



Intellectual Property Bill 2013–14: Clause 13

During the course of the IP Bill's passage through first the Lords and then the Commons, the IP Federation has been pressing for the deletion of Clause 13 or, at the very least, significant amendments which would lessen the damaging impact Clause 13 would bring. Clause 13 introduces a new criminal offence for copying registered designs. Whilst we can understand that this may appear attractive in the fight against piracy and deliberate theft of designs, the wording of Clause 13 does not restrict the criminal offence only to the bad guys.

The IP Federation's lobbying activities have included the issue of a number of policy papers in this area:

- PP7/13 Criminal sanctions for Registered Design infringement
- PP10/13 Criminal sanctions for Registered Design infringement - IP Federation response
- PP16/13 Intellectual Property Bill 2013-14: IP Federation position on Clause 13

Below is an abridged version of the last paper, compiled for the purposes of lobbying MPs during the IP Bill's passage through the Commons. The full version can be found on the IP Federation's website.

Clause 13 should be deleted in its entirety

The IP Federation opposes the introduction of criminal sanctions for any aspect of registered design infringement. The reasons for this are set out below.

- **Criminal courts are not equipped to deal with cases involving registered designs.**
Issues concerning the scope and validity of a registered design should be dealt with by courts which are equipped to hear the appropriate evidence and assess it in the light of extensive case law, not a non-specialist judge and certainly not a jury. Dealing with these issues before a criminal court will incur very high costs.
- **There is a significant risk that wrongful convictions could occur.**
There is a very real possibility that relevant prior art could come to light after a person is convicted, rendering the registered design invalid and resulting in the person having been wrongly imprisoned.
- **Reputable design companies will withhold good designs.**
If knowledge of a registered design, combined with actual infringement, could give rise to a criminal penalty, companies will take the safe route. Products which would otherwise have been brought to market as a result of healthy competition will be withheld.
- **Reputable companies will deliberately stop carrying out clearance searches for designs.**
If there is the slightest risk of a criminal action being brought, reputable British companies will deliberately stop searching registered designs to check for potential issues before a product is launched. It will be better not to know what is out there.
- **The doors will close on British designers.**
Introducing a risk of criminal actions being brought for infringement will have the effect of discouraging companies from collaborating with individual designers and SMEs.

The IP Federation is the operating name of the Trade Marks, Patents and Designs Federation
Registered Office 5th floor, 63-66 Hatton Garden, London EC1N 8LE

Email: admin@ipfederation.com | Tel: 020 72423923 | Fax: 020 72423924 | Web: www.ipfederation.com

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- **Criminal actions will be brought privately.**
There is nothing in the IP Bill which prevents criminal actions for infringement of registered designs being instigated privately.
- **Companies will use the weapons available to them.**
If criminal sanctions are introduced, this weapon will be used by all organisations, small and large. The threat of being able to bring criminal proceedings should not be underestimated.
- **Sufficient deterrent can be created by other means.**
The aim of the IP Bill is "to increase protection for registered design holders and to reduce the scale of design theft". Introducing criminal sanctions is not the only way to achieve this. Other ways to achieve the aim should be explored.
- **The vast majority of IP professionals and IP owners are opposed to the current proposals.**
The IP Federation is by no means the only organisation which opposes the introduction of criminal sanctions for registered design infringement. The ICC, Law Society, IP Bar Association, IP Lawyers Association, Intellect and CIPA have all expressed grave concerns over Clause 13 of the IP Bill.

Amendment

If we cannot achieve a complete deletion of Clause 13, then we propose a series of amendments:

- **Specify that the offence relates only to deliberate or blatant copying.**
It is very clear that the intention of the IP Bill is to introduce criminal sanctions for only deliberate infringement of registered designs (see Explanatory Notes, paragraphs 49 and 50). This type of infringement corresponds closely to what is termed "counterfeiting" or "piracy" in other areas of law - and nothing more. There is a very real need to qualify the term "copying" in order to ensure that the meaning of the term is clear and that the offence does not catch acts which it is not intended to catch.
- **Criminal proceedings may not be brought until infringement and validity have been confirmed by specialist civil court.**
We believe that it would be best to ensure that the crucial questions of infringement and validity are dealt with by an appropriate specialist court before any criminal proceedings can be commenced. We believe that measures could be put in place to streamline civil procedures in cases where criminal sanctions might be applicable so that such cases do not take too long.
- **Remove any possibility of private criminal prosecutions being brought.**
We believe that government agencies such as Trading Standards and the Crown Prosecution Service would ensure that any action which may be commenced under this section will have been subjected to sufficient scrutiny to prevent malicious, vexatious and tactical actions being commenced.
- **Ensure that criminal acts do constitute infringement.**
There appears to be an assumption that the term "copies a registered design so as to make a product exactly or substantially to that design" must by definition amount to an infringement of the registered design in question. This is far from certain, particularly in areas where there are a lot of very similar designs in existence. Clause 13 should be amended so as to specify that acts which do not constitute infringement of the registered design cannot give rise to criminal sanctions.

Further Concerns

The IP Federation is concerned that a number of very real concerns are not being given sufficient consideration. The most pressing of these concerns are:

- **A failed or abandoned criminal prosecution is as bad as a successful one.**
Negative publicity of the sort which would inevitably be generated merely by the commencement of a criminal action could do untold damage to a company or individual.
- **Larger companies are at particular risk.**
There are no safeguards in place to prevent a large company from being found guilty of a criminal offence, even if no one individual in the company satisfies the criteria of “copying” the design and knowing it was registered.
- **Registered designs are unexamined rights.**
If criminal sanctions are introduced in respect of rights which have not been examined before registration, and if private prosecutions are not prohibited, the burden on companies engaged in design and development will increase dramatically.
- **It is not true that sanctions of the type proposed exist in Germany.**
Whilst it is true that unauthorised use of a German registered design can be punishable by criminal sanctions, the infringement must be wilful or reckless to attract these sanctions.

The IP Federation will continue to lobby MPs and interested parties during the IP Bill's passage through Parliament. Our aim is to have Clause 13 deleted in its entirety or, at least, amended sufficiently to alleviate many of the concerns set out above.

Gill Smith, 2 October 2013