

United Kingdom: New Intellectual Property Act 2014

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After months of parliamentary debate and scrutiny, on 14 May 2014, the Intellectual Property Bill received Royal Assent and became the [Intellectual Property Act 2014](#) (the Act). It will now be necessary to pass Secondary legislation to implement the measures contained in the Act, some of which are expected to come into force from October 2014, with all measures aimed at being implemented by late 2015.

The Act is the result of various design and patent consultations following the Hargreaves review of intellectual property published in 2011. The purpose of the Act is to modernise aspects of the law relating to intellectual property in order to encourage and drive economic growth and innovation and expand the design sector in general. There were concerns that the enforcement process for designs was prohibitively expensive, that the law was over-complicated and was not adequate to address the needs of the design sector. The Act aims to simplify and strengthen design and patent protection, make the IP system clearer and more accessible, especially to small and medium sized enterprises (SMEs), and ensure the UK IP system operates efficiently and in line with the European system.

The Act centres mainly on the design and patent sectors and amends mostly the Registered Designs Act 1949, the Patents Act 1977 and the Copyright, Designs and Patents Act 1988. The Act introduces some key changes that designers, innovators and businesses will need to be aware of as follows:

Designs

A tighter definition of what qualifies for protection for unregistered designs

- The meaning of a 'design' has been amended so that it is no longer the design of 'any aspect of the shape or configuration of the whole or part of an article' that can be protected. The words 'any aspect of' have been removed in order to limit the protection for trivial features and prevent claims being made for very small parts of articles.
- The meaning of 'original' has been clarified. Previously an unregistered design was not original if it was 'commonplace in the design field in question'. This has led to uncertainty in the design industry as to the precise geographic coverage, especially given the equivalent concept of novelty for registered designs covers the EU. The new Act has therefore extended the definition to 'commonplace in any qualifying country in the design field in question'. A qualifying country includes the UK and EU member states so an unregistered design will not be original if it is commonplace anywhere in the EU.

Qualification criteria for unregistered designs

- The law previously specified certain criteria, based loosely on nationality that determined which individuals and bodies qualified for unregistered design rights in the UK. The new Act maintains the principle of qualification but simplifies and extends it, so that those who are based in and are economically active in the EU and those countries to which qualification has

been extended by Order may qualify. Whether a design qualifies on the grounds of first marketing will now depend on the country in which those sales took place, as well as in relation to the 'qualifying person' who did the marketing. The provision ensures that countries that do not offer reciprocal recognition of design rights cannot benefit from recognition of design rights in the UK.

New infringement exceptions for unregistered designs

- The new Act makes certain acts exempt from being an infringement of unregistered designs – these are acts done privately, for experiments or for teaching. These provisions mirror the exceptions already available under EU law for registered designs and brings them closer to the exceptions which exist under copyright law.
- Under previous law, someone allowed to use a Community registered design valid in the UK could be sued for infringement of the associated copyright, whereas users of the equivalent UK registered design were protected against that. The existing exemption that applies to UK registered designs will now be extended to a Community registered design which means that a UK business will now be allowed to use a design registered in the EU, without being held liable for copyright infringement. The exemption will not apply to UK and EU unregistered designs.

New ownership rules – UK unregistered and registered designs

- Previously, where a UK design was commissioned, the owner of that design was the person who commissioned it, not the designer. The new Act provides that, subject to any contract to the contrary, the owner will be the first designer, not the commissioner. This will apply to both registered and unregistered UK designs and has been amended to align UK designs with EU design law and UK copyright law. This does not alter the law in relation to employers who will continue to own the rights to an employee's design produced as part of the job and under the employment contract.

Right of prior use for UK registered designs

- This is a limited defence allowing a third party, who has acted in good faith, to continue to use a design that is subsequently registered by someone else. It means third parties can continue to use the design, or start to use it if they have made 'serious and effective' preparations to do so, without fear of later being stopped and risking jeopardising good faith investments. The protection only applies to the use that a third party has made (or made preparations to make) of the new design. This change harmonises UK law with EU law, which has an identical measure.

A new international design registration system (the Hague system)

- The Act creates a power enabling the UK to join the Hague system – the international design registration system which allows designers to register their designs across as many or as few member states as they like, with just one application and one fee. This is analogous to the international trade mark registration system under the Madrid Protocol. The system should significantly reduce costs for businesses wishing to register designs in multiple territories.

Financial remedies for innocent infringement for UK registered designs

- Under the previous law, in the case of a UK registered design, an innocent infringer (someone who proves that at the date of the infringement, he was not aware, and had no reasonable grounds for supposing, that the infringed design was registered) could not be pursued for an account of profits or damages. This was not the case for Community registered designs where a designer could be pursued for damages and/or an account of profits. This meant that there were different financial liabilities for the innocent infringer of a UK registered design and a Community registered design, even though both are valid in the UK. Under the new Act, a UK

registered designer will now be able to seek an account of profits from an innocent infringer, but not any form of wider financial damages, which will bring the law on financial remedies for innocent infringement in line with EU law.

Appeal process for registered designs

- The new Act provides an alternative avenue for appealing against an unfavourable decision by the UK Intellectual property Office (UKIPO). In addition to appealing to the High Court, an appeal can be made to an "Appointed Person" at the UKIPO. This brings the routes of appeal for design disputes in line with the system currently available for trade marks. This should provide a quicker, cheaper, more accessible and less formal way of resolving a design dispute.

A new Design Opinions Service for registered designs

- The UKIPO will provide a voluntary, low-cost, non-binding and impartial opinions service on issues such as whether a design is valid, whether a design is infringed or is being infringed and even issues relating to design ownership. This will be similar to the well-regarded Patent Opinions Service. It is hoped this service will assist any decision-making before embarking on formal legal action, or will limit or focus any litigation that does ensue. This service will not cover unregistered designs but may be extended to cover them in the future.

New criminal sanctions for the intentional copying of a registered design

- This has been the most controversial provision in the Act. It will now be a criminal offence to 'intentionally' copy a UK or EU registered design by making a product 'exactly to that design or with features that differ only in immaterial details from that design'. This carries with it a maximum 10-year prison sentence and/or a fine. The offence is limited to intentional copying and will only apply to designs that are identical or virtually identical to the registered design - effectively counterfeits. Inadvertent, accidental or unintentional copying will not be caught. There is a defence available where the person charged with an offence can show that they reasonably believed that the registration of the design was invalid. This criminal sanction does not apply to the infringement of unregistered designs (UK and EU).

There are also various general design provisions under Part I of the Act which are part of a wider package of measures to reduce bureaucracy and to generally improve access to the services of the UKIPO, such as, allowing inspection of design documents online, allowing the UKIPO registrar to issue directions (about forms and operating hours) without having to rely on secondary legislation.

Patents

Implementation of the Unified Patent Court Agreement in the UK

- The new Act allows for the Secretary of State to make an order to implement the Unified Patent Court Agreement (UPC Agreement) in the UK, allowing for the UK's ratification. The UPC Agreement is the intergovernmental agreement, signed by 25 Member States, which establishes a new specialist patent court in the UK - the UPC. The UPC will hear disputes on European patents (as currently granted by the EPO) and the new unitary patent – a single patent that can be valid in up to 25 countries. The UPC Agreement can only enter into force once it has been ratified by 13 signatories, of which 3 must be France (already ratified), Germany and the UK. Ratification by the UK is expected to be in 2015.

Changes to the current Patent Opinions Service

- Currently, if an opinion issued by the UKIPO finds that a patent is invalid (i.e. not novel or lacks an inventive step), it is up to the third party to initiate revocation proceedings if warranted. In future, in clear-cut cases, the UKIPO will be able to start revocation proceedings, on its own initiative, on behalf of the third party. The UKIPO has made it clear that it will only initiate proceedings where the patent is clearly invalid and a patent holder will be given the opportunity to put forward arguments and amend the patent if necessary. This provision is aimed at benefitting mostly small business wishing to challenge a bigger player in the industry with an invalid patent but which can't afford to challenge through the courts. It is hoped that this will help establish a higher rate of valid patents in force in the UK.
- The new Act will also allow for opinions to be requested on the validity or infringement of a Supplementary Protection Certificate.

Marking a patent with an Internet link

- The Patents Act 1977 provides for restrictions on the recovery of damages for patent infringement where the defendant proves that "he was not aware, and had no reasonable grounds for supposing that the patent existed". Previously, to avoid such a situation, patent owners have been able to give notice of their patents by marking their products with the relevant patent number. The new Act provides an easier way for patent owners to give notice of their patent rights - as well as being able to mark products with the specific patent number(s), proprietors will also be able to mark their products with a relevant Internet link instead which will lead the user to a website or specific webpage with details on the patented product.

Sharing patent information with overseas patent offices

- The new Act allows the UKIPO to share information on unpublished patent applications with other national and regional patent offices, so there will be no need to repeat work already completed. Arrangements will need to be put into place between patent offices to protect confidential information. This change has been introduced in order to improve international cooperation and speed up the global patent-granting process.

Commentary

During the passage of the Intellectual Property Bill through Parliament, it took on various descriptions - 'small but perfectly formed' was one but by contrast, 'brief and flimsy' was another. But which is it? The Government identified that design law in the UK needed to change – it need to be harmonised with EU law, simplified and modernised. No one favoured a radical overhaul - rather it was decided to focus on the existing regime and update it to provide a more effective and efficient system. Some of the battle will be educating businesses about the new law and the Government has stressed that it is committed to working with businesses to educate them about the changes and what it means for them in practice. In line with this commitment, the UKIPO has produced some helpful [guides](#) and there are some comprehensive '[Explanatory Notes](#)' that supplement the Act. But how will the Government measure the success of the Act? The Secretary of State has a duty under the Act to present to Parliament an annual report on the extent to which he thinks the activities of the UKIPO have contributed to innovation and economic growth in the UK and how effective the legislation has been. It will be interesting to monitor progress over the coming years and to see whether the Act produces the desired effect of expanding the UK's design sector in general.

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