

Formal consultation on amendments to Design legislation

(UK IPO ref: 2010-0004)

Response from the Intellectual Property Foresight Forum

The Intellectual Property Foresight Forum (“IPFF”) is a grouping of intellectual property academics in the United Kingdom. The IPFF actively promotes intellectual property law research and is grateful to have the opportunity to comment on the UK IPO’s proposals for equalisation of the remedies available in the UK for innocent infringement of UK registered designs and Community designs.

Section 24B of the Registered Designs Act 1949 (as amended) (“RDA 1949”) provides that damages shall not be awarded and no order for an account of profits shall be made against the infringer of a UK registered design who proves that, as at the date of the infringement, he was not aware and had no reasonable grounds for supposing that the design was registered. Regulation 1A(2) of the Community Design Regulations 2005 (SI 2005/2339) (as amended) provides that: “[i]n an action for infringement of a Community design all such relief by way of damages, injunctions, accounts or otherwise is available to the holder of the Community design as is available in respect of the infringement of any other property right”. The Community Design Regulations 2005 do not explicitly limit the recovery of financial remedies in cases of innocent infringement. In *J Choo (Jersey) Ltd v Towerstone Ltd*,¹ it was held that section 24B RDA 1949 could not be read across into the Community Design Regulations 2005 and that there is no defence to claims for financial remedies open to innocent infringers of Community designs in the UK.²

The alternative proposals set out in the UK IPO consultation document are either to:

- **Proposal 1:** amend the Community Designs Regulations 2005 so that unintentional infringement of a registered or unregistered Community Design in the UK cannot give rise to an order to pay damages or an account of profits; or
- **Proposal 2:** amend section 24 RDA 1949 to allow proprietors of UK registered designs to obtain orders for damages and/or an account of profits for the unintentional infringement of a UK registered design.³

¹ *J Choo (Jersey) Ltd v Towerstone Ltd* [2008] F.S.R. 19

² *Ibid*, paragraphs 24-37.

³ It is assumed that what is meant by “amendment of section 24 RDA 1949” is repeal of section 24B RDA 1949. The IPFF notes the reference in the consultation document to amending the RDA 1949 to allow recovery of damages “*and/or*” an account of profits (emphasis added). While we are aware of the requirements of Article 13 of Directive 2004/84/EC on the enforcement of intellectual property rights and the corresponding provisions of regulation 3 of the Intellectual Property (Enforcement etc) Regulations 2006 (SI 2006/1028), it is submitted that it would be inappropriate to make any enactment explicitly altering the accepted relationship between damages and an account of profits in UK law in relation to designs only. It would in any event not be appropriate at this time to make any such enactment given the current Commission consultation on Directive 2004/84/EC

The IPFF supports the introduction of this move to explicit statutory equalisation of the remedies available in relation to UK registered designs and Community designs in cases of innocent infringement. For the reasons set out below, the IPFF strongly advocates adoption of Proposal 1 i.e. introduction of a statutory innocent infringement defence to liability in damages or an account of profits for infringers of Community designs in the UK.

This submission will set out in more detail the grounds for the IPFF's support for Proposal 1 and will, as it works through the issues, respond in turn to consultation questions Q1, Q3 and Q4.

(1) Support for explicit statutory equalisation of remedies in cases of innocent infringement

(Consultation question Q1: Do you think there is any reason to maintain the status quo i.e. that financial remedies are available for unintentional infringement of a Community design right but not for unintentional infringement of a UK registered design?)

As identified in the introduction to the consultation document, as well as UK registered designs and Community registered and unregistered designs, designs or aspects of designs may be protected in the UK by UK unregistered design right and/or copyright. There are thus five IP rights relevant to designs.⁴ Of these, three (UK registered designs, UK unregistered designs and copyright) are subject to a statutory bar on the recovery of some or all financial remedies in cases of innocent infringement but, at least according to *J Choo*,⁵ two (Community registered and unregistered designs) are not.

This represents an undesirable and arbitrary fragmentation of the laws relating to remedies for infringement of rights in designs. The present differences in treatment of innocent infringers has no foundation in the nature of the rights in question, the conduct of the infringer or any other matter relating to the nature or circumstances of the infringement in suit. Instead, as matters currently stand, the innocent infringer's exposure to liability in financial remedies turns simply, for registered designs, on whether the rightholder has chosen to protect his design by filing at the UK or OHIM, and, in relation to unregistered designs, on whether the design relied upon happens to qualify for protection under Council Regulation 6/2002/EC or a different form of unregistered protection.

There is no justification for such differential treatment of infringers. The interplay between all of the above-noted rights is complex and, depending on the nature of the design in issue, they may to a greater or lesser degree co-exist in cumulation with one another.⁶ The potential for cumulation of rights in relation to one single design is apparent even at the present early stage of case law in the UK dealing with post-harmonisation UK registered designs and Community designs.⁷ The present

http://ec.europa.eu/internal_market/consultations/2011/intellectual_property_rights_en.htm).

⁴ Save in relation to the impact of removal of the innocent infringement defence at footnote 31 below, this submission does not address overlap with registered trade mark protection which raises separate issues outwith the scope of this consultation.

⁵ See footnotes 1 and 2 above.

⁶ Directive 98/7/EC, Articles 16 and 17; Regulation 6/2002/EC, Recitals 31 and 32 and Article 96; sections 51-52 CDPA 1988. See further: Copinger and Skone James on Copyright, paragraphs 13-31, 13-261, 13-262 and 13-199 (16th ed, Sweet & Maxwell); Russell-Clarke & Howe on Industrial Designs (2010, 8th ed, Sweet & Maxwell).

⁷ For example, see the claims made (albeit not always successfully) in: *Bailey v Haynes* [2007] F.S.R. 10 (UK

inconsistencies of approach may thus become apparent within a single litigation.

The court noted in *J Choo* that “*there is no possible policy reason*” for giving an innocent infringement defence against financial remedies to the infringer of a UK registered design but not to the infringer of a Community design.⁸ While some of the more detailed reasoning of the court in *J Choo* is doubted for the reasons noted further below, this view on the policy position is shared by the IPFF. Commentators have also criticised this approach.⁹

To avoid fragmentation and unprincipled differentiation in treatment of infringers, the IPFF is supportive of moving to ensure, by explicit statutory measures, that there is uniformity in how innocent infringers are treated across the various IP rights relevant to designs.

(2) Support for Proposal 1: enactment of an explicit statutory defence to claims for damages or an account of profits for innocent infringers of Community designs

This submission strongly advocates Proposal 1 as the most appropriate means for ensuring uniformity in the treatment of innocent infringement in the UK. In the IPFF’s submission, Proposal 1 should be the preferred option for the following reasons:

(i) Original objective to create a uniform regime on remedies

It is important to note that the judgment in *J Choo* has not been tested on appeal nor, to the IPFF’s knowledge, has the court’s ruling on innocent infringement been followed in any subsequent reported case. It is the IPFF’s respectful submission that, notwithstanding the findings of the court in *J Choo*, the better view is that the present legislative regime is more consistent with an original intention to create a uniform, not different, scheme of remedies for UK registered designs and Community designs, including in relation to innocent infringement.

Article 89(1)(d) of Council Regulation 6/2002/EC on the Community design provides that financial remedies are to be imposed “*under the circumstances which are provided by the law of the Member State in which the acts of infringement or threatened infringement are committed...*”. Article 88(2) also provides that “[o]n all matters not covered by this Regulation, a Community design court shall apply its national law...”.

UDR and Community unregistered design); *Landor & Hava International v Azure Designs Ltd* [2007] F.S.R. 9 (UK UDR and Community unregistered design); *Rolawn Ltd v Turfmech Machinery Ltd* [2008] R.P.C 27 (UK UDR and UK registered design).

⁸ *J Choo (Jersey) Ltd v Towerstone Ltd* [2008] F.S.R. 19, paragraph 33.

⁹ See for example, the CIPA/IMTA *Community Designs Handbook*, paragraph 18-009 (release 7, April 2010) where the position is described as “*slightly incongruous*” and Russell-Clarke & Howe where the outcome in *J Choo* is described as “*rather surprising*” (paragraph 6-052) and the court’s analysis of the legislature’s intentions as “*very strange indeed*” (paragraph 6-052, footnote 193). Cornish, Llewelyn and Aplin “*Intellectual Property*” (7th ed, Sweet & Maxwell, 2010) describes the apparent lack of legislative provision to carry over the innocent infringement exemption from financial remedies into the Community Designs Regulations 2005 as bizarre (paragraph 15-28). The undesirability of the present situation is acknowledged within the UK IPO consultation document itself where the disparity in apparent provision between UK registered designs and Community designs is described as an “*anomaly*” (Consultation document, “*Impact assessment*”, paragraph 7, page 5).

The IPFF concurs with the analysis in Russell-Clarke & Howe in the consultation document to the effect that Article 89(1)(d) Council Regulation 6/2002/EC intended Member States to apply their own existing national laws on remedy and, by analogy, any innocent infringement defences forming part of the overall national law remedy scheme.¹⁰

In *J Choo*, the court appears to have been heavily influenced by the fact that the Intellectual Property Enforcement Regulations 2006 (SI 2006/1028) appeared to introduce the section 24B defence into the RDA 1949 while, at the same time, inserting separate provisions on relief into the Community Design Regulations 2005. This appears to have led the court in *J Choo* to the conclusion that the UK legislature made a deliberate choice to introduce the innocent infringement defence for UK registered designs only.¹¹ This is, however, an analysis which can be seen to be flawed when subjected to greater scrutiny.¹²

The Explanatory Memorandum to the IP Enforcement Regulations (not considered in *J Choo*) reveals an intention to provide for uniformity between UK registered designs and Community designs in a range of matters, including in relation to remedies.¹³ At page 12 of the Explanatory Memorandum, it is noted in particular that the amendments made to the Community Designs Regulations 2005 inserting the new Regulation 1A on available remedies for Community designs were to create consistency with the rules for UK registered designs:

“In relation to Community designs, Article 89(1) of the Community Design Regulation requires certain remedies to exist. Article 89(1)(d) allows orders imposing other sanctions which are appropriate to the acts of infringement in question. Article 88(2) states that where the matter is not governed by the Community Design Regulation it shall be governed by national law. Therefore, to ensure transparency and consistency between registered designs and registered Community designs the Community Designs Regulations 2005 are amended by paragraph 9 to Schedule 3 of the Regulations” [inserting Regulation 1A] (emphasis added).

¹⁰ Consultation document, “Damages for innocent infringement in UK law - designs”, paragraph 19, page 9 citing paragraph 6-052 of Russell-Clarke & Howe (2010, 8th ed).

¹¹ *J Choo (Jersey) Ltd v Towerstone Ltd* [2008] F.S.R. 19, paragraph 33.

¹² The innocent infringement defence at section 24B RDA 1949 was not inserted into that Act for the first time by as appears implicitly to have been the understanding of the court in *J Choo* (paragraph 30) and of some commentators who are supportive of this decision (e.g. Fitzgerald, J “‘Innocent infringement’ and the Community unregistered design right: the position in the UK and Ireland” J.I.P.L.P 2008, 3(4), 236-245, at page 242 where section 24B RDA 1949 is referred to as a “*new limited defence of innocent infringement*”). As observed by Russell-Clarke & Howe, an innocent infringement defence had already been present at section 9 RDA 1949. Section 9 was repealed by the Intellectual Property Enforcement Regulations 2006 (regulation 2(4) and Schedule 4) and the defence reinserted at section 24B (regulation 2(1) and Schedule 1, paragraph 3). This is explicitly noted within the Explanatory Memorandum to the IP Enforcement Regulations where it is stated that “*section 9 is repealed and re-enacted as section 24B*” (emphasis added, page 11 - <http://www.legislation.gov.uk/uksi/2006/1028/memorandum/contents>, accessed 22 February 2011).

¹³ Further evidence of intention to create uniformity between UK registered and Community registered designs can also be found at pp11-12 of the Explanatory Memorandum, where it is noted in relation to the insertion of a new section 24A into the RDA 1949, intended to place all available remedies on a statutory footing: “*Paragraph 3 of Schedule 1 to the Regulations inserts a new section 24A into the Registered Designs Act 1949 (section 9 is repealed and re-enacted as section 24B), this makes it clear that relief by way of damages, injunctions, accounts and so forth are available for infringement of registered design rights. A similar amendment has been made to the Community Design Regulations 2005 by paragraph 9 of Schedule 3 to the Regulations*” (emphasis added). See also the discussion of treatment of pending UK and Community design applications as items of property at paragraph 7.6, page 3, and pages 15-16 of the Explanatory Memorandum for further emphasis on consistency in treatment of the two regimes.

The overall objective of the IP Enforcement Regulations was thus as follows: the remedies available in relation to UK registered designs were to be placed on a fully statutory footing within the RDA 1949 with the innocent infringement defence moved within the overall scheme of the RDA so as to sit alongside the other relevant provisions; the new Regulation 1A which was inserted at the same time into the Community Design Regulations was intended “to ensure transparency and consistency” with the UK registered designs regime. Without going further into the merits or otherwise of the judgment in *J Choo*, it is submitted by the IPFF that it is pertinent at this present time to recognise the original objectives underlying the amendments to the Community Designs Regulation 2005. It is the UK IPO’s Proposal 1 which aligns with these original objectives.

(ii) Avoiding further fragmentation in the treatment of cases of innocent infringement

In addition to the analysis above, there are a number of further matters which also weigh in favour of Proposal 1. As an important issue of principle, the IPFF believes that the objective of any equalisation exercise should be to achieve uniformity across all forms of IP rights potentially relevant to designs. Proposal 1 is the only satisfactory method of achieving this. If Proposal 2 were to be adopted, the existing fragmentation which currently exists in treatment of innocent infringers will continue with the “divide” in terms of exposure to financial remedies simply shifted to a fresh fault line – this time with the copyright and UK UDR regimes on one side and the UK registered design and Community design regimes on the other.¹⁴

(iii) Difficulties and cost of searching the UK and Community designs registers

(Also addressing consultation question Q3: Given that the UK register of designs is publicly available and searchable online, is it still necessary to prevent the courts from making an order for financial compensation for unintentional infringement of UK registered designs on the basis that the infringer was not aware and had no reasonable grounds for supposing that the design was registered? And Q4: What are the economic consequences on users if section 24B of the Registered Designs Act 1949 is repealed? How serious would this be for users?)

The consultation document notes the “ease of access to the register of national designs” and “relative ease of access to the register of Community designs” as factors favouring Proposal 2.¹⁵

While it is correct to observe that online access has rendered these databases more immediately accessible, “ease of access” cannot be equated with increased “ease of searching”. It has been said that “a potential infringer can and should check the relevant registers. The situation is a matter of public record”.¹⁶ It is, however, respectfully submitted that there are a number of factors which impact significantly on the ability of users to search either of these databases with the ease which the consultation document and such statements suggest exists. This impacts in turn on the ability of users to inform themselves of the existence of relevant rights with a level of accuracy and comfort

¹⁴ Indeed, it is the view of the IPFF that consideration should also be given to the inconsistent treatment of the availability of accounts of profits against innocent infringers between all of these rights, but that is outwith the scope of this consultation.

¹⁵ Consultation document, “The proposals: proposal 1”, paragraphs 27-28, page 10-11.

¹⁶ Musker, D “Informal consultation on innocent/unintended design infringement” C.I.P.A.J. 2009, 38(10), 640-641.

that would be sufficient to justify removal of the innocent infringement defence.

The usual caveats which apply to all database searches and which render all such searches potentially incomplete apply here.¹⁷ Indeed, the OHIM webpage through which RCD-online is accessed contains this explicit warning:

“The information is taken from the internal systems used by OHIM to process design registrations as published in the Community Designs Bulletin. RCD-ONLINE should not be used to establish with certainty that no earlier conflicting registered Community design rights exist for a given case” (emphasis added).¹⁸

There are a number of further factors which render conducting general designs clearance searches particularly challenging:

- **Scope of protection afforded to UK registered design and Community designs**

The scope of protection of UK registered designs and Community designs is not limited to any particular product. It will be an infringement of such designs to use the registered design or one which does not produce a different overall impression on the informed user without consent in any way, irrespective of whether or not the infringer’s product matches that marketed by the rightholder or specified in the design registration.¹⁹ Thus any product may potentially infringe any design on the relevant register. As the CIPA/ITMA *Community Designs Handbook* chapter on conducting designs searches observes, however, “*searching all designs on the register is a practical impossibility*”.²⁰ The “*essence of designs searching*” is said to be “*to cut down the number of designs to be searched... while attempting to minimise the corresponding reduction in completeness of the search*”.²¹ Thus, all such searches must involve a trade-off between effectiveness and expense.

- **Search criteria available for users of the UK IPO and OHIM online databases**

The exercise of scoping and framing appropriate search parameters is further complicated by the search criteria currently available for users of the UK IPO and OHIM online databases. For searches going beyond those focussed simply on a specific design registration number or known proprietor, the UK IPO

¹⁷ Such as delay between filing and publication of the design on the register, register errors, misclassification etc. See the CIPA/ITMA *Community Designs Handbook* (Sweet & Maxwell) paragraphs 2-001, 2-011 and 2-020 (release 8, December 2010).

¹⁸ <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchRCD.en.do>, accessed 22 February 2011.

¹⁹ Section 7(1) RDA 1949; Article 19(1) Regulation 6/2002/EC. See *Green Lane Products Ltd v PMS International Group Ltd* [2008] F.S.R 28, paragraph 27, per Jacob LJ: “*It is particularly important to realise that the scope of protection covers any use of the design... The scope provision, unlike for instance the previous law of the United Kingdom... does not limited infringement to ‘articles for which the design is registered’ or anything like that. So if you register a design for a car you can stop use of the design for a brooch or a cake or a toy, or if you register a textile design you can stop its use on wallpaper, a shirt or plate*”.

²⁰ The CIPA/ITMA *Community Designs Handbook* paragraph 2-004 (release 8, December 2010).

²¹ CIPA/ITMA *Community Designs Handbook*, paragraph 2-002 (release 8, December 2010). The CIPA/ITMA *Community Designs Handbook* also notes, with some understatement, that “*since infringement rights are not limited by indication of product or classification, searching designs requires some thought*” (paragraphs 2-001 and 2-004, release 8, December 2010).

online database only permits searching by product or Locarno classification (i.e. the classes and subclasses corresponding to the Locarno classification for any products designated by the proprietor in his application).

However, as noted immediately above, the scope of protection afforded to UK registered designs and Community designs is not limited to or defined by products. The search criteria available for users of the UK IPO online database do not therefore align with the factors relevant to assessment of infringement.²² Similar issues apply to searches at WIPO for international design filings.²³ While the OHIM online search facility does contain some search criteria relating to the design, rather than the product, those search criteria will only apply to a restricted category of designs and their use will clearly require professional input.²⁴ They are thus only useful to searchers in limited circumstances and with professional assistance. In any event, as all designs searches involve images or figurative elements, they cannot be automated to same extent as, say, a word-based trade mark search.²⁵

- **Deferred publication and other unpublished rights**

No matter how extensive, no online search will reveal a Community design for which deferred publication has been requested.²⁶ There is also no way of searching for any design which is still within the 12-month pre-filing “grace period” permitted for UK and Community registered designs or the 6-month priority period from which a local filing can be made based on a filing in another relevant jurisdiction.

²² The CIPA/ITMA Community Designs Handbook comments: “Thus, although the first step in infringement clearance searching will normally be to determine the Locarno classification of the product to be cleared, it will not usually be possible to stop the search at that class” (paragraph 2-004, release 8, December 2010). The CIPA/ITMA *Community Designs Handbook* also notes further significant difficulties in relying on the Locarno classification and EuroLocarno terms used in designs filings: see paragraphs 2-007 and 2-008 (release 8, December 2010). Clark, S and Llewellyn, G “Innocence defence goes out of fashion” C.I.P.A.J. 2008, 179, 15-16 note that that searching the Community design database “may not be practicable unless the [infringer] is aware of a possible, specific conflict with a design which it is proposing to sell” (page 16).

²³ CIPA/ITMA *Community Designs Handbook* paragraph 2-022 (release 8, December 2010). See the WIPO database at <http://www.wipo.int/ipdl/en/hague/search-struct.jsp> (accessed 22 February 2011).

²⁴ In RCD-online, users may search by “verbal element” for designs containing particular words and by Vienna classification (i.e. classification of figurative elements of the design) for some limited Locarno classes depending on the filing date of the registered Community design. The guide to the Vienna classification provided at the RCD-online advanced search function runs to 66 pages of detailed classifications. See <http://oami.europa.eu/RCDOnline/RequestManager> (accessed 22 February 2011). The CIPA/ITMA *Community Designs Handbook* identifies some difficulties and limitations of using “verbal element” and the Vienna classification search tools at paragraphs 2-009 and 2-020 (release 8, December 2010).

²⁵ CIPA/ITMA *Community Designs Handbook*, paragraph 2-002 (release 8, December 2010).

²⁶ Article 50 Regulation 6/2002/EC. A registered design for which publication has been deferred can only be infringed by copying (Article 19(3) Regulation 6/2002/EC) but, as the period for deferment of publication (30 months) is almost as long as the period of Community unregistered design protection (36 months), it is possible that an infringer even on diligent enquiry may have been unable to ascertain with certainty from exactly when any parallel Community unregistered design protection may have started to run before publication of the registration takes place.

- **Assessment of search “hits”**

Although the innocent infringement defence at section 24B RDA 1949 goes simply to ignorance of the existence of the registration and does not, for example, excuse an innocent but mistaken view on non-infringement, it is worth noting in the context of this consultation that a searcher also faces difficulties in evaluating the relevance of any “hits” identified in a designs search. As noted in the CIPA/IMTA *Community Designs Handbook*, “[d]esign searches are inherently subjective and it will rarely be possible to give an absolute judgment without involving specialists in the field”.²⁷ This is particularly since, as the scope of protection afforded to any design is dependent on concepts such as the “overall impression” formed on an “informed user” taking into account the degree of freedom of the designer, the “searcher will rarely be in a position properly to evaluate the results”.²⁸ This exercise is also not assisted by the relatively early stage of the case law interpreting the key new concepts in Directive 98/71/EC and Regulation 6/2002/EC. Thus even professional advisers may be unable readily to form conclusions on the scope of protection which may be afforded to a registered design.

The difficulties that have existed in the past in conducting comprehensive design searches are reflected in section 24B(2) RDA 1949, which provides that an infringer is not to be deemed aware or to have had reasonable grounds for supposing that the design was registered merely by reason of the marking of a product with the word “registered” or similar, without provision of the number of the relevant design registration. It is submitted that, even with the advent of online database access, the policy considerations which underlie section 24B(2) RDA 1949 remain for all of the reasons outlined above.

It is also notable that case law on section 24B RDA 1949, its predecessor provision formerly at section 9 RDA 1949 and the equivalent provisions at section 62(1) Patents Act 1977 and in the laws of related overseas jurisdictions has not gone so far as to impose what would be, in effect, constructive notice of all registered rights simply by reason of their publication on the register; indeed, the trend of the case law has been to resist making such a ruling.²⁹

²⁷ CIPA/ITMA *Community Designs Handbook*, paragraph 2-001 (release 8, December 2010).

²⁸ The CIPA/IMTA *Community Designs Handbook* paragraph 2-003 (release 8, December 2010).

²⁹ See for example: *Benmax v Austin* [1953] RPC 143 (infringer not innocent by reason of failure to conduct searches, but this also coupled with publicity surrounding the relevant patent arising from television coverage); *Khanam v Chellaram* [1964] 1 W.L.R. 711 (infringers not innocent by reason of failure to carry out searches, but this also coupled with knowledge of rightholder’s substantial sales of products bearing the design in the same market – contrast the court’s comment that “it may well be that an ordinary individual would be excused from making such a search”, per Lord Guest, page 715); *Lancer Boss v Henley Forklift* [1974] F.S.R. 14 (infringers not innocent by reason of failure to search, but also coupled with detailed knowledge of the similarities in technology with the patent in suit and a suspicion that the claimant’s patent existed); *Texas Iron Works Inc’s Patent* [2000] R.P.C. 207 (infringer found to be innocent, submission for the claimant that the infringer should not be treated as innocent given “patent awareness in the field” and fact that it “would have been prudent to have a search made before marketing a competing product” (p234) not followed by first instance judge and not overturned on appeal); *First Currency Choice Pte Ltd v Main-Line Corporate Holdings* [2008] F.S.R. 13, Court of Appeal of Singapore per VK Rajah JA: “... no evidence was adduced at trial as to whether [the infringer] should reasonably have known that the Singapore patent application was pending. Furthermore, we were of the view that, [the infringer] not being in this particular line of software business, it would be somewhat unreasonable to hold that the mere publication of the Singapore patent application should be deemed to have put [the infringer] on notice of potential patent

The amendment to the wording of the former section 9 RDA 1949 during its process of re-enactment as section 24B RDA 1949 to also exclude liability for innocent infringements for an account of profits, as well as damages, is also indicative of an intention to increase, not decrease, the sphere of application of this defence. Repealing section 24B RDA 1949 and declining explicitly to extend its application to Community designs, thereby entrenching the expectation that all persons using designs should carry out searches in all cases without any additional reason, prompt or matter putting them on enquiry of the possibility of a relevant design registration, would mark a significant shift.

Establishing such an expectation would also have potentially significant cost implications. The IPFF is not in a position to provide detailed or empirical evidence on the economic consequences of repealing section 24B RDA 1949. However, it should be clear from the comments above that any level of meaningful general clearance search of the designs registers requires professional input, entails significant expense and, in all cases, cannot be fully comprehensive. The practical implications of incurring such search costs, and the potential “chilling effect” this might have, are likely to be most felt by those with less financial resource e.g. SMEs.³⁰

It should also be remembered that the new harmonised definition of “design” is very broad, encompassing for example 2D as well as 3D designs. The persons potentially affected by the risk of infringement and thus the need for searching to avoid financial penalties would therefore be spread across a wide range of businesses and industry sectors, including sectors not hitherto regarded as the territory of “designers” as such where personnel are not necessarily aware of the availability or scope of design protection. Infringements could also arise in circumstances not traditionally linked to the launch of a new product perceived as a “design” item.³¹

(iv) Difficulties in ascertaining the existence of Community unregistered design protection

As potential justification for the adoption of Proposal 2, the consultation document also notes that, given that infringement is linked to the act of copying, “there would seem to be only limited scope for defendants to argue that they were unaware of the existence of the unregistered Community design right”.³²

Where there has been copying by the infringer, this may constitute a factor which, under the existing provisions of section 24B RDA 1949, should put the infringer on enquiry as to whether relevant design protection may subsist. For this approach to continue by appropriate application of the innocent infringement defence pursuant to Proposal 1 would be consistent with existing case law and could be the applied to

infringement” (paragraph 91).

³⁰ The CIPA Guide to the Patents Act (2010, 6th ed, Sweet & Maxwell) observes that the equivalent defence at section 62(1) Patents Act 1977 “is of value to small and medium-sized enterprises” (paragraph 62.03).

³¹ For example, given the potential overlap of trade mark and design protection and the availability of design protection for 2D designs (see further Kur A, “No logo!?” IIC 2004, 35(2), 184-186 and Carboni, A “The overlap between registered Community designs and Community trade marks” J.I.P.L.P. 2006, 1(4), 256-265), arguably any full brand clearance exercise should now also involve designs searches as well as trade mark searches.

³² Consultation document, “The proposals: proposal 1”, paragraph 27, page 10.

cases involving registered designs and Community unregistered designs.³³

The fact that copying is part of the infringement test is not, however, *per se* a justification for removing the innocent infringement defence altogether. There are innocent infringement provisions in the UK UDR and copyright regimes, both of which require copying as part of the test for infringement. In addition, determining whether Community unregistered design right may subsist is itself not without its particular difficulties. Aside from the problems involved in assessing matters such as novelty and individual character, there is, for example, the question of whether the design has been made available within the Community in such a way as to trigger subsistence.³⁴ In certain circumstances, there may be considerable latitude for uncertainty, both as a matter of fact and law, as to whether Community unregistered design right may subsist in a given design.

Furthermore, it is by no means settled law that all infringers of Community unregistered designs at Article 19 of Council Regulation 6/2002/EC must have been party to the act of copying which gives rise to infringement. Article 19(2) makes no distinction between primary and secondary acts of infringement; all that is required to demonstrate infringement of a Community unregistered design by a secondary infringer, such as an importer or retailer, is that the infringement “results from” copying of the protected design.

The meaning of this wording is presently unclear and untested, but read literally Article 19(2) does not require that the relevant copying be carried out by the alleged secondary infringer or that he even be aware of this copying having taken place.³⁵ It cannot therefore be said that there must be an element of relevant knowledge on the part of all infringers of Community unregistered designs.³⁶ It also cannot be assumed that a secondary infringer will be able to recover any financial award made against him by making a contractual claim against his supplier.³⁷ Bearing in mind the

³³ See for example, *Lancer Boss v Henley Forklift* [1974] F.S.R. 14: “As a matter of common sense, if a defendant copies the goods of the plaintiff, he has only himself to blame if he does not ascertain by making all reasonable and proper enquiries whether he is free to do so or not before he starts manufacture” (page 27)

³⁴ Articles 11 and 110a(5) Regulation 6/2002/EC. It has been noted even by commentators arguing in favour of limiting the availability of innocent defences that subsistence of Community unregistered design right is “not transparent” because of this requirement: Musker, D “Informal consultation on innocent/unintended design infringement” C.I.P.A.J. 2009, 38(10), 640-641. Further similar uncertainties could, for example, include trying to assess whether a component part of a complex product for which there is no registered protection is or is not “visible in normal use” as part of the complex product into which it is to be incorporated as *per* Article 4(2) Regulation 6/2002/EC. This is a question of fact which it is not possible to resolve without knowing the precise configuration of the complex product and its intended normal use(s). These matters in themselves raise further unresolved issues of law: see Musker D, “Hidden meaning? UK perspectives on invisible in use designs” E.I.P.R. 2003, 25(10), 450-456 and Koschial, U “Design law: individual character, visibility and functionality” IIC 2005, 36(3), 297-313 at pages 310-313.

³⁵ See Fitzgerald, J “Innocent infringement’ and the Community unregistered design right: the position in the UK and Ireland” J.I.P.L.P 2008, 3(4), 236-245, at page 240: “Article 19 of Reg 6/2002 does not apparently require the ingredient of ‘knowledge’ in order to incur liability for importing, stocking, offering or putting on the market. The only requirement... is that, under Article 19(2), the acts proscribed by Article 19(1) result from copying the protected design – but article 19(2) does not require that the copying be carried out by [the alleged infringer] or even with [the alleged infringer’s] knowledge”.

³⁶ In *Texas Iron Works Inc’s Patent* [2000] R.P.C. 207, it was also commented by the judge at first instance (with no criticism on appeal) that the infringer, a distributor, “could reasonably expect that patent searches would be taken care of by the manufacturer”.

³⁷ As observed in Musker, D “Informal consultation on innocent/unintended design infringement” C.I.P.A.J. 2009, 38(10), 640-641. Even if the secondary infringer has secured an appropriate contractual

geographic scope of Community designs and, as noted above, the fact that infringement is not limited to use of the design on the same product as the rightholder, to deny an innocent infringement defence to secondary infringers could, in some cases, create an almost impossible burden of factual enquiry into all potentially relevant products available across the Community.

(3) Conclusion

As noted in the introduction to this submission, the IPFF supports the explicit statutory equalisation of the remedies available in relation to UK registered designs and Community designs in cases of innocent infringement and strongly advocates adoption of Proposal 1 i.e. introduction of a statutory innocent infringement defence to liability in damages or an account of profits for infringers of Community designs in the UK.

Proposal 1 is consistent with the requirements of Regulation 6/2002/EC and the scheme of Directive 2004/48/EC on the enforcement of intellectual property rights.

The IPFF appreciates and supports the desire within the IP community to ensure effective IP protection for designs. However, preservation of the section 24B RDA 1949 defence and its extension to Community designs is not, and should not be perceived as, an open invitation for infringers abusively to plead ignorance. It has rightly been observed that: *“It is not a foregone conclusion... that the innocence defence will succeed in every case. Persuasive evidence needs to be put forward by the defendant to establish that the defence applies”*.³⁸

If the defence is preserved and extended to Community designs, the courts will establish whether the infringer had relevant knowledge or should have known of the existence of the relevant right on case-by-case basis, taking into account modern business standards, available information and the particular circumstances of the cases before them. Although the consultation document suggests that this could be addressed as part of the standard process of granting damages or awarding an account of profits,³⁹ the preferred view must be that section 24B RDA 1949 and an equivalent statutory provision for Community designs would provide a better framework for this exercise, particularly given the case law highlighting the apparent absence of any discretion to refuse awards of damages in innocent infringement cases.⁴⁰

With the harmonisation of the register designs regime across Europe and the introduction of the Community design, rightsholders have been given rights which are quick and cheap to obtain but of considerable potential power. The definition of protectable “designs” and the scope of protection which they are afforded are broad. UK and Community registered designs can be obtained with effectively no substantive

right of redress, the supplier may be overseas, giving rise to potentially complex jurisdictional and enforcement issues, may itself have limited financial resources or unable to meet its debts.

³⁸ Clark, S and Llewellyn, G “Innocence defence goes out of fashion” C.I.P.A.J. 2008, 179, 15-16.

³⁹ Consultation document, “The proposals: proposal 2”, paragraph 28, page 11.

⁴⁰ While an account of profits has always been recognised as a discretionary remedy by reason of its equitable foundations, damages are not an equitable remedy and there must be doubt as to whether an award of damages could be denied as a matter of discretion on the basis of the infringer’s innocence: see for example the comments in the trade mark case *Gillette v Edenwest* [1994] R.P.C. 279 at page 290: *“As regards infringement of a registered trade mark, I take the view that it is well settled law and has been for very many years, that innocence on the part of the infringer is no defence to a claim for damages”*.

examination.⁴¹ Third parties already face the burden of shouldering the cost of mounting challenges to validity as the trade-off for this ease of registration for design applicants. The UK IPO should take care in maintaining the appropriate balance of benefit and burden between rightsholders and third parties.

It also not be forgotten that, even with a regime such as section 24B RDA 1949 in place, rightsholders can and should publicise their rights by affixing details of design registrations to their products and otherwise noting the protection obtained by them in marketing materials and so on. Rightsholders should monitor the market for infringement and can write to suspected infringers such as to fix them unequivocally with knowledge of the relevant rights and thus no scope to plead innocence in relation to any acts of infringement committed thereafter.

The UK IPO should also invest in making its online database more “user friendly” and, given the widening of design protection, should engage in a programme of education and awareness-building to ensure as far as possible that all those who may now come into contact with the designs regime are aware of its existence and key provisions.

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⁴¹ For concerns as to the implications of this for the quality and validity of granted registrations and the potential for abuse of the system, see eg Kur A, “No logo!?” IIC 2004, 35(2), 184-186 at p185-186. Statistics reported in 2008 show that approximately 60% of design registrations challenged at OHIM had been found invalid at that date: Izqueirido Peris, “OHIM practice in the field of invalidity of registered Community designs” E.I.P.R. 2008, 30(2), 56-65. Improving the design examination process is, in itself, a topic worthy of consultation and re-consideration.