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# COMMUNITY DESIGNS CONSULTATION

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## PATENT OFFICE

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The Patent Office is an Executive Agency of DTI and is responsible for the national framework of Intellectual Property rights, comprising patents, designs, trade marks and copyright.

We manage an intellectual property system that stimulates innovation and creativity, balances the needs of consumers and users, promotes strong and competitive markets and is the foundation of the knowledge based economy.

The DTI drives our ambition of “prosperity for all” by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

# Consultation on UK Legislation relating to Community Designs

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## Summary

1. Within Europe, a new system has been developed for the protection of designs of products which have a new appearance. The two main features of this new system are:

- (i) a harmonisation of the main features of national laws covering the protection of designs by registration; and
- (ii) a new Community Design system which allows a single right, equivalent to these national rights, to be gained protecting designs across the entire Community.

2. The Community design system came into force on the 6<sup>th</sup> March 2002, with the registered design system, administered by OHIM, commencing on the 1<sup>st</sup> April 2003.

## Purpose of the consultation

3. The purpose of this consultation is to seek views on a number of possibilities for legislation which would ensure that the Community designs system works correctly, and that the checks and balances in the system are correct. The particular issues are:

- making it an offence to claim falsely in the UK that a design is protected as a Community design;
- providing redress against groundless threats of infringement of a Community design in the UK;
- providing that communications with a professional representative on the special list under Article 78 of the Community Design Regulation in matters regarding the protection of designs should be privileged, whether or not that representative is also a patent or trade mark agent;
- extension of crown use provisions of the Registered Designs Act 1949 to cover community designs to the extent that the use is necessary for essential defence or security needs; and
- designation of Community designs courts.

4. The first four of these issues involve applying provisions which already exist for UK national registered designs to Community designs, ensuring increased consistency between the UK registered design system and the Community design system. The fifth issue is necessary to meet Community obligations. We propose to designate the courts competent for UK designs matters as the Community design courts.

5. In the Consultation paper on the Implementation in the United Kingdom of EC Directive 98/71/EC on the legal protection of designs (available at <http://www.patent.gov.uk/about/ippd/consultation/index.htm>), we asked what

changes, if any, should be contemplated in any future amendment of the Registered Designs Act 1949, taking into account the particular Community design system which was adopted. Although it is not possible to implement most of the suggestions made in that document under the European Communities Act, we have identified the above issues where action is possible under the European Communities Act.

### **Who is being consulted**

6. Responses are welcome from anyone in the UK or abroad who is interested in the operation of the intellectual property system in the UK but especially from those who have been, are, or expect to be users of the system. Copies of the consultation have been sent to the organisations listed in Annex B and to a small number of individuals. Further copies may be obtained from the Patent Office by contacting Barbara Squires, tel. 01633 814389, e-mail [Barbara.Squires@patent.gov.uk](mailto:Barbara.Squires@patent.gov.uk)

7. This consultation document has been prepared in accordance with the Government Code of Practice on Written Consultations. The Code criteria are set out in Annex C.

### **How and when to respond**

8. There is a consultation response form after paragraph 30 which you may wish to use to reply if it is helpful to you. Responses may be sent by post, e-mail or fax. Please send your responses by 13 December 2004 to the following address, or if you have any questions about the consultation please contact:

Pierre Oliviere  
Intellectual Property and Innovation Directorate  
Room 3B35  
The Patent Office  
Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Fax: +44 (0) 1633 814922  
Tel: +44 (0) 1633 813744  
E-mail: [pierre.oliviere@patent.gov.uk](mailto:pierre.oliviere@patent.gov.uk)

9. If you are responding on behalf of a representative group, please give a summary of the people and organisations that you represent. You may also wish to comment on the Regulatory Impact Assessment.

10. If you have any comments or complaints about how this consultation process is being handled, please tell the Patent Office's Consultation Coordinator, whose details are in Annex C.

### **Openness**

11. This is part of a public consultation exercise. As such, your responses may also be made public unless you make clear in responding that you want them to remain confidential. The consultation response form provides for you to ask for your response to be confidential.

### **Confidentiality**

12. Your response may be made public by the DTI. If you do not want all or part of your response or name made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in a fax cover sheet will be taken to apply only to information in your response for which confidentiality has been requested.

13. We will handle any personal data you provide appropriately in accordance with the Data Protection Act 1998.

## **Background and proposals**

### **Background**

14. Within Europe, a new system has been developed for the protection of designs of products which have a new appearance. The two main features of this new system are:

- (i) a harmonisation of the main features of national laws covering the protection of designs by registration; and
- (ii) a new Community Design system which allows a single right, equivalent to these national rights, to be gained protecting designs across the entire Community.

15. In order to harmonise national laws, EC Directive 98/71/EC on the legal protection of designs was adopted and has been implemented into UK law in the Registered Designs Regulations 2001 (S. I. 2001/3949; see the Patent Office website at <http://www.patent.gov.uk/design/legal/designlaw.htm#SI>). The Community design system came into force on the 6<sup>th</sup> March 2002, with the registered design system, administered by OHIM, commencing on the 1<sup>st</sup> April 2003.

16. The Community Design Regulation provides a system of rights for owners of designs. However it has been recognised in most areas of intellectual property that measures beyond simply the exclusive rights of owners to the use of the protected invention, design or mark are necessary to ensure that the system is fair and avoids abuse. In particular The Registered Designs Act provides checks and balances, which as a matter of equity could beneficially be extended to the Community system as it applies within the UK (in the Trade Marks Act 1994 Parliament made specific provision for similar extensions relating to Community Trade Marks). Recital 22 and Articles 88-90 of the Community Design Regulation indicate that Community design courts should apply national law on matters not covered by the Regulation.

17. We intend to make the following changes under Section 2(2) of the European Communities Act 1972.

### **Offence of falsely claiming that a design is registered**

18. Section 35 of the Registered Designs Act 1949 makes it an offence to falsely claim that a design is registered. This protects competitors from unfairly being warded off from competition in an area where there is in fact no protection. Prosecutions are extremely rare, but this appears to be testimony to the deterrent effect against abuses which were fairly common prior to the introduction of this type of offence (which is common to all forms of registered intellectual property, including patents and trade marks). It should not be

possible to bypass this protection simply by claiming that a design is protected by a Community design registration rather than a UK registration.

19. Thus we propose that the offences of Section 35 of the Registered Designs Act 1949 should also apply to Community designs. An equivalent to Section 35A may also be required.

### **Redress against groundless threats of infringement of a design**

20. Some of you expressed your views on the existing threats provisions during the consultation on the Patents Bill in 2002. These have been taken on board and could, at some point in the future, result in a new threats regime for registered designs which is more closely aligned with the new regime for patents, provided in the Patents Act 2004. However, we are not able to make these types of changes under the European Communities Act 1972. The options are to either extend existing provisions for UK designs to Community designs, or to make no changes, the result being that there would be no threats provisions equivalent to section 26 of the Registered Designs Act applying to Community designs.

21. We believe that consistency between the UK and Community registered designs systems is important. Thus we propose extending the existing threats provision of Section 26 of the Registered Designs Act to Community designs. Future changes to the threats provisions in view of changes made to the patents regime in the Patents Act 2004 can then be made to both UK designs and Community designs.

### **Privilege for communications with a professional representative**

22. In general communications between a person and a recognised intellectual property practitioner (registered patent agent or registered trade mark agent) as to any matter relating to the protection of a design (and various other IP-related matters) are privileged (The Copyright, Designs and Patents Act 1988 s.280; The Trade Marks Act 1994 s.87). The Community Design Regulation recognises a new group of people who are entitled to practice before OHIM in matters relating to designs. In most cases communications with these people in respect of matters relating to the protection of designs will be privileged anyway because of their status as a patent agent, trade mark agent or representative before OHIM on Trade Mark matters. Nevertheless, it is possible for people to qualify for this status without being in any of the other categories and it seems equitable that privilege should apply then also.

23. Thus we propose that either the provisions of Section 280 of the Copyright, Designs and Patents Act 1988 or Section 87 of the Trade Mark Act 1994, which relate to privilege for communications between a person and his

registered patent agent and trade mark agent respectively, should be applied to the list of professional representatives of Article 78 of the Community Design Regulation. It does not matter which provisions are extended, as they provide equivalent rights, and it is not to patent or trade mark agents to which the provisions would be made to apply, but to people on the OHIM list, who would have those rights as if they were patent or trade mark agents.

### **Other Offences**

24. We consider that the following offences under the Registered Designs Act do not require extension to Community designs for the reasons set out below:

- The offence in section 33 (failure to comply with order under s.5). This appears sufficient as it stands and will not require any extension or amendment because of the appearance of the Community right.
- The offence in section 34 (falsification of register). The falsification of an EU register does not in itself seem to be a matter for UK law.

### **Crown Use**

25. Although the Crown use provisions of the Registered Designs Act are used rarely, we consider them to be important to meet essential defence and security needs, and think that Section 12 and Schedule 1 of the Registered Designs Act 1949 should be stated to apply to Community Designs as if they were national registered designs, to the extent that use of the design is necessary for essential defence or security needs.

### **Community Design Courts**

26. The Community Design Regulation, in Article 80, requires Member States to designate national courts and tribunals of first and second instance as Community design courts. The functions assigned to these courts are detailed in Articles 81-95 of the Regulation, and include in particular (see Article 81):

- a. infringement actions and, if permitted under national law, actions in respect of threatened infringement of Community designs;
- b. actions for declaration of non-infringement, if permitted under national law;
- c. actions for a declaration of invalidity of an unregistered Community design;

- d. counterclaims for a declaration of invalidity raised in connection with infringement actions.

27. The Regulation lays down jurisdictional arrangements, and includes the application of the Convention on Jurisdiction and Enforcement (Article 79) and rules on international Jurisdiction (Article 82).

28. Until the Community design courts have been designated, under Article 80.5 the courts which have jurisdiction in the case of proceedings relating to national design rights also have jurisdiction for Community designs. In the case of the UK, these courts are:

Courts of first instance:

High Court  
Patents County Court  
Court of Session

Court of second instance:

Court of Appeal

29. We propose to designate these courts as the Community design courts. This ensures a consistency of approach between national registered designs and Community designs.

## **Conclusion**

30. In brief, the government's proposals for regulations relating to the Community design are:

- making it an offence to claim falsely in the UK that a design is protected as a Community design;
- providing redress against groundless threats of infringement of a Community design in the UK; and
- providing that communications with a professional representative on the special list under Article 78 in matters regarding the protection of designs should be privileged, whether or not that representative is also a patent or trade mark agent;
- extension of crown use provisions of the Registered Designs Act 1949 to cover community designs to the extent that the use is necessary for essential defence or security needs;
- designation of Community designs courts as the national designs courts.

31. These matters will help to ensure that the Community design works correctly in the UK with appropriate checks and balances, and reduces inconsistencies between the UK registered design system and the Community design system.

# Consultation on UK Legislation relating to Community Designs

## Consultation Response Form

The closing date for this consultation is 13/12/2004

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual consultation responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

**Please tick if you want us to keep your response confidential**

Name \_\_\_\_\_

Organisation (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

If you are responding on behalf of a representative group, please give a summary of the people and organisations that you represent.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Return completed forms by 13/12/2004 to:*

**Pierre Oliviere  
Intellectual Property and Innovation Directorate  
Room 3B35  
The Patent Office  
Concept House  
Cardiff Road  
Newport NP10 8QQ**

Telephone: **+44 (0)1633 813744**

Fax: **+44 (0)1633 814922**

email: **pierre.oliviere@patent.gov.uk**

Please tick one box from the list of options that best describes you as a respondent.  
This enable views to be presented by group type.

<input type="checkbox"/>	Small to Medium Enterprise
<input type="checkbox"/>	Representative Organisation
<input type="checkbox"/>	Trade Union
<input type="checkbox"/>	Interest Group
<input type="checkbox"/>	Big Business
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Central Government
<input type="checkbox"/>	Other (please describe):

## Question 1

Please give your views on the proposal to extend the offence of falsely claiming that a design is registered so that it is also be an offence in respect of Community designs (paragraphs 18, 19)

**Comments:**

**Question 2.**

Please give your views on the proposal to extend the redress against groundless threats of infringement available for registered designs under the Registered Designs Act 1949 to Community designs (paragraphs 20, 21).

**Comments:**

**Question 3.**

Please give your views on the proposal to extend the provisions for the privilege for communications with a professional representative, available for registered patent and trade mark agents under the Copyright, Designs and Patents Act 1988 and the Trade Marks Act 1994 respectively, to all those on the OHIM list for the purposes of Community designs (paragraphs 22, 23).

**Comments:**

**Question 4.**

Please give your views on the proposed extension of Crown Use provisions of the Registered Designs Act 1949 to Community designs (paragraph 25).

**Comments:**

**Question 5.**

Please give your views on the proposed designations for Community design courts (paragraphs 26-29).

**Comments:**

### Question 6

On a scale of 1 to 5, 5 being the highest, grade your overall approval of the proposals.

- Right problems identified
- Range of options wide enough
- Preferred options well chosen

5	4	3	2	1

**Comments:**

**Do you have any other comments that might aid the consultation process as a whole?**

*Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.*

**Comments:**

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

**Please acknowledge this reply**

The Patent Office consults interested parties on a range of topics related to intellectual property. As your views are valuable to us, would it be alright if we were to include you in our list of people or organisations we regularly consult?

Yes

No

## **Relevant sections of the Registered Designs Act 1949 and the Trade Marks Act 1994**

### **The Registered Designs Act 1949**

#### *Remedy for groundless threats of infringement proceedings.*

26.—(1) Where any person (whether entitled to or interested in a registered design or an application for registration of a design or not) by circulars, advertisements or otherwise threatens any other person with proceedings for infringement of the right in a registered design, any person aggrieved thereby may bring an action against him for any such relief as is mentioned in the next following subsection.

(2) Unless in any action brought by virtue of this section the defendant proves that the acts in respect of which proceedings were threatened constitute or, if done, would constitute, an infringement of the right in a registered design the registration of which is not shown by the plaintiff to be invalid, the plaintiff shall be entitled to the following relief, that is to say:—

- (a) a declaration to the effect that the threats are unjustifiable;
- (b) an injunction against the continuance of the threats; and
- (c) such damages, if any, as he has sustained thereby.

(2A) Proceedings may not be brought under this section in respect of a threat to bring proceedings for an infringement alleged to consist of the making or importing of anything.

(3) For the avoidance of doubt it is hereby declared that a mere notification that a design is registered does not constitute a threat to proceedings within the meaning of this section.

#### *Fine for falsely representing a design as registered.<sup>1</sup>*

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<sup>1</sup> Section 35 was amended by regulation 9(1) and schedule 1 paragraph 10, and regulation 9(2) and schedule 2, of the Registered Designs Regulations 2001.

35.—(1) If any person falsely represents that a design applied to, **or incorporated in, any product** sold by him is registered [], he shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale; and for the purposes of this provision a person who sells **a product** having stamped, engraved or impressed thereon or otherwise applied thereto the word “registered”, or any other word expressing or implying that the design applied to, **or incorporated in, the product** is registered, shall be deemed to represent that the design applied to, **or incorporated in, the product** is registered[].

(2) If any person, after the right in a registered design has expired, marks **any product** to which the design has been applied **or in which it has been incorporated** with the word “registered”, or any word or words implying that there is a subsisting right in the design under this Act, or causes any **such product** to be so marketed, he shall be liable on summary conviction to a fine not exceeding level 1 on the standard scale.

### **The Trade Marks Act 1994**

87.—(1) This section applies to communications as to any matter relating to the protection of any design or trade mark, or as to any matter involving passing off.

(2) Any such communication-

- (a) between a person and his trade mark agent, or
- (b) for the purpose of obtaining, or in response to a request for, information which a person is seeking for the purpose of instructing his trade mark agent, is privileged from, or in Scotland protected against, disclosure in legal proceedings in the same way as a communication between a person and his solicitor or, as the case may be, a communication for the purpose of obtaining, or in a response to a request for, information which a person is seeking for the purpose of instructing his solicitor.

(3) In subsection (2) “trade mark agent” means-

- (a) a registered trade mark agent, or
- (b) a partnership entitled to describe itself as a firm of registered trade mark agents, or
- (c) a body corporate entitled to describe itself as a registered trade mark agent.

**Copies of this consultation document have been sent the following organisations. Copies have also been sent to a number of individuals.**

**Member organisations of the former Standing Advisory Committee on Industrial Property (SACIP):**

The Law Society  
The Law Society of Scotland  
The Bar Council  
The Institute of Patentees and Inventors  
Trade Marks, Patents and Designs Federation  
Confederation of British Industry  
University of London, Queen Mary and Westfield College  
British Retail Consortium  
Incorporated Society of British Advertisers  
Chartered Society of Designers  
Chartered Institute of Patent Agents  
Institute of Trade Mark Attorneys  
Association of British Chambers of Commerce  
Consumer's Association  
National Consumers Council  
Federation of Small Businesses  
Licensing Executives Society

**Organisations which formerly received SACIP papers:**

International Federation of Industrial Property Attorneys  
International Chambers of Commerce  
Association of the British Pharmaceutical Industry  
Intellectual Property Institute  
London Chamber of Commerce and Industry  
Institute of Practitioners in Advertising  
Anti-Counterfeiting Group  
Intellectual Property Lawyers Association  
British Brands Group  
Patent and Trade Mark Group, Institute of Information Scientists  
The Patent Judges  
The Intellectual Property Sub-Committee of the City of London Law Society  
British Pharma Group  
The British Agrochemicals Association Limited  
British Generics Manufacturers Association

<b>Organisation</b>	<b>Organisation</b>
ABPI	Greenpeace
ACID	Harbottle & Lewis
Agricultural Engineers Association	Intellectual Property Advisory Committee members
Allvoice	Inventorslink Inc
Arnander Irvine & Zietman	Linklaters & Paines
Ashurst Morris Crisp	Linux User Magazine
Association Of British Insurers	Litigation Focus Group members
AURIL	Lovells
Babcock International Ltd	Magister Ltd
Baker & Mckenzie	Marketforce Communications
Berwin Leighton	Marks & Clerk
Bharat Electronics Ltd	Mewburn Ellis
Biotechnology And BSRC	Ministry Of Defence
Boult Wade Tennant	Motorcycle Action Group
Boult Wade Tennant	NI Court Service
British Generics Manufacturers Association Ltd	Norton Rose
British Library	Olswang
British Poultry & Meat Federation	Pfizer Limited
Cardiff Law School	Pilkington Technology Centre
Chemical Industries Association	Preventative Medicines Tech Inc.
CIMMYT	RWS Group
Conde Ltd	Scottish Executive Justice Dept
Council on Tribunals	Sentencing and Offences Unit (Home Office)
Crafts Council	SIBLE University Of Sheffield
Cranfield University	Simmons & Simmons
Crop Protection Association	Society of Motor Manufacturers and Traders
Cruikshank & Fairweather	Society Of Numismatic Artists & Designers
Department for Constitutional Affairs	State Patent Bureau Of The Republic Of Lithuania
Department for Culture, Media and Sport	The British Motorcyclists Federation
EC Laws Committee - LES Britain & Ireland	The Centre of Research for Intellectual Property and Technology (SCRIPT)
Enforcement Focus Group members	UKREP – Foreign and Commonwealth Office
Eureka Manufacturing Co. Ltd	University Of Alicante
Federation Of The Electronics Industry	University Of Cambridge

Frank B Dehn	University Of Oxford
Freshfields	University Of Strathclyde
Gallafent & Co	Vereenigde
Gill Jennings & Every	Visteon Global Technologies

## **General Principles of Consultation**

1. This consultation is being conducted according to the Cabinet Office Code of Practice on Written Consultation (available from the Cabinet Office web site [www.cabinet-office.gov.uk/regulation/ Consultation/code.asp](http://www.cabinet-office.gov.uk/regulation/Consultation/code.asp)). This recommends the following criteria:

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

## Comments about the consultation process

2. If you have any comments or complaints about how this consultation process is being handled, please tell the Patent Office's Consultation Co-ordinator, who is:

Kath Gibbs  
Consultation Co-ordinator  
The Patent Office  
Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Tel: +44 (0)1633 813775  
Fax: +44 (0)1633 814509  
E-mail: [kath.gibbs@patent.gov.uk](mailto:kath.gibbs@patent.gov.uk)

## Partial Regulatory Impact Assessment

### 1. Title of Proposal

1.1 The Community Designs Regulations 2004.

### 2. Purpose and intended effect of measure

#### (i) The objectives

2.1 There are three distinct purposes for legislation relating to the Community Design to be considered:

A. To meet the requirements imposed by Article 80 of the Regulation of designating Community design courts of first and second instance.

B. To permit government use of Community designs in the same way as national registered designs, to the extent necessary for essential defence or security needs, as permitted by Article 23 of the Regulation.

C. To ensure that the Community design system provides the same benefits and safeguards for designers and third parties that have been considered appropriate for the UK national design system. The details are set out in section 4 below.

#### (ii) The background

2.2 The Community design system is now in operation. UK users can choose between national UK-wide registered design protection, and Community design protection throughout the European Union. There are some differences between the two systems, adding complexity for designers. Moreover it is at present possible to circumvent some safeguards in the UK registered design system through the Community system, and also to lose some benefits if the Community route is chosen. In addition the EC Regulation requires Member States to designate Community design courts.

#### (iii) Risk assessment

*A – designation of Community designs courts*

2.3 If this matter is not implemented, there is a risk of infraction proceedings as this is a Community obligation. However, this is a very small scale issue. National registered designs cases reach full trial very infrequently – in low single figures a year and it is likely that Community designs cases will not go

to UK courts very much more often. The relevant courts are assumed to be those which have jurisdiction for national design cases until they are designated. Nevertheless we are under a Community obligation in to make the designation.

### *B – government use*

2.4 If government use provisions are implemented for Community designs, there is a risk of slightly reduced rights. However, government use of registered designs is very rare (typically several years go by between invocations of these provisions) because in most cases the appearance of products is not material to uses which are of sufficient importance to justify invoking the Crown Use provisions (the right does not extend to matters of appearance which are essential to the technical function of a product). Moreover, holders of registered designs are used to working with the existing government use provisions for UK national registered designs. If these are not implemented, national security will be impacted, as essential defence or security needs do occasionally require the use of a product of particular appearance, it is considered important to exercise the option which is given in the Regulation.

### *C – benefits and safeguards*

2.5 This category has the broadest-reaching effect, including criminal sanctions and civil redress to deter abuse of the system. This will not cause new expense or regulatory difficulty for any person since it merely duplicates in respect of Community rights matters which already apply in the case of equivalent national rights. On the other hand failure to extend the provisions could cause significant difficulties either for users of the system or for third parties who might be subject to abuses which are prohibited in respect of the national system as detailed below.

2.6 See paragraphs 4.3-4.9 below for details of matters of equity and fairness for each of categories A-C above.

## **3. Options**

3.1 All of these objectives can be achieved only by legislation. This can be done by regulations under the European Communities Act 1972.

## **4. Benefits**

4.1 Category A, the designation of the Community design courts, will ensure we meet Community obligations. Category B, government use of Community designs, will, on the rare occasions where such use is necessary, ensure, for the purposes of essential defence and security needs, the designs are available for use. Category C, relating to benefits and safeguards, will ensure more consistency between the Community design system and the national UK registered design system, simplifying the protection of designs for UK users, and ensuring that the checks and balances for both owners of Community designs and third parties are correct. See paragraphs 4.3-4.9 below for details of matters of equity and fairness.

### **Business sectors affected**

4.2 Categories A-C affect all business sectors involved with designs.

### **Issues of equity and fairness**

4.3 Category A affects all involved in legislation in relation to Community designs in the UK, but only to the extent of confirming which courts are available. No issues of fairness arise.

4.4 Category B, government use of Community designs would, where it applies, be on the same basis as that for national designs; this would only disadvantage the owner (or potentially licensees) of the right, who is entitled to compensation for the use which is made, on a similar basis to damages. The government is only permitted to use the designs in this way if it is necessary for essential defence or security needs and consequently the number of design holders affected will be extremely small.

4.5 Category C is the area which would have the most significant effect. The Community Design Regulation provides a system of rights for owners of designs. However it has been recognised in most areas of intellectual property that measures beyond simply the exclusive rights of owners to the use of the protected invention, design or mark are necessary to ensure that the system is fair and avoids abuse. In particular The Registered Designs Act provides checks and balances, which as a matter of equity could beneficially be extended to the Community system as it applies within the UK (in the Trade Marks Act 1994 Parliament made specific provision for similar extensions relating to Community Trade Marks).

#### *(i) Offence of falsely claiming that a design is registered*

4.6 Section 35 of the Registered Designs Act 1949 makes it an offence to falsely claim that a design is registered. This protects competitors from

unfairly being warded off from competition in an area where there is in fact no exclusive right. Prosecutions are extremely rare, but this appears to be testimony to the deterrent effect against abuses which were fairly common prior to the introduction of this type of offence (which is common to all forms of registered intellectual property, including patents and trade marks). It should not be possible to bypass this protection simply by claiming that a design is protected by a Community design registration rather than a UK registration.

*(ii) Redress against groundless threats of infringement of a design*

4.7 Section 26 of the Registered Designs Act 1949 provides redress for certain people who are threatened with infringement proceedings. This type of provision has been common to all forms of registered intellectual property law since around the start of the twentieth century (1883 for patents, 1907 for designs). It was introduced to combat abuses where a right holder would attempt to disrupt a competitor's business by threatening legal action, knowing that there was no likelihood of success, but relying on the fact that intellectual property litigation is so expensive that many would back off rather than risk it.

4.8 The problem is now much less common than used to be the case, probably in part because this type of provision provides a method of ending the threat. The particular form of the provisions have attracted some judicial criticism since it can be difficult to distinguish between reasonable negotiations (where an implication that a person appears to be infringing a right is likely to play a part and people should not be encouraged to go to court before negotiation has failed) and threats. A few have also suggested that these provisions no longer have any useful role to play. However this seems a matter for a more general review. In the meantime, the courts have found it possible to safeguard the reasonable actions of right-holders and it would seem anomalous for a third party to be denied protection from threats made by the holder of a Community right effective in the UK which could be stopped if the right was an exactly equivalent national one.

*(iii) Privilege for communications with a professional representative*

4.9 In general communications between a person and a recognised intellectual property practitioner (registered patent agent or registered trade mark agent) as to any matter relating to the protection of a design (and various other IP-related matters) are privileged (The Copyright, Designs and Patents Act 1988 s.280; The Trade Marks Act 1994 s.87). The Community Design Regulation recognises a new group of people who are entitled to practice before OHIM in matters relating to designs. In most cases communications with these people in respect of matters relating to the protection of designs will be privileged anyway because of their status as a patent agent, trade mark agent or representative before OHIM on Trade Mark

matters. Nevertheless, it is possible for people to qualify for this status without being in any of the other categories and it seems equitable that privilege should apply then also.

## **5. Costs**

5.1 Compliance costs for firms will be insignificant. There do not appear to be any significant costs, other than those in preparing the necessary legislation and guidance, in making the Community and UK systems as consistent as possible for UK users. The systems for all these matters are already in place and would be unlikely to be used more – this is merely displacement of activity under a national system to activity under an equivalent Community system as it affects the UK. Thus firms involved in the protection of designs will have minimal costs in training their staff or producing revised guidance. On the other hand divergence would increase costs for firms since it allows anomalies to creep in which might be seen as unfair and unnecessarily confusing. This compliance cost assessment also applies to third parties concerned with registered designs, for example an alleged infringer of a registered design.

## **6. Small Firms' Impact Test**

6.1 Making the proposed changes would have no obvious adverse effect on small business. There are no disadvantages to any person conferred which are not already a part of the balances in the equivalent national registration system.

6.2 Not making the changes would cause confusion by having different factors to consider depending whether a person used the existing UK system or the Community system (which is intended to be equivalent). This would hit small businesses particularly hard since they do not generally have the specialist legal services to advise on such matters.

## **7. Competition assessment**

7.1 The proposed changes would have little effect on competition in the design industry, as they relate to a mere displacement of activity under a national system to activity under an equivalent Community system as it affects the UK.

## **8. Enforcement and sanctions**

8.1 Categories B and C deal with private rights, enforceable through the courts. Although the Community design is effective across the Community, these matters are a question of how the rights work specifically in the UK and would usually only be relevant to UK courts in their role as national design courts. Although these courts also have a role as Community design courts, (see category A above), the EC Regulation on Community designs leaves some matters to national courts.

## **9. Monitoring and review**

9.1 The Patent Office is monitoring the use of the Community design system as it settles down, along with the use of the UK registered design system, to ensure that both systems work effectively. We meet regularly with users of both systems to collect their experiences of both systems.

## **10. Consultation**

### **(i) Within government**

10.1 The following government departments and agencies have been consulted on these matters:

Defence Procurement Agency  
Department of Constitutional Affairs  
Department of Trade and Industry  
Home Office  
Foreign and Commonwealth Office  
Northern Ireland Court Service  
Patent Office  
Scottish Executive (for Court Service)  
Small Business Service

## **(ii) Public Consultation**

10.2 A 12-week consultation will take place, with a consultation document published on the Patent Office website, as well as being available in hard copy. Lists of stakeholders regularly used by the Patent Office for the purposes of consultation will be notified of the consultation, including those which have a particular interest in designs. Representative groups will be consulted, such as the Institute of Trade Mark Agents (ITMA), and the Chartered Institute of Patent Agents (CIPA).

## **11. Summary and recommendation**

11.1 In summary, bearing in mind the costs and benefits referred to above, legislation should be made which includes the following:

- designation of Community designs courts;
- extension of crown use provisions of the Registered Designs Act 1949 to cover community designs to the extent that the use is necessary for essential defence or security needs;
- making it an offence to claim falsely in the UK that a design is protected as a Community design;
- providing redress against groundless threats of infringement of a Community design in the UK; and
- providing that communications with a professional representative on the special list under Article 78 of the Community Design Regulation in matters regarding the protection of designs should be privileged, whether or not that representative is also a patent or trade mark agent.

11.2 There does not seem to be any significant disadvantages to these proposals, but significant advantages in ensuring consistency between the national and Community systems.

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