

**Implementing the Hargreaves review – call for evidence in relation to the design sector*****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 IPO is interested in seeing any research which has a bearing on the design system in the UK and relevant international comparisons. They are inviting anyone with an interest in design and the design industries to consider the questions below, and provide answers, suggestions and thoughts where possible. The [consultation](#) is open until 11 November 2011.

***IP Federation response***

Design contributes in many important ways to the UK economy and the UK boasts some of the world's best designers across a range of industries. This success is often not underpinned by formal protection of designs via design registration. Thus the IP Federation is fully supportive of any measures that can do more to support UK design innovation, and has recently made submissions on the following topics:

[Response To IPO Informal Paper re Designs](#)

**Policy paper** PP 1/10 **Dated:** 22 March 2010

UK Design rights: registered and unregistered right

[Unintentional infringement of UK and Community designs](#)

**Policy paper** PP 6/11 **Dated:** 21 March 2011

Response to IPO public consultation about equalisation of remedies for unintentional design infringement launched on 1 December 2010

Our response to the specific questions is as follows.

**Do you register your designs in the EU or the UK?**

- 1.1) If you protect designs by registering them at OHIM, or with the IPO, what criteria did you use to choose where to register, and what influenced your choice?

Many of our members are multinational organisations so it makes sense for them to file as broadly as possible at the lowest possible expense. The Community design offers an option to register in all countries of the EU under a single registration for

a low cost. This also means that renewal of any registration will similarly be of low cost.

Most would only file at the IPO as a way of obtaining a priority date (it is easier to obtain priority documents from the IPO to use for foreign filings) or for obtaining protection in those overseas countries which grant rights on the basis of a corresponding UK right.

However, on occasion, applications for design registration might be filed in both EU and UK.

1.2) Why do you protect your designs? What are the advantages/disadvantages and costs you face?

Our members protect their designs to deter copying and make enforcement easier compared with unregistered designs.

Many of our members register designs for package shapes. The registrations act as a deterrent for any would be copiers of these packs and often fill in the gaps where trade mark or patent protection might be deficient.

1.3) Do you protect all of your designs via registration, or just a proportion, and why?

Many of our members like to have the comfort of a registration certificate which shows a number and date (it also helps for licensing and assignment purposes). They would therefore always tend to apply to register the design of a new product if at all possible.

However, each new product may contain several different “designs” and our members may generate new designs which are in some cases only incremental changes from their predecessors. Protecting all would often not represent value for money, where it is not possible to take advantage of the EU multiple design provisions.

1.4) Would electronic filing of applications encourage you to file more in the UK?

It would help our members when they file UK applications, but is unlikely to encourage them to file any more than they currently do.

### **If you do not register your designs, why not?**

2.1) Do you rely on unregistered design rights at EU or UK level? If so, why?

Our members sometimes rely on them when they find they are being copied, but prefer the comfort of a registration certificate.

2.2) Do you rely on copyright or other IP rights, such as patents, to protect your designs? If so, please explain what you protect with each right and your reasons.

Our members almost always rely on patents to protect new products. Patents are often applicable to several generations or ranges of products, offsetting the higher cost of obtaining protection. On the other hand, designs, being narrower, are likelier to be valid and cost less to enforce. Our members also rely on copyright in computer software, and in surface decorations and screen displays. Such protection costs nothing to obtain, although is more expensive to litigate than a design.

2.3) Do you use trade marks to protect elements of your design? If so, please detail what you protect with trade marks and your reasons.

If they can obtain trade mark protection for an element of the design (such as a logo or an aspect of packaging) then this would be the preferred route of protection for many of our members. Registered designs would only be used for those elements that they could not protect by way of another IP right.

- 2.4) Do you use private registration services such as those provided by "ACID"? If so, what are the advantages/disadvantages and costs you face?

Our members tend to have their own intellectual property departments, and do not use private registration services such as those provided by ACID (Anti Copying in Design).

- 2.5) To what extent is the IP framework for designs appropriate/relevant to your business?

It is appropriate and relevant to our members, but may come further down their list of preferred IP rights after patents and trade marks.

- 2.6) What would make the intellectual property right framework for designs more useful?

Knowledge of designs rights would make it more useful - outside of IP practitioners, very few know or understand what designs are about.

- 2.7) Do you think there would be any value in the UK joining the Hague system, especially as coverage for the UK is provided through the EU's membership? What would you see as the benefits/costs?

No. An international registration is a "nice to have", especially for multinational organisations like many of our members, where they could make even more cost savings. However, they have lived without it so far and, as it is already available via an EU registration, it might even add a further layer of complexity in an already confusing design world.

### Is the legal system too complex?

- 3.1) How would you rate the complexity of the design right system as a whole, including both UK and OHIM registered and unregistered rights? Manageable, fairly manageable, hard to grasp, very hard to grasp? [Choose one]

It is very hard to grasp. The legal complexity of the design system as a whole is confusing and hard even for advisors to handle on occasions. An area of especial concern is the applicability of rights to functional designs, so as to operate rather similarly to utility models (to which the Federation is opposed). For instance, the Federation is concerned by the implications for engineering companies of the cases which decided that UK unregistered design right applied to purely functional, non-aesthetic design features of: (i) contact lenses (the features being in that case invisible to the naked eye), and (ii) farming machinery (the features being internal and for that reason being usually concealed): *Ocular Sciences v. Aspect Vision Care* [1997] RPC 289 and *Farmers Build* [1999] RPC 461.

- 3.2) If you think the design right system needs to be simplified, how do you suggest the system is simplified and why? What would change as a result?

In addition to copyright, there are currently four systems covering designs:

- registered and unregistered designs, in both
- the UK and the EU.

There are limited options for simplification, however. The Community rights cannot be changed unilaterally. Nor can the Hague system. Only the UK rights could be simplified. Simplification by abolition of UK rights would reduce the protection available. Simplification by harmonisation of UK rights with EU rights would increase the coherence of the system without loss of protection (save in the area of functional designs).

3.3) Would increasing the deferment period make it easier to use design registration in conjunction with other rights?

No.

3.4) If you are aware of any education/outreach activities which the IPO carries out in relation to designs, what improvements could be made to them?

No. With the possible exception of the IP Awareness Network, we do not know the details of such activities.

### **Enforcement of design rights**

4.1) Have you ever had a letter(s) sent out to inform someone that they are infringing your design? If so, what was the result?

Our members send such letters on occasions, but it is often tied into a matter where there is also an infringement of another IP right, such as a trade mark.

4.2) Have you ever received a letter(s) informing you of your infringement of someone else's design? If so, what was the result?

Our members have occasionally received such letters. They would prefer to conclude the matter through an agreement.

4.3) Have you ever been through any legal actions, e.g. through the courts or through the IPO's tribunal (as either the claimant or defendant) regarding enforcing the protection of any type of design right? If so what were the financial and non-financial costs/benefits? How long did it take?

Our members are occasionally involved in such legal actions. Outcomes and costs vary widely.

4.4) How many enforcement actions with a value of £5000+ have you taken in the last 3 years?

We leave this question to individual company respondents.

4.5) How many enforcement actions with a value of under £5000 have you taken in the last 3 years?

We leave this question to individual company respondents.

4.6) If you thought your design was being infringed but didn't take action, why not?

Our members would usually take action. The usual reason for not doing so would be that the cost/benefit analysis does not favour action.

- 4.7) If you think there are other areas of IP law or other laws, e.g. unfair competition, which may need to be changed, how do you suggest the law is changed and why? What would improve as a result?

In addition to copyright, other areas of law which are used in European countries to protect designs are:

- Trade marks
- Passing off
- Unfair competition
- Utility Models

The Federation is opposed to second-tier patent rights such as utility models. See for example our policy paper [1/10](#):

The Federation has long opposed second-tier patent rights offering protection to inventions which have lower inventive merit than those covered by normal patents; these, if introduced, would have rewarded the originator disproportionately relative to his contribution to the art. The same objection applies to unregistered design right subsisting in technically functional features.

See also our policy paper [2/10](#) on the trade mark system in Europe.

A review of unfair competition law could be performed, dealing with designs as well. Any regulation of designs via unfair competition laws should be made explicit in the statute. However, we are not convinced that it will benefit the protection of designs if another layer of complexity is placed on top of the already complex design laws.

- 4.8) Could the IPO provide additional services that would help make designs more enforceable? If so, what might they be and how much would you be willing to pay?

The IPO could offer services that might make designs more enforceable:

- search and examination of designs after grant and before enforcement; or
- Design Opinion Service (based on that already offered for patents by the IPO).

Revival of the examination service before grant would also help. Cost is difficult to determine as it will necessitate more staff to handle the extra work (and will inevitably slow registration down).

Clearing designs is still difficult. In this age of facial recognition and fingerprint recognition, search facilities appear to have improved in all walks of life, apart from in the field of registered designs. It is currently difficult to know what rights anyone is likely to have as there is no capability to check or search for them.

Standardisation of representations of designs might make this easier. It ought to be possible to place all designs on a simplified register at a very low cost.

- 4.9) Subject to establishing the value for money case, the Government will introduce a small claims track in the Patents County Court. What evidence can you point us to that supports or challenges this in respect of designs?

Any idea that makes enforcement more affordable and quicker must be welcomed. If they are introduced, it would be desirable for the law to be simplified consider-

ably, to reduce the number of complex legal issues that must be addressed by the tribunal.

4.10) Do you have any other suggestions for improvement in the design enforcement area? Please provide evidence of their likely impact.

A review of the law by a judge-led panel is desirable.

4.11) What could be done to make it more cost effective for SMEs to enforce their rights?

Access to the court system at lower cost is desirable. The PCC rules have gone some way to facilitate litigation, by introducing a costs cap at £50 000. That is still much higher than the IPO cost cap.

4.12) What do you think are the main barriers to enforcing your registered design right?

The main barriers are:

- the narrowness of protection; and
- knowing if the right you have is indeed valid and enforceable.

4.13) What benefits would you expect from the inclusion of designs in the Digital Copyright Exchange (DCE) proposed in the [Hargreaves Review](#) of Intellectual Property and suggested as a possible mechanism in helping creators to market and protect their designs?

This may simplify licensing for those who wish for widespread licensed use by others of their designs.

4.14) Is it too easy or too difficult to protect designs? Please provide examples or case studies to illustrate your response.

It is easy to register a UK design, but the resultant protection is often not useful. The application system itself is quite simple. Difficulties arise when you only want to protect parts of an article and only have an illustration of a complete article. Protection focusing on the wrong thing is all too easy.

## **Design rights, investment and incentives for innovation**

5.1) To what extent has your organisation:

- Introduced a new or significantly improved product (good or service) or process for making or supplying them. (Exclude cosmetic differences such as colour changes.)
- Tried to do so but failed.
- Spent money on research and development and/or external knowledge or machinery and equipment to introduce a new or significantly improved product or service

Our members have frequently introduced new or significantly improved products or processes. We are not aware of any instances of where they have tried to do so but failed. They have frequently spent money on research and development and external knowledge or machinery and equipment to achieve this.

5.2) Did design rights play a part in your decisions to do or not do any of the above? Please explain your reasons

No. We are not aware of any instances of this.

- 5.3) Is there a change to the design system that would lead you to invest more in these activities? How much more would you expect to spend, as % of turnover? What would the impact on others be?

No.

### **Conclusion**

The members of the IP Federation fully support any measures which will encourage UK design innovation by the protection of designs and harmonisation of UK rights with other rights to increase the coherence of the system without loss of protection (save in the area of functional designs). We are particularly in favour of:

- a review of the law by a judge-led panel; and
- improved search facilities for registered designs.

IP Federation  
11 November 2011

### **IP Federation members 2011**

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. Its Council also includes representatives of the CBI, and its meetings are attended by IP specialists from three leading law firms. It is listed on the joint Transparency Register of the European Parliament and the Commission 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  
Caterpillar U.K. Ltd  
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  
Microsoft Limited  
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  
Syngenta Ltd  
The Linde Group  
UCB Pharma plc  
Unilever plc