

# INTELLECTUAL PROPERTY ACT 2014

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## EXPLANATORY NOTES

### COMMENTARY

#### Part 1: DESIGNS

6. **Part 1** of the Act introduces changes to the UK design framework. Design law is primarily governed in the UK by the Copyright, Designs and Patents Act 1988 (as amended) (“CDPA”), the Registered Designs Act 1949 (as amended) (“RDA”) and Council Regulation (EC) No 6/2002 of 12<sup>th</sup> December 2001 on Community Designs (OJ L 3, 5.1.2002, p.1) (as amended) (“the EU Regulation”).
7. The Prime Minister commissioned the Hargreaves Review of IP and Growth, which was published in May 2011. As a result, the Intellectual Property Office (“IPO”)<sup>1</sup>, an executive agency of the Department for Business, Innovation and Skills, started a programme of work to establish whether and, if so, how to improve the current designs framework. In July 2012, the IPO launched a consultation with proposals to amend the system<sup>2</sup>. The measures in this Part stem from the work undertaken by the IPO following the Hargreaves Review.
8. The sections which follow have three broad purposes: to simplify design law and get the IP framework to better support innovation; to help improve the enforcement of designs and understanding the design rights of others; and to improve processes associated with the design framework, such as better provision of information.

#### *Section 1: Unregistered designs: meaning of “design” and “original”.*

9. This section amends the definition of unregistered design right.
10. *Subsection (1)* limits the protection for trivial features of designs, by making sure that protection does not extend to “any aspect” of the shape or configuration of the whole or part of an article. It is expected that this will reduce the tendency to overstate the breadth of unregistered design right and the uncertainty this creates, particularly in relation to actions before the courts.
11. *Subsection (3)*: To be considered “original” an unregistered design should not be “commonplace” in the relevant design field. The meaning of “commonplace” is not set out in the CDPA, and, although case law has helped define it, there remains confusion as to the geographical coverage of the relevant design field. The amendment aims to remove that confusion by specifying that a design must not be “commonplace” in a country mentioned in section 217(3) of the CDPA.
12. *Subsection (4)* ensures that the new definition of “original” will only apply to designs created after the change in the law and will not be applied retrospectively.

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<sup>1</sup> Intellectual Property Office is an operating name of the body defined in legislation as “the Patent Office”

<sup>2</sup> <http://www.ipo.gov.uk/types/hargreaves/hargreaves-designs.htm>

### ***Section 2: Ownership of unregistered designs***

13. *Subsection (1)* changes the initial ownership of unregistered designs which have been created on commission from a third party, by amending section 215 of the CDPA. This means that, in the absence of a contract to the contrary, the designer will be the initial owner of the design, not the person who commissioned it. This brings UK law into line with the EU Regulation. It removes the situation in which a UK right is automatically owned by whoever commissioned the design, and an EU right (which includes the UK in its scope) is instead automatically owned by the designer. It brings UK design law into line with UK copyright law, and means that the initial ownership of closely related rights will no longer end up with different parties.
14. *Subsection (2)* amends other parts of the CDPA to make sure that they are all consistent in their treatment of commissioned designs. This section is consistent with changes being made to registered designs by section 6(1).

### ***Section 3: Qualification criteria for unregistered designs***

15. It is important that there is some control over who is able to claim unregistered design right; if there was not, designers in countries around the world would gain this protection for their original designs with no reciprocal protection for UK designers. This potential inequity is dealt with in the CDPA by the concept of “qualification”.
16. The amendments made to sections 217 to 220 of the CDPA by section 3 are intended to maintain this principle, by simplifying and expanding the concept so that those who are based in and are economically active in the EU – and in those countries to which qualification has been extended by Order (see the countries listed in [S.I. 1989/1294](#)) – may qualify.
17. *Subsection (1)* removes the definition of “qualifying individual” and amends the definition of “qualifying person”, and *subsection (4)* amends “qualification by first marketing”. Whether a design qualifies for protection because of the circumstances in which articles made to the design were first put on sale (first marketed) will now depend on the country in which those sales took place, as well as the person who did the marketing having the status of a “qualifying person” (see paragraph 18 below). It will no longer be a requirement that that person has exclusive authorisation to market the articles in the UK.
18. *Subsections (2), (3) and (5)* make sure that the amendments made by subsection (1) above are implemented consistently by removing references elsewhere in the CDPA to “qualifying individual”. “Qualification” is instead now centred on a “qualifying person”, which is defined according to where that person resides or where a business is legally formed and carries on its business activities (the “qualifying country”). The definition of “qualifying country” will not be altered.
19. *Subsection (3)* also removes the reference in section 218 of the CDPA to computer-generated designs. This reference is no longer considered necessary.

### ***Section 4: Infringement of unregistered designs: exceptions***

20. These exceptions to infringement of unregistered design right mirror those in the RDA and harmonise with the EU Regulation.
21. New section 244A introduces protection from infringement for private acts, experiments and teaching. The intention is that acts done privately and for no commercial purpose, or (where certain conditions are met) acts done for teaching purposes, should not infringe unregistered design right. For example, a school teacher in carpentry will be able to demonstrate how to produce design protected features without infringing the design right (provided that the specified conditions are met). Similarly, the exception for acts done for experimental purposes is to allow inspiration from

existing designs to encourage innovation. These defences are similar to those found in relation to copyright (see for example section 32 of the CDPA).

22. New section 244B creates exceptions relating to overseas ships and aircrafts. This provision mirrors an equivalent exception in section 7A(2)(d) of the RDA and Article 20(2)(a) of the EU Regulation.

### ***Section 5: Registered Community design – infringement exception***

23. Section 53 of the CDPA provides that those using a design registered in the UK with permission from its owner do not infringe any associated copyright. It does not refer to designs registered at the EU design registry (“Community designs”) which also cover the UK. Section 5 extends the existing defence at section 53 so that it applies to registered Community designs in addition to UK registered designs.

### ***Section 6: UK Registered designs – Ownership of design and application for registration***

24. *Subsection (1)* amends section 2 of the RDA so that, in the absence of a contract to the contrary, where a design has been commissioned, the designer will be the initial owner of the design, and not the person who commissioned it. This brings UK law into line with the EU Regulation. It also aligns the treatment of UK designs with the way commissioned works are treated under UK copyright law, and means that the default position is that the initial ownership of closely related rights will no longer end up with different parties.
25. This subsection is consistent with changes being made to the unregistered design right by section 2.
26. *Subsection (2)* amends section 3 of the RDA by removing the requirement for the applicant for the registration of a design to be the person claiming to be the proprietor of the design. This brings UK law into line with the way the EU Regulation deals with applications for registered designs.

### ***Section 7: UK Registered designs – Right of prior use***

27. This section introduces a limited right to continue to use a registered design where a third party acts in good faith in the use of a design that is subsequently registered by another. This will allow third parties to continue using the design according to preparations they have already made, without fear of someone being able to stop them at a later date and jeopardising their investment. It harmonises the RDA with the EU Regulation, which contains an identical measure on a right of prior use.
28. The aim of a right of prior use is to provide an entitlement to limited exploitation. New section 7B(1) ensures that the protection for the third party only applies to the use that they have already made (or prepared to make) of the design; and new section 7B(5) ensures that there is no right, for example, to sell to another the right to continue to use the design unless certain conditions are met.

### ***Section 8: UK registered designs – Accession to the Hague Agreement***

29. The Geneva Act of the Hague Agreement provides for and regulates an international system for the registration of industrial designs. Businesses in the UK have access to the Hague system through the EU having joined, but this limits the protection available to the EU as a whole. This makes using the system more costly and less advantageous for UK designers, specifically small and medium enterprises, who are not able to use the Hague system to gain protection specifically covering relevant territories rather than the entire EU.
30. *Subsection (1)* of section 8 inserts a new section 15ZA into the RDA which puts in place provisions to allow UK implementation of the Geneva Act of the Hague Agreement.

Section 15ZA permits the Hague Agreement to be brought into effect in the UK by order of the Secretary of State, and lists the main areas which may be included in such an order, including for example the procedures that have to be followed when an international application requires protection in the UK.

31. *Subsection (2)* of section 8 (which amends section 37 of the RDA) provides that an order made under new section 15ZA must be laid in draft before, and approved by a resolution of, each House of Parliament.

### ***Section 9: UK Registered design – The Register: changes of ownership and inspection of documents***

32. *Subsection (1)* amends section 19 of the RDA by removing subsection (3A). Subsection (3A) was inserted into the RDA when the UK unregistered design right was created in the CDPA. It requires the registrar<sup>3</sup> (the head of the UK designs registry at the IPO) not to amend the details on the register for a registered design unless satisfied that the same changes also applied to any associated unregistered design right. It was intended to make sure that any unregistered design right was not ‘separated’ from its registered design counterpart if, for example, the ownership of the registered right was transferred to another party. This tying together of the two UK rights is out of step with the way EU rights are treated. Removing section 19(3A) is intended to remove barriers to keeping the register up to date.
33. *Subsections (2),(3),(4) and (5)* amend section 22 of the RDA to allow for the provision of information to the public in both hard copy and electronically. Subsection (4) inserts a new provision into section 22 which enables documents associated with a specific case to be viewed via electronic means, at a time and place convenient to anyone wishing to view it. In practice this will mean that relevant documents relating to a registered design will be available for online inspection. It is expected that this provision will be commenced once electronic systems are in place at the IPO to provide for such inspection. Until that time, access to hard copy files will continue and will in any event continue to be available thereafter.
34. *Subsection (5)* introduces new provisions into section 22 of the RDA which enable the Secretary of State to specify in rules cases in which information will *not* be made available for the public to view either in hard copy or electronically. The rules could, for example, specify cases of information which are considered confidential, information which is immoral or offensive, or information produced for internal communication only within the IPO.

### ***Section 10: UK Registered designs – Legal proceedings and appeals***

35. *Subsection (1)* makes a change to the provisions of section 24B of the RDA, which relate to the potential financial liabilities that may be faced by a person who innocently infringes a UK registered design. A person is an innocent infringer if he proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that the infringed design was registered.
36. The changes have been driven by the fact that there are different potential financial liabilities for the innocent infringement of UK registered designs and the innocent infringement of Community designs, even though both are valid in the UK. Specifically, damages and/or an account of profits may be sought against an innocent infringer of a Community design but neither can be sought against an innocent infringer of a UK registered design.
37. The amendment to section 24B of the RDA results in a proprietor of a UK registered design being able to seek from an innocent infringer some or all of the profits made because of the infringing activity, but not any wider form of financial damages.

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<sup>3</sup> That is, the Comptroller-General of Patents, Designs and Trade Marks (see section 44(1) of the RDA)

38. *Subsection (2)* introduces new sections 27A and 27B into the RDA. New section 27A provides new routes of appeal against decisions made by the registrar relating to designs. It offers those involved a choice of using either a person appointed by the Lord Chancellor (an “appointed person”) or the court, and reflects the system already in place for challenging trade mark decisions of the registrar<sup>4</sup>.
39. This will offer users a quicker, more informal and low-cost alternative to the courts. Although a user may choose to appeal to the appointed person, it is possible, for example where the issue is of general legal importance, for the appointed person to refer the appeal to the court. New section 27B provides for the process for the appointment and removal of an appointed person. The persons who might be expected to be appointed include legal professionals, such as IP barristers.
40. *Subsection (4)* removes section 28 of the RDA which makes provision for the Registered Design Appeal Tribunal (RDAT) but which has never been brought into force.

### ***Section 11: UK Registered Designs - Opinions service***

41. *Subsection (1)* introduces, through a new section 28A to be inserted into the RDA, a power for the Secretary of State to provide in regulations for a non-binding opinions service for designs, similar to that which already exists for patents<sup>5</sup>. The opinions service will cover UK registered designs and its scope may be extended to include, for example, other design rights such as the UK unregistered design right. *Subsection (2)* inserts a new section 249A into the CDPA, the effect of which is to enable the regulations to cover the UK unregistered design right.
42. Subsections (2) to (5) of the new section 28A provide detail about what must or may be included in the regulations. The regulations could include, for example, circumstances where the registrar will not be required to give an opinion, and information and fees that should accompany a request for an opinion. Neither the registrar nor any IPO official will incur liability under the service (as is the case for official actions under trade mark<sup>6</sup> and patent law<sup>7</sup>).
43. *Subsection (3)* amends section 37 of the RDA to ensure that the first regulations to be made under this power must be laid in draft before, and approved by a resolution of, each House of Parliament. Regulations made subsequently will be subject to annulment in pursuance of a resolution of either House of Parliament.
44. Subsection (7) of the new section 28A requires that the regulations must provide for an appeal relating to an opinion to be made to an appointed person (i.e. appointed under the new section 27A of the RDA). Details of the appeal procedure will be included in the regulations..

### ***Section 12: UK Registered designs – Use of directions by the registrar***

45. This section enables the registrar to issue directions relating to the use of forms and to change the hours of business of the IPO in relation to designs matters, rather than having to rely on secondary legislation made by the Secretary of State. This brings the treatment of these design-related procedural matters in line with those relating to trade marks<sup>8</sup> and patents<sup>9</sup>. Any directions issued by the registrar about the use of forms will be required to be published in a manner prescribed in rules, to ensure that the public continue to be aware of relevant changes.

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<sup>4</sup> See sections 76 and 77 of the Trade Marks Act 1994

<sup>5</sup> [www.ipo.gov.uk/pro-p-opinion.htm](http://www.ipo.gov.uk/pro-p-opinion.htm)

<sup>6</sup> Section 70 of the Trade Marks Act 1994

<sup>7</sup> Section 116 of the Patents Act 1977

<sup>8</sup> For an example of directions relating to trade marks see [www.ipo.gov.uk/t-hours.htm](http://www.ipo.gov.uk/t-hours.htm)

<sup>9</sup> For examples of directions relating to patents see [www.ipo.gov.uk/p-direction.htm](http://www.ipo.gov.uk/p-direction.htm)



46. *Subsection (1)* introduces a new section 31A into the RDA, which enables the registrar to issue directions relating to the use of forms.
47. *Subsection (4)* amends section 39(1) of the RDA so that the hours of business and excluded days may be specified by the registrar in directions, rather than by secondary legislation.
48. *Subsections (5), (6) and (8)* ensure that, until any new directions are given by the registrar, the current requirements as to forms and hours of business apply.

***Section 13: UK Registered designs – Offence of unauthorised copying etc. of design in course of business***

49. The section inserts a new section, section 35ZA, into the RDA. This makes the intentional *copying* of a UK or EU registered design a criminal offence, in certain circumstances. For example, the copied design must have been registered prior to the copying (and not registered after the copying has taken place).
50. New sections 35ZA(1), (2) and (3) of the RDA require, for a criminal offence to take place, intentional copying and doing so or committing another act (such as putting the product on the market) to take place in the course of business. They specify the various conditions that must be satisfied in order to prove that an offence has been committed, for example, establishing that the person accused acted without the consent of the registered design holder, and knew or had reason to believe that the design was a registered design or that the registered design had been intentionally copied. Although the offences provide that a person must be acting in the course of business, under section 35ZA(6) the use of a product for a purpose which is merely incidental to the carrying on of the business will not count as using the product in the course of a business.
51. New section 35ZA(4) and (5) of the RDA make provision for defences to the offences. There will be a defence if the defendant can show a reasonable belief that the registration of the design in question was invalid. Nor will a defendant be found guilty if they can show that they did not infringe the right in the design in question, or that they had a reasonable belief that they did not infringe it.
52. New section 35ZA(7) clarifies that the offence also applies to designs registered in the EU (Registered Community Designs)<sup>10</sup>.
53. New section 35ZA(8) sets out the penalties the offence carries with it: a fine and/or a prison sentence of up to ten years. The offence is triable either way, that is, on summary trial (in a magistrates' court) or trial on indictment (in a Crown court), depending on the severity of the case. The offences, including the mode of trial and penalties, reflect existing criminal sanctions for trade marks<sup>11</sup> and copyright<sup>12</sup>.
54. **Section 13** also inserts new section 35ZB into the RDA, which provides Trading Standards Authorities with similar powers of enforcement for design offences as they have in relation to copyright and trade marks.
55. **Section 13** also inserts section 35ZC (which deals with forfeiture powers in England, Wales and Northern Ireland) and section 35ZD (which deals with forfeiture powers in Scotland) into the RDA. The separate sections reflect the different legal systems in the jurisdictions. These forfeiture powers allow, in certain circumstances, a court to authorise the removal of copies of registered designs, or items which have been used to make them, from the premises of those people under investigation. These copies or items may later be destroyed or passed on to another person in order to be recycled or re-used in some way.

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<sup>10</sup> [http://oami.europa.eu/en/design/pdf/reg2002\\_6.pdf](http://oami.europa.eu/en/design/pdf/reg2002_6.pdf)

<sup>11</sup> Trade Marks Act 1994 s. 92 <http://www.legislation.gov.uk/ukpga/1994/26/section/92>

<sup>12</sup> Copyright, Designs and Patents Act 1988 s. 107 <http://www.legislation.gov.uk/ukpga/1988/48/section/107>

***Section 14: UK Registered designs – Offences committed by partnerships***

56. **Section 14** inserts new subsections into existing section 35A of the RDA to introduce specific provisions dealing with how partners are treated where offences under the RDA are committed by a partnership. Proceedings for such offences are to be brought in the name of the partnership, but partners may also be liable unless they can be shown not to have been aware of the offence or to have tried to stop it from being committed. The new subsections take account of the different legal systems in England and Wales, Northern Ireland and Scotland.