay informing the infringer of the situation so as to allow damages to build up. This would be abusive.

4. The Federation considers that the above, taken with the material supplied in the Annex, answers all of Questions 1 to 5 in the Consultation, and also (*eg* in 2, 3(ii), and 3(iii) above) addresses important issues that are not clearly covered by Questions 1 to 5 in the Consultation.

IP Federation
21 March 2011

Annex

Suppose a company wishes to launch a new product, and wishes investigate the risk that the product might infringe valid third-party rights. Taking each type of right in turn:-

Registered design. The company must instruct a legal adviser to search for designs that might be valid and infringed under the Registered Designs Act 1949 or the Community Regulation 6/2002/EC. Because official examination of design applications by the Offices is limited, the legal adviser needs to search for prior art before making an assessment of validity. The fact that the UK register is online (Q3) will reduce the cost of all this only slightly.

Unregistered design right. In this case, the company will be aware of the prior design that influenced his product. This does not, however, mean that the company infringes an unregistered design right in the prior design. Both the UK and Community unregistered design rights (under CDPA 1988 and Council Regulation 6/2002/EC respectively) have (differing) validity requirements and provisions on infringement that require consideration by a legal adviser. The Community unregistered design has a novelty requirement (Article 4(1)) which means that searches are necessary before its validity can be properly assessed. Both the UK and the Community rights have terms that run from events which are not a matter of public record (CDPA Section 216 and Article 11 of the Regulation); and even enquiry agents might not be able to find out the dates of these events. The UK right is available only to those who qualify under complex provisions of a territorial character (CDPA Sections 217 to 221); again, even enquiry agents might be unable to find out the facts relevant to these provisions.

IP Federation members 2011

The IP Federation (formerly TMPDF), 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. It is listed on the European Commission's register of interest representatives with identity no: 83549331760-12.

ARM Ltd
AstraZeneca plc
Babcock International Ltd
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
BTG plc
Delphi Corp.
Dyson Technology Ltd
Eli Lilly & Co Ltd
ExxonMobil Chemical Europe Inc
Ford of Europe
Fujitsu Services Ltd
GE Healthcare
GKN plc
GlaxoSmithKline plc
Hewlett-Packard Ltd
IBM UK Ltd
Infineum UK Ltd
Merck Sharp & Dohme Ltd
Nokia UK Ltd
Nucletron Ltd
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
QinetiQ Ltd
Rolls-Royce plc
Shell International Ltd
Smith & Nephew
Sony Europe Limited
Syngenta Ltd
The Linde Group
UCB Pharma plc
Unilever plc
Xerox Ltd