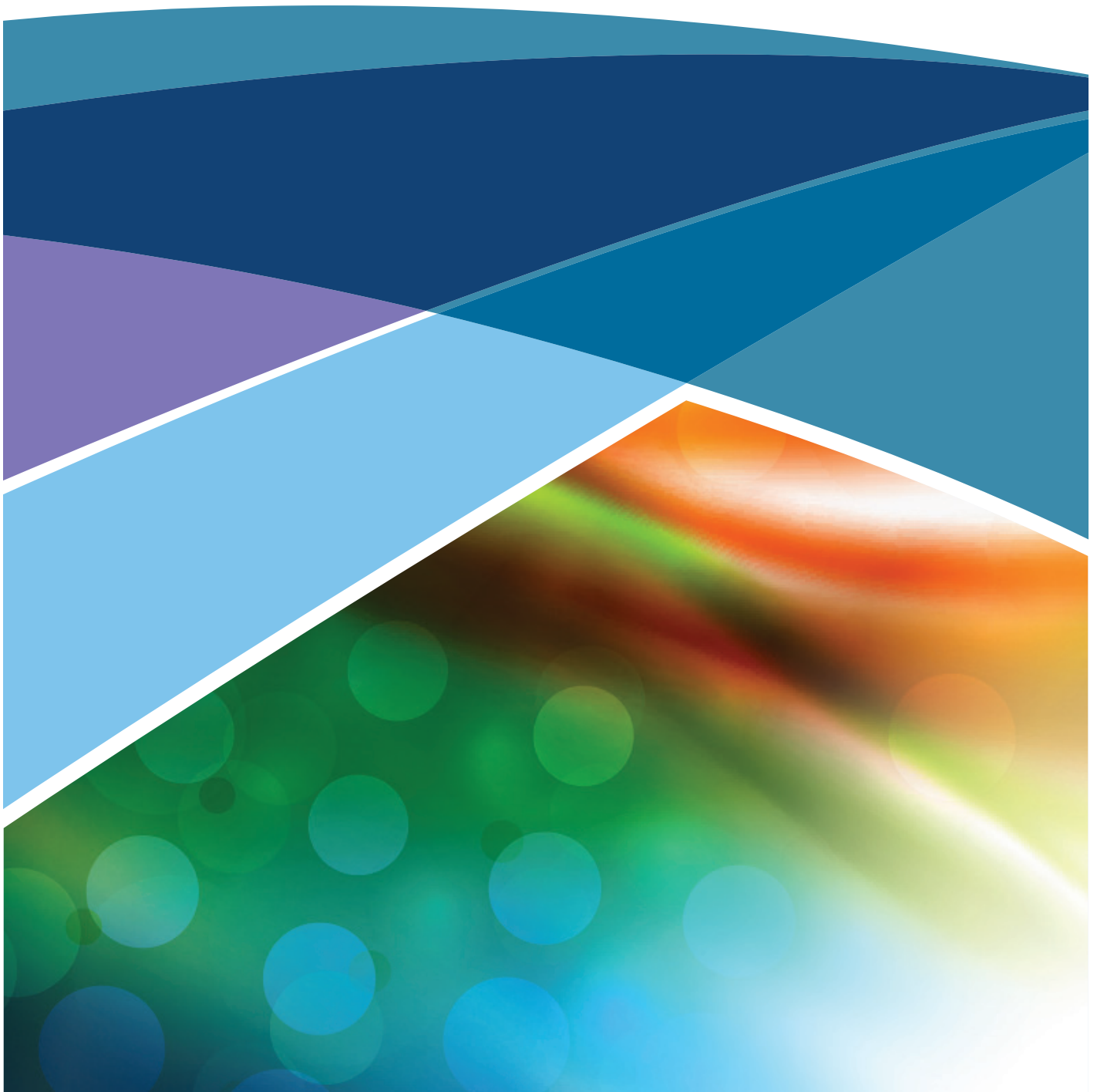




Intellectual
Property
Office

Business guidance on changes to the law on designs

June 2014





Introduction

This guidance covers changes to designs law introduced by the Intellectual Property Act 2014 (the “Act”). It gives a general overview of the changes which come into effect on 1 October 2014, but is not a substitute for legal advice on specific issues¹. It also refers to other changes arising from the Act, which are not expected to come into force until 2015 at the earliest. The main changes covered in this note are:

1. Design ownership: the owner of a commissioned design will now be the designer and not the commissioner (unless a contract states otherwise).
[Page 2]
2. Prior use of a design: where someone uses a design in good faith that is subsequently registered by another person, there will be some protection from infringement action.
[Page 3]
3. The intentional copying of a registered design is now a criminal offence.
[Page 4]
4. Other changes happening in October 2014: these include simplifying who is able to qualify for an unregistered design right in the UK and restricting the ability to base a claim for copying on a cropped area of an unregistered design (a ‘part of a part’).
[Page 7]
5. Future changes to the law: these include the creation of an impartial, non-binding opinions service and extending the Hague international design registration system. More specific guidance will be published at the time of the change in question.
[Page 11]

¹ A list of organisations that may be able to help or advise you can be found at Annex A.

1. Owning rights in a design

In any situation where two or more businesses or individuals work with each other it is vitally important that contracts are in place which establish who owns the intellectual property – including any design rights.

It is also important to note that a contract may contain terms that are written, oral or implied. Equally, an employment relationship may exist between a designer and the person for whom the design is created even where this is not documented in writing. Therefore, care and appropriate advice should be taken in relation to the contractual terms and the employment situation.

The following guidance on the basic ownership rules applies to both UK registered and unregistered design rights.

What does it mean?

If you are an employer: you continue to own the rights to any design that your employees produce as part of their job and under the terms of their employment contract.

If you are a self employed or independent designer: you own the rights to your design, even if someone else commissions you to create it, unless a contract, which says otherwise, is in place.

If you commission someone else to create a design: you do not own the right in the design unless a contract says so.

Timing

This applies to all designs created on or after 1 October 2014, unless the design is created under a contract which existed prior to that date and which also specifies who owns the design. In that case, the contract (and its ownership provisions) will still apply.

2. Someone else registers ‘your’ design before you

The law now gives some limited protection to those who, in good faith, start to use a design, but who subsequently find someone else has registered that same design before they have done so.

Provided that the design is only used for the same original purpose, the person who first used the design is now not liable for infringement; provided that the design was not copied from the subsequently registered design.

What does it mean?

If you are the person who didn’t register the design: you can continue to use your design (for example, in your business), but only in the same way you were already using it – or had already made “serious and effective” preparations to use it – at the time the other design was registered. So, for example, you may not have launched the design, but you may have entered into a contract for a manufacturer to produce your design prior to marketing it. Continuing with the production and marketing of the products covered by the contract may not be considered infringing – but you would not be able to apply the design to different articles beyond those already planned for.

If you are the person who registered the design first: you are able to exploit your design as normal including developing new products. The other party will not be infringing your design if they restrict their use of the design to that which was already in the pipeline at the time you registered yours. However, if the other party makes further plans to extend the use of the design subsequent to the date your design was registered, your rights could be infringed.

3. Criminal sanction for intentional copying of a registered design

The Act introduces a criminal offence for the intentional copying of a UK or EU registered design. This gives registered designs the same level of protection as copyright and trade marks.

To be found guilty someone must **intentionally** copy a design, without the consent of its owner, whilst knowing (or having reason to believe) the design is registered. This intentional copying must also result in making a product exactly like the design in question or where a design has only been very slightly altered (the relevant law refers to this as “with features that differ only in immaterial details”).

It is also an offence to knowingly use an intentionally copied design in the course of business to profit from that copying. This includes using, marketing, exporting, importing or stocking the design in the course of business.

To note

Under civil law, infringement is concerned with whether the accused design is too close to the registered design according to the tests laid down in law.

The criminal offence is concerned with whether copying has occurred: it considers whether the registered design was the starting point for the accused design and whether relevant changes have been made.

Unlike existing civil sanctions, in which there is no need to prove ‘intention’ for the infringement to have occurred, the offence contains a requirement that the act be carried out intentionally which, as with any other criminal offence, must be proved to the higher standard of ‘beyond all reasonable doubt.’

Accidental and incidental use of a copied design is not a criminal offence. For example, to take a hypothetical case involving an intentionally copied design of a coffee machine:

Accidental use: if a coffee shop owner bought the coffee machines in good faith (so they didn’t know or have reason to believe they were intentional copies) and used them to produce and sell coffee in its stores it would be accidental use and not a criminal offence.

Incidental use: if an office used the coffee machines to produce and supply drinks to their staff this would be incidental use and not a criminal offence.

Timing

The offence applies to any **intentional copying** of a Registered Design that takes place on or after 1 October 2014 (which is when the new sanction comes into force as law). As is usually the case when a new law is introduced this offence will not apply to acts carried out in the past. It will also only apply to a design which was registered when the alleged act took place. If a design was copied before it was registered it will not be caught by the offence. To note, it won’t matter if the design itself was registered before 1 October 2014.

Who can bring a case?

Trading Standards Officers, as they do now for trade mark and copyright offences, will have the power to enforce the intentional copying of a registered design. Anyone who believes their designs have been intentionally copied may pursue the potential offender under a case brought privately (in England and Wales). Prosecutions in Scotland will, as now, be prosecuted by the authorities, namely the procurator fiscal.

The offence contains powers of forfeiture. This means that once a court is satisfied that an offence has been committed, it may order that the relevant products are to be destroyed or impose conditions in relation to such products.

What does it mean?

If you are a designer and think someone's copied your design: if you have a registered design that someone intentionally copies in the course of business without your consent they could be found guilty of a criminal offence. This change will provide an additional deterrent to those who copy and will increase your options for enforcement if you believe your design has been copied.

If someone accuses you of copying: criminal penalties will only extend to those who have intentionally copied a registered design or profited from using such a design in the course of business. It will be necessary for the accuser to prove in court that you have done so. You should not be found guilty of an offence if you have:

- Not infringed the design in the first place. This means that your design is not considered to be too close to the registered design according to the tests laid down in the civil law². It also means that certain very limited and specific activities, known as exceptions to infringement, are not a criminal offence, for example, anything which is done privately and for non-commercial purposes³;
- A good reason for thinking you weren't infringing the design; you could, for example, have received written evidence such as an opinion from the IPO⁴ or legal advice;
- Used a copied design accidentally, incidentally or copied it unintentionally.

The Crown Prosecution Service has powers to intervene in cases where a private prosecution is vexatious, that is where a case has no merit or is brought maliciously.

If you are working in a business that is accused of copying: someone with the high position of a manager, director, or partner in a business can only be held liable if they knew about, or failed to act to prevent, the business's offending activities. No individual will end up with a criminal record unless a court of law has proven, beyond reasonable doubt, that they were aware of their business intentionally copying a registered design in the course of business.

² Tests involve considering concepts such as the 'informed user', whether a different overall impression is created and the degree of freedom of the designer in developing the design.

³ This and the other exceptions to registered design infringement are mirrored in changes to unregistered design law. These exceptions are listed at page 9 (paragraph 4) of this document.

⁴ To be introduced at a later date. See page 11 of this document.

What penalties does the offence carry?

The offence carries with it the same kinds of penalties as already exist for copyright and trademark offences, namely a fine and/or a prison sentence of up to ten years. The actual penalty will depend on the severity of the case, and correspondingly whether it has been heard in a Magistrates' or Crown court. Only the most serious cases will attract imprisonment and high fines.

Will SMEs who don't tend to register their designs be disadvantaged?

The offence simply adds to existing protections for registered designs, it does not remove anything. Even though the criminal offence will not apply to unregistered design rights, it will still be possible to bring a civil case against someone you believe has deliberately copied your unregistered design. Design owners, as now, will have to consider how best to protect their designs, and in many fast moving areas like fashion for example, will continue to rely on unregistered designs, which may better suit their business models.

Does the sanction tackle IP infringement outside the UK?

If an act of intentional copying takes place within the UK, or copied products are marketed, imported, exported or used in the course of business within the UK then the criminal sanction will apply.

If your registered design right is being infringed in another country you would, as is currently the case, need to use that foreign country's legal system.

Under EU regulations customs can detain goods suspected of infringing design rights - allowing rights holders to protect their rights as infringing goods enter the UK.

A checklist of things to consider before taking action can be found at Annex B.

4. Other changes happening in October 2014

Changing some technical aspects of unregistered designs

1. The definition of unregistered design right has been narrowed slightly.

The change removes the reference to ‘any aspect’ from the definition of an unregistered design. This effectively means that, while a whole design and parts of a design can still be protected, a ‘part of a part’ cannot. Ultimately, it would be for a court to decide what that means in any particular case, but a designer should not find themselves on the receiving end of a claim against them for copying a very small and trivial part of someone else’s design.

What does it mean?

If you are a design owner believing someone has copied your design: you cannot base a claim for copying by selecting a cropped part of your design (a ‘part of a part’) as the basis for action.

If you are a designer using part of someone else’s design: if your design appears to copy a trivial part of someone else’s design (a ‘part of a part’), you may no longer be subject to a claim of infringement. However, it is still an infringement to copy ‘parts’ of an unregistered design (as well as copying whole designs), so you will still need to take care that no such copying has taken place.

2. The meaning of ‘originality’ within the definition of unregistered design has been refined. To be capable of being protected by means of unregistered rights, a design should be ‘original’. To be considered original, a design should not be ‘commonplace’, i.e. should not be broadly known in the design field in question at the time of its creation.

‘Commonplace’ is now defined to mean ‘commonplace in a specific area’, namely the UK, the EU and some additional countries which have reciprocal arrangements with the UK. These are the ‘qualifying countries’ mentioned in paragraph 3.

What does it mean?

If you want to claim UK unregistered design rights from elsewhere: regardless of where the design originally comes from, if it is well known within the sector in which that product exists or in any of the qualifying countries it is unlikely that your claim would be valid.

3. Eligibility requirements defining who may claim UK unregistered design rights have been streamlined. For your design to qualify for protection under UK unregistered design right, you (or your company) must fulfil certain criteria. These are based on:

- a. your relationship with the UK, the EU or certain other countries which have reciprocal arrangements for protecting UK rights under their own laws. Collectively they are known as ‘qualifying countries’⁵; and
- b. whether you are the designer, whether you employ the designer, or if neither of these apply whether you are the first person to market the products made to the design.

What does it mean?

If you are the designer or you employ the designer: to be eligible for a UK unregistered design right:

- c. you must be resident in the UK, or one of the other qualifying countries, as a matter of course, or
- d. your company must have been formed in any of the qualifying countries AND do a substantial amount of business in any of the qualifying countries.

‘Substantial amount’ does not mean that your turnover or profits have to reach a certain threshold. It is instead taken to be relative to the size of your company – so you can still be eligible to own an unregistered design if you are a small company with substantial business activity only in Wales, for example.

If you do not meet the requirements above, you may still be eligible for a UK unregistered design right, if you have a relevant connection to a qualifying country, are the first one to market the design AND that marketing takes place in one of the qualifying countries listed below.

N.B. These eligibility requirements are separate to those defining whether the design itself meets the requirements for protection (e.g. whether it is new), or who actually owns the rights.

⁵ **Qualifying countries are**

- a) **UK and other EU member states:** Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.
- b) **Countries with reciprocal arrangements with the UK:** Anguilla, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Channel Islands, Falklands Islands, Gibraltar, Hong Kong, Isle of Man, Montserrat, New Zealand, Pitcairn, Henderson, Ducie and Oeno Islands [St Helena, Ascension and Tristan da Cunha], South Georgia and the South Sandwich Islands Turks and Caicos Islands.

- 4. Circumstances under which you would not infringe someone else's UK unregistered design:** There are certain, very specific, activities that allow you to use someone else's design without infringing it. You need to be very clear that you meet all the criteria for each activity otherwise you may be subject to legal action. These activities are:
- For private purposes which are non-commercial.
 - For experimental purposes.
 - For teaching purposes, or for making citations (that is, referencing someone else's work), as long as this is fair, does not compromise the ability of the owner to exploit the design themselves, and the source of the design is quoted.
 - Using equipment on non-UK registered ships or planes which are temporarily in the UK; or importing spares to repair them, or actually carrying out such repairs.

Examples of non-infringing activities


If a school teacher in carpentry class uses an unregistered design to demonstrate how to make a wooden toy they would not be subject to infringement action.

Similarly, the exception for experimental purposes may allow a business to use an existing protected design, to find out how it was put together, as part of its own development of novel designs. Such experimental use could encourage innovation.

Changing some technical aspects of registered designs

- 5. Circumstances under which you would not infringe someone else's UK copyright:** If you have been given permission to use a design by the registered owner of that design, and it is an EU registered design⁶ you will not be infringing any UK artistic copyright arising from it. However, the use must be made in good faith, and the design in question must be registered and must not be subject to attack. This mirrors similar longstanding provisions relating to UK registered designs.
- 6. Removing the requirement for the IPO to seek documentation to prove changes in ownership of registered designs also apply to corresponding unregistered rights:** where details of registered rights held on the register have changed, the IPO was required not to amend those details unless satisfied that the same changes also apply to any associated unregistered design. This requirement has been removed to simplify procedures and ensure that records can be updated more easily.

⁶ (i.e. it is registered at the EU's designs registry OHIM, the Office for Harmonisation in the Internal Market).

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7. **Changing the liability regime for those found guilty of infringing someone else's design, but innocently:** if someone has been found guilty of infringing your UK registered design, but the courts deem such infringement to be 'innocent', rather than deliberate, they are now liable to pay some recompense to you. This is based on the profits they have made by their infringing activity. The same applies for those found to have innocently infringed your EU registered design. In neither case will they be liable for damages.

Changing some of the IPO's administrative procedures

8. **Changing the hours of business:** the IPO will be given the ability to amend its hours of business for design related matters by means of 'directions'⁷, rather than having to make a change in the law. Although 'directions' will need to be published before they come into effect, this will speed up a process which previously required a change in legislation, and mirrors the procedures already in place for trade mark and patent business.
9. **Changing the forms used for designs:** as with the hours of business, the IPO will be given the ability to amend the forms used for designs by means of 'directions'. The IPO will publish any revisions to the forms ahead of the changes coming into effect.

⁷ See for example 'directions' relating to hours of business for trade marks at <http://www.ipo.gov.uk/t-hours.htm>

5. Future changes to the law

- 1. Extending the international designs registration system:** currently those seeking an international design registration through the Hague system⁸ can only include the UK in their application if they opt for EU-wide coverage. This can make protection more expensive than it need be, if for example, the applicant does not want to protect their design across the whole EU. The UK will therefore join the Hague system as a member in its own right to allow businesses to choose the UK. This is unlikely to happen before the end of 2015, after a consultation.
- 2. Electronic inspection of documents:** the IPO is aiming to introduce a system to allow anyone to inspect certain design documents electronically, rather than having to request access to physical copies of the files. This will be similar to the system already in place for patents. This is unlikely to happen before the end of 2015.
- 3. Changes to the procedures for appealing against IPO's decisions on designs:** the IPO will change the current route of appeal against its decision on designs to mirror that already in place for trade marks which allows applicants to choose between the courts and a more informal process, to an 'Appointed Person', an expert in intellectual property law appointed by the Lord Chancellor to hear such matters. This is likely to come into effect in April 2015 but only after a consultation has considered how this will work in practice.
- 4. Introducing a Design Opinions Service:** This will enable businesses to ask for a non-binding opinion from the IPO on matters relating to designs. It should help businesses make an informed decision as to whether to pursue any dispute, before they get to the courts. The details are being worked up by the IPO and will be subject to consultation. The intention is to introduce the opinion's service in 2015.

A table showing where the changes are contained in law is at Annex C.

⁸ Administered by the World Intellectual Property Organisation, WIPO – see <http://www.wipo.int/hague/en/>

Annex A

List of further organisations that can provide information:

The Intellectual Property Office www.ipo.gov.uk/types/design

Concept House
Cardiff Road
Newport
South Wales
NP10 8QQ
Tel: 0300 300 2000

(The IPO can offer general advice on the law and practice, but is not able to offer legal advice tailored to an individual's particular circumstances).

The Chartered Institute of Patent Agents www.cipa.org.uk

95 Chancery Lane
London
WC2A 1DT
Tel: 020 7405 9450

The Institute of Trade Mark Attorneys www.itma.org.uk

5th Floor Outer Temple
222-225 Strand
London
WC2R 1BA
Tel: 020 7101 6090

ACID www.acid.uk.com

PO Box 5078
Gloucester
GL19 3YB
Membership Hotline: 0845 644 3617 (Monday to Friday 9.30 to 5.00)

The Law Society www.lawsociety.org.uk

113 Chancery Lane
London
WC2A 1PL
Tel: 020 7320 5650

Find a solicitor: <http://solicitors.lawsociety.org.uk/>

Email: findasolicitor@lawsociety.org.uk

Annex B

Things to consider before taking action against potential intentional copying!

If you think your registered design has been copied you need to check your own design first:

- Is your design still valid / registered with protection in the UK or the EU?
- Despite the registration certificate, is your design new? For example, an illustration of a t-shirt with a simple yellow smiley face would be commonplace and is therefore likely to mean that your registration was invalid.
- Did you exhibit, market or otherwise publicise your design more than a year before you registered it? If so, your registration may not be valid?

You will also need to check out some things about the other design before accusing anyone of copying. They may have got there first!

- Has their design been, or is it still, registered, with the OHIM / UK?
- If so, does its date of registration pre-date yours?
- If their design wasn't registered before yours, was it put on the market before yours? If so, your design may not be new and hence your registration may not be valid.

Make sure you compare the design on your registration certificate (not for example your product on the market) with the alleged copy. The law is based on the registered design, not the product you actually market. In other words if the product you sell is not the same as the design included with your registered design certificate, you cannot pursue your case.


Also, it should be noted that trading standards are not obligated to take on a criminal case of alleged copying; they will proceed on a case by case basis.

Annex C

Where the changes can be found in the Intellectual Property Act 2014 (the “IP Act”⁹):

Page	Change	Section of the IP Act
2	Ownership of a design: - unregistered - registered	Section 2 Section 6(1)
3	When someone else registers ‘your’ design before you	Section 7
4	Criminal sanction - intentional copying of a registered design - senior officers working in businesses accused of criminal copying	Section 13 Section 14
7	Narrowing the definition of an unregistered design	Section 1(1) & (2)
7	Refining the meaning of ‘originality’ within the definition of an unregistered design	Section 1(3) & (4)
8	Who can claim an unregistered design right	Section 3
9	Circumstances under which you would not infringe someone else’s UK unregistered design	Section 4
9	Circumstances under which you would not infringe someone else’s UK copyright	Section 5
9	Removing the requirement for the IPO to seek documentation to prove changes in ownership of registered designs apply to unregistered rights	Section 9(1)
10	Changing the liability regime for those found guilty of infringing someone else’s design, but innocently	Section 10(1)
10	IPO’s administrative procedures - hours of business - amendments to forms	Section 12(1)-(3) & (5)-(7) Section 12(4), (8) & (9)

⁹ <http://www.legislation.gov.uk/ukpga/2014/18/contents/enacted>



11	Extending Hague international design registration system	Section 8
11	Electronic inspection of documents	Section 9(2)
11	Procedures for appealing IPO's decisions on designs	Section 10(2)
11	Design Opinions Service	Section 11



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