

Reviewing the designs framework – Call for views – IP Federation response

Introduction

The IP Federation¹ welcomes the opportunity to respond to the [call for views](#) on reviewing the designs framework closing on 25 March 2022.

Registered designs – search and examination

Questions

1. Do you have views on whether the IPO should change examination practice for designs? Do you think it would be useful to introduce any of the options outlined? These include prior art searching, a two-tier system, use of AI tools, bad faith and opposition periods. Are there other options not outlined?

Answers

Question 1

The IP Federation recognises the harm to legitimate business and innovation that can be caused by attempted enforcement of registrations that are clearly invalid. On the other hand, the Federation also recognises the benefits of a simple, fast and low-cost registration procedure for fostering increased use of registered designs and the consequent benefits to innovation.

Therefore, the IP Federation supports the introduction of a two-tier registration system where the current registration system is maintained but examination is required prior to enforcement. A potential drawback to such a system is that the speed of enforcement may be reduced. This could be ameliorated by either limiting the pre-enforcement examination to novelty only and/or by exempting interim measures from the pre-enforcement examination requirement. Some of our members have encountered such two-tier systems in Australia and China and overall have had positive experiences.

Furthermore we would welcome the UK IPO to further investigate better ways to regulate so-called “take-down” procedures that are increasingly being used by e-commerce platforms to police alleged design infringement. The suggestion to require pre-enforcement examination of the kind discussed above

¹ The IP Federation aims to improve the IP framework to meet the needs of innovative industry by representing, nationally and internationally, the views of UK-based businesses. Its membership of influential IP-intensive companies has wide experience of how IP works in practice to support the growth of technology-driven industry and generate economic benefit. As a cross-sectoral industry organisation covering all technologies, the IP Federation is able to offer a viewpoint which is authoritative and balanced. Details of the IP Federation membership are given at the end of this paper.

would appear to be an attractive means for dissuading abuse of such systems but would need to be balanced against cost, speed and increase in litigation.

In order to dissuade abuse of the designs system, the IP Federation is in favour of an opposition period following publication. The primary aim would be to remove clearly invalid registrations and especially those that seek to take advantage of a pre-existing design. In this respect we would favour that any grounds of opposition are limited to novelty-only and do not require any proof that the opponent is the proprietor of the prior design and/or that there was any “bad faith”.

Simplifying the designs system

Questions

2. Do the different and overlapping ways of protecting the appearance of a product present any issues to creators and users of the system? If you think the system could be simplified, we would like your views on how to do this.
3. Are there inconsistencies between the design rights that need to be addressed e.g. qualification requirements, spare parts exemption? Are there terms in the Registered Designs Act which would benefit from clarification or guidance e.g. “get up”?
4. Please share any issues you or your clients have experienced in relation to the changes to disclosure requirements for unregistered designs since the end of the transition period (31 December 2020). Would any of the options outlined, such as simultaneous disclosure, address this issue? Are there any other ways of addressing the lack of reciprocal recognition for unregistered designs in the UK and EU? If so, please provide details on how they may work in practice.

Answers

Question 2

The IP Federation is generally in favour of international harmonisation and simplification of IP laws. This fosters cost-efficient and predictable protection of UK innovation in the global market place. The Federation does, however, recognise that the UK has a world-leading IP system and so harmonisation at the expense of eroding that would not be in the interest of UK industry. Therefore the IP Federation would not be in favour of, for example, ditching UK design right simply to harmonise with our global trading partners.

The IP Federation is in favour, as far as possible, of demarcation between patents, designs and copyright. In particular, the IP Federation’s view is that technical subject matter should be the sole purview of patent protection. Registered design legislation and supplementary unregistered design legislation both include exceptions for technical subject matter. The IP Federation is concerned especially about recent developments in copyright law.

The design regime includes important safeguards to ensure that advances in technical function are excluded (and therefore remain in the purview of

patent law with all of its requirements such as those of novelty and inventive step). Such safeguards are not necessarily explicit in copyright legislation and recent evolution of EU copyright law through decisions by the CJEU in cases such as *Cofemel* (C-683/17) and *Brompton Bicycle* (C-833/18) have led to questions over whether subject matter that was intended to be protected by unregistered designs would necessarily already be protected by the much longer-lasting copyright. This would be the case if the requirement for originality in copyright law is interpreted to be a lower bar than those of novelty and individual character in design law. The UK now has the chance to make a clear break from these worrying developments by legislating to exclude technical subject matter from copyright protection, which would provide those UK industries developing new technologies with greater certainty.

Question 3

The IP Federation does not believe that there is any major unclarity in the existing legislation as to what can be protected as a design (e.g. the protectability of digital graphical user interfaces or interior design). If the UK IPO sees a need to further clarify the protected subject matter, then we propose this be addressed through improved guidance rather than a change in legislation. The Federation urges caution in attempting to resolve this by way of amendments to statute to avoid the very real risk of increasing uncertainty around the correct interpretation of already well-established legislative terms.

Qualification requirements for unregistered designs are presently complicated in that they vary between the different rights. In the digital age the concept of “first disclosure” in a given territory has little practical meaning or effect. In effect, public disclosures anywhere in the world rapidly become available to the relevant circles in the UK. Therefore, removal of the requirement for disclosures to be within the UK would be a simplification that would clarify certainty for UK businesses without unduly disadvantaging them.

Question 4

So far none of our members have experienced any issues in relation to the changes to disclosure requirements for unregistered designs since the end of the transition period. We believe this is to be expected given the short time period that has elapsed since the end of the transition period. Clarification that simultaneous disclosure (i.e. on the same calendar day) in the UK and any other territory counts as “first disclosure” or, preferably, removal of the territorial aspect of disclosure discussed above, would create greater certainty for UK business.

Future technologies

Questions

5. How can the current system better meet the needs of a digital environment and future technologies? Are areas such as digital designs and 4D printed products adequately protected by the current system?

6. Do you think it would be useful to introduce any of the options outlined? These include extending supplementary unregistered design to cover computer generated designs, filing of digital representations and ceasing accepting physical specimens. What are your views on the protection of computer-generated designs?

Answers

Questions 5 and 6

The IP Federation does not believe that there is any major deficiency in the current designs system regarding protection of future technologies. We are not aware of any instances where the current regime has been found unsuitable for areas such as digital designs, 4D printed products and/or computer-generated designs.

Better regulation

Questions

7. Should UK law have an express deferment provision and how long should it be?
8. What information, if any, should be published in relation to a deferred design? Is there a need for specific provisions for prior use or to deal with co-pending applications?

Answers

Question 7

The IP Federation does favour a deferment period as it allows businesses to have in place some protection whilst continuing to develop a design without the risk of its own prior-filed design becoming prior art for the final design. It is also not infrequent that a design will be filed on aesthetic aspects of an innovation that is also the subject of a parallel patent application on technical aspects of the innovation.

The IP Federation is generally in favour of international harmonisation. Whilst we note, however, that the Hague system allows for deferment up to 30 months, many (if not most) of the contracting parties have shorter (or no) deferment periods.

Therefore, the IP Federation would be in favour a deferment period of 18 months to align with the patent system.

Question 8

The IP Federation does not believe that any information should be published in relation to a deferred design. Bibliographic information is seldom informative as to the potential relevance of a design.

The Federation does not believe there is a need for further provisions on prior user rights on the basis that (1) the chance of competitors coming with very similar designs is relatively low (compared, for example, to the chance of

competitors having overlapping inventions) and (2) the legislation already includes provisions for prior art effects of unpublished prior rights.

Enforcement

Questions

9. What are your views on the effectiveness of the UK's enforcement framework? How could it be improved to help small businesses and individual designers enforce their rights?

10. What has been your experience of the introduction of criminal revision for registered designs? What are your thoughts on extending criminal sanctions to unregistered designs and what economic evidence do you have to support your view?

Answers

Question 9

The IP Federation believes that the UK's enforcement framework works well. To encourage the uptake of registered designs by small businesses and individual designers, the IP Federation would be in favour in expanding the remit of the IPEC Small Claims Track to include registered designs. The issues involved with a registered design case are certainly no more complex (and may be less complex in many respects) than an unregistered designs case. For example, the issues of ownership, existence and copying are not relevant or at least much more straightforward for registered designs.

The IP Federation is aware of the proliferation of alternative enforcement mechanisms available on e-commerce platforms. There is significant potential for such mechanisms to be abused and therefore the IP Federation would welcome an investigation by the UK IPO on whether and in which ways, such systems can be regulated.

Question 10

The IP Federation strongly opposes extending criminal sanctions to unregistered designs.

The IP Federation opposed the introduction of such measures for registered designs in the 2014 Act and we believe that the dearth of criminal cases relating to Registered designs since the introduction of that Act points to the unsuitability of such sanctions for design infringement. The recent post-implementation review of the Act identified only a single successful prosecution. Moreover, the referenced prosecution included the successful application of criminal sanctions under the Trade Marks Act, making the impact of the designs element even harder to judge. This highly limited evidence, when objectively considered, indicates that the introduction of the measure has had negligible effect on the scale of design infringement and provides nothing over and above the avenue for pursuing counterfeiters that is and was available under the Trade Marks Act.

If criminal sanctions are extended to unregistered designs, we believe that it

would stifle much-needed innovation in the UK and also have a negative effect on the objective of the UK's industrial strategy.

Some of the fundamental reasons that criminal sanctions are unsuitable for any type of designs are:

- criminal courts are not equipped to deal with the complexities of design law;
- errors made by ill-equipped courts will result in wrongful imprisonment;
- criminal actions can be brought privately by companies and individuals seeking to raise the stakes in a commercial dispute; and
- reputable businesses will refrain from introducing legitimate new designs to the market to avoid unacceptable risk.

For unregistered designs, further issues include:

- Protection of technical subject matter: Unregistered UK Design Right (UDR) was created by the Copyright, Designs and Patents Act 1988 (CDPA) specifically to protect functional designs as well as non-functional designs. This means that it is extremely important to UK businesses which design and manufacture industrial or technical products such as vacuum cleaners, motor cars, healthcare products, aircraft engines, etc.
- Uncertainty if the right ever existed: UDR does not come into existence automatically UDR only comes into existence if the relevant design is created by a "qualifying person". The definition of a "qualifying person" is set out in the CDPA. Not everyone is a "qualifying person".
- Uncertainty when the right expires: The term of a UDR depends on whether and when an article made to the relevant design was first made available for sale or hire. The term is the shorter of either 15 years from the end of the calendar year in which the design was created or 10 years from the end of the calendar year in which an article made to the design was first marketed. It is consequently very difficult for a third party to know whether a UDR is in force at any point in time.
- Licences of right are available for the last 5 years of a UDR's term :The CDPA provides that licences of right are available for the last 5 years of the term of a UDR. This means that anyone who wants to take a licence under the UDR cannot be denied a licence. The terms of any licence can be negotiated but the granting of the licence cannot be denied. In a civil action involving infringement of UDR, no injunction can be obtained if the UDR is subject to licences of right and the defendant agrees to take a licence.
- "Must Fit" and "Must Match" exclusions: UDR is not applicable to features of a design which have no design freedom by virtue of what are commonly referred to as the "must fit" and "must match"

exclusions. There is a considerable body of case law which shapes how these considerations must be taken into account when assessing the scope of any UDR.

Therefore it is virtually impossible for legitimate businesses to assess whether UDR owned by a third party subsists in a particular design. This is because there is no way of accessing information sufficient to establish the identity of the creator, the date of creation and/or the date of first marketing. Moreover, third parties cannot know who the current owner of any UDR which may subsist might be or whether any particular features of a specific design can be copied in view of the exclusions. These problems present themselves to all UK businesses, large and small. However, the current civil sanctions associated with infringing a third party's UDR amount to a generally acceptable business risk.

If criminal sanctions were to be introduced for copying of UDRs, the stakes become too high and the risks become unacceptable. Legal practitioners will advise their clients not to take any risk which could result in criminal prosecution. This will be the case even if no UDR actually subsists because it will be too difficult, if not impossible, to establish the facts with sufficient certainty. As a result, competitive products which ought to be brought to market will be withheld and UK consumers will not enjoy the benefits those products would otherwise bring

It has been suggested that an unofficial register, such as that run by ACID (Anti Copying in Design), would be sufficient to provide the details required by third parties to assess whether or not UDR exists in relation to a specific design. This is wrong for many reasons, including:

- There is no requirement to add any individual design to the ACID - or any other - register, which means that the relevant register will always be incomplete.
- The ACID register is not accessible without registration and does not, as far as we can tell, allow anonymous inspection. Third parties must be able to assess their risks without alerting the right owner to the fact that the third party has an interest in the design.
- Placing a design on a publicly-inspectable register amounts to publication. It is not in the interests of UK businesses involved in producing technical designs to make all their designs available to competitors, including overseas competitors who will not be subject to UDR or any equivalent right in other countries. Moreover, many of those designs will include confidential information which would not otherwise be published.
- Disputes relating to UDR in particular should not be dealt with by criminal courts because:
- The law relating to UDR and its peculiar exclusions (“must fit”, “must match”, “commonplace”) is complex and requires technical consideration as well as appreciation of the case law.

- The threat of criminal proceedings could easily be used wrongly to put pressure on third parties when no UDR exists because it is extremely difficult for third parties to ascertain whether or not any right subsists.
- The risk of wrongful conviction is real and unacceptable for legitimate UK businesses.

Therefore the IP Federation does not support the introduction of criminal sanctions for any aspect of design right infringement. The fundamental problem with unregistered designs is that third parties cannot know with certainty whether any particular design is or has ever been subject to protection. This, coupled with the fact that the term is uncertain and that a legitimate right to use the design in question may exist, makes criminal sanctions wholly inappropriate. If criminal sanctions are introduced, the effect of this will be that businesses will err on the side of caution and refrain from bringing legitimate products to the market. This will stifle innovation in the UK and reduce legitimate choice for UK consumers.

IP Federation
25 March 2022



IP Federation members 2022

The IP Federation membership comprises the companies listed below. The UK Confederation of British Industry (CBI), although not a member, is represented on the IP Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. The IP Federation is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

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