



## Unintentional Infringement of UK and Community Rights Relating to Designs

In December 2010, the IPO launched a consultation asking interested parties what they considered was the best way of removing an anomaly in the law protecting designs.

There are four rights protecting designs under UK law as it stands. The anomaly is that there is *no* provision for damages or an account of profits to be awarded to the right owner for unintentional infringement of -

- (i) UK registered designs, and
- (ii) UK unregistered design right -

but there *is* such provision<sup>1</sup> for unintentional infringement of -

- (iii) EU registered designs, and
- (iv) EU unregistered design right.

In response to the consultation, the Federation in March 2011 argued (a) that the IPO was right to be concerned about the anomaly, and (b) that the best resolution of the anomaly was to harmonise the law so that *none* of rights (i) to (iv) entitled their owner to the above remedies for unintentional infringement. The Federation felt that fundamental considerations of justice, as well as economic considerations, supported this conclusion, as follows:-

- (1) An unintentional 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 else may impose a royalty on future sales. However, it would be wrong to regard a company as “negligent” or “irresponsible” if it fails to carry out investigations of third party design rights before it sells any new product. Investigations, even to arrive at a possibly flawed opinion, would be so costly that in general they would be a barrier to innovation, especially by SMEs. Penalties for unintentional infringement, where they exist, are a further barrier to innovation.
- (2) Right owners can reduce the risk of unintentional infringement by marking their own products and by writing letters.
- (3) If the unintentional infringer is liable to financial penalties, the right owner has an incentive to delay informing the infringer of the situation if he thinks this will increase what he will obtain in Court. This would be abusive.

The Federation explained the high cost of investigations as referred to under (1) as follows. Official examination of registered designs is limited, so that they have little presumption of validity. Further, the existence of unregistered design rights cannot be determined without (a) alerting a potential claimant, or (b) use of enquiry agents: their terms run from dates

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<sup>1</sup> *J Choo (Jersey) Ltd v Towerstone Ltd* [2008] RWHC 346 (Ch). This decision, by Mr Justice Floyd, disagreed with the opinion in the previous edition of *Russell-Clarke and Howe on Industrial Designs*.

which are not of public record;<sup>2</sup> and furthermore the very subsistence of the UK un-registered design right depends on identities of the designer, his commissioner or employer if any, and of any person having certain exclusive rights.<sup>3</sup>

In addition, the Federation noted that there is *no* provision for damages or an account of profits to be awarded to the proprietor of a *patent* in respect of unintentional infringement. As a supporter of the *status quo* in relation to patents, the Federation did not wish any precedent to be set (especially having regard to the close similarity between patents and registered designs) that might lead in time to amendment of the law on patents.

A proposal for legislative action by the UK government is awaited.

Mike Jewess, 12 December 2011

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<sup>2</sup> CDPA 1988, Section 216, and Article 11 of Community Regulation 6/2002/EC.

<sup>3</sup> CDPA Sections 213(5) and 217 to 221. The subsistence of the right depends on national or *geographical qualifications of the various persons referred to above*.