

<p><b>Title:</b> Introduce a criminal offence for the intentional infringement of a UK or EU Registered Design</p> <p><b>PIR No:</b> BEIS020(PIR)-20-IPO</p> <p><b>Original IA/RPC No:</b> BIS0376</p> <p>Lead department or agency: The Intellectual Property Office (IPO)</p> <p><b>Other departments or agencies:</b> Click here to enter text.</p> <p>Contact for enquiries: Mark Davies 01633 814006 mark.davies@ipo.gov.uk</p>	<b>Post Implementation Review</b>
	<b>Date:</b> 12/05/2020
	<b>Type of regulation:</b> Domestic
	<b>Type of review:</b> Statutory
	<b>Date measure came into force:</b> 01/10/2014
	<b>Recommendation:</b> Keep
<b>RPC Opinion:</b> N/A Choose an item.	

**1. What were the policy objectives of the measure? (Maximum 5 lines)**

This PIR is 2 of 3 for design measures introduced by the Intellectual Property (IP) Act 2014. It covers the introduction of a criminal offence for the intentional infringement of a UK or EU registered design. The other PIRs relate to amendments of design ownership provisions and revision of scope of design protection.

The policy objectives of this measure were:

- i) To reduce the scale of registered design infringement by introducing a deterrent.
- ii) To increase protection for the holders of registered designs.
- iii) To enable suitable prosecution of perpetrators of blatant design infringement.

**2. What evidence has informed the PIR? (Maximum 5 lines)**

For this PIR, we took into consideration feedback given by stakeholders. We targeted a total of eleven trade associations and umbrella organisations, key stakeholder groups including legal representative professional bodies and individual companies. We also considered internal management information such as customer feedback from the Intellectual Property Office's (IPO) information centre and customer insight teams. We have gathered data in relation to the number of Registered Design applications filed covering a period of 5 years and engaged with Trading Standards organisations.

**3. To what extent have the policy objectives been achieved? (Maximum 5 lines)**

From the responses received we feel the policy objectives have achieved what they set out to do and that this measure has acted as a deterrent to potential infringers.

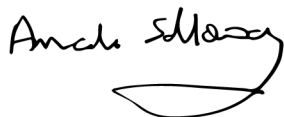
Sign-off for Post Implementation Review: Chief economist and Minister

***I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.***

Signed: Steph Dales

Date: 17/06/2020

Signed:

A handwritten signature in black ink that reads "Amanda Solloway". The signature is written in a cursive style with a large, sweeping flourish at the end.

Date: 24/07/2020

**AMANDA SOLLOWAY MP**

Parliamentary Under Secretary of State  
Minister for Science, Research & Innovation

## Further information sheet

Please provide additional evidence in subsequent sheets, as required.

### 4. What were the original assumptions? (Maximum 5 lines)

- i) That trademarks can be used as a proxy for projections of future design criminal cases. The original IA estimated between 1 and 11 cases of criminal proceedings (central estimate was 6 cases).
- ii) That there would be some familiarisation costs to police and business.
- iii) That resources dedicated to investigating design infringement will not need to exceed the level at the time.
- iv) That impact on legal aid services will be minimal.
- v) That there would be possible additional costs to the Probation Service if average prison sentences rise significantly compared to the proxy offence.

### 5. Were there any unintended consequences? (Maximum 5 lines)

The IPO is not aware of any unintended consequences of this new measure. Stakeholders have not expressed any concerns or dissatisfaction with the changes made. One stakeholder group who have always been strongly opposed to the introduction of criminal sanctions maintained their position but did not offer any new evidence to support their position.

### 6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

We do not have evidence that the changes have reduced the burden, but we have made the presumption that our stakeholders are content with the changes because there has been no negative feedback from the industry. The evidence has not identified any opportunities for reducing the burden on business.

### 7. For EU measures, how does the UK's implementation compare with that in other EU member states in terms of costs to business?

This is a UK specific law. It is not implementing an EU measure and therefore there is no relevant comparison to be made with other member states in terms of costs to business.

# **Review of the 2014 Introduction of a criminal offence for the intentional infringement of a UK or EU Registered Design**

## **Introduction**

This report sets out the results of the IPO's post implementation review (PIR) of changes to designs law introduced by the Intellectual Property Act 2014. The changes to the legislation introduce a criminal offence for the intentional infringement of a UK or EU registered design.

In conducting the review, the IPO has considered whether and to what extent the changes:

- Have achieved their original objectives.
- Are still required and remain the best option for achieving those objectives.
- Could be achieved in another way which involves less onerous regulatory provision.

## **Context and purpose**

Prior to the introduction of criminal sanctions for registered designs in 2014, IPO conducted a survey which revealed that 59% of respondents reported they had experienced their designs being copied. The Civil Courts were the main route for businesses to enforce and protect a registered design.

Following the recommendations of the 2011 [Hargreaves Review](#) of Intellectual Property and Growth, a call for evidence, associated online survey and a public consultation, the Government introduced new legislation to simplify design law and improve how the IP framework supports innovation.

The aim of changing the law was to introduce a criminal offence for intentional copying of a registered design to allow designers and businesses to better protect and enforce their registered designs. In addition to changing the law the measure would also act as a deterrent against intentional copying. The offence is intended to help reduce the scale of design copying in the UK whilst increasing protection for the holders of registered design rights. Introduction of criminal sanctions for registered designs provides an additional method of enforcement and protection to the existing civil sanctions which are in place for design infringement. It provides similar sanctions to those available for other intellectual property rights, such as infringement of copyright and trademarks and has brought registered design rights in the UK into line with other EU countries.

## **Methodology/Review Process and stakeholder responses**

The impact of this measure was expected to be below the £5 million threshold (net annualised impacts to business). Therefore, as per guidance, we have taken a proportionate approach to the review appropriate to the expected benefits or levels of uncertainty associated with the measure. It has not been possible to estimate costs/benefits over the last five years due to the lack of monetised evidence provided by stakeholders.

We sought feedback on the measures from stakeholders. We contacted eleven different trade associations and umbrella organisations, key stakeholder groups including legal representative professional bodies and individual companies.

We also invited a mixture of respondents (38 in total) to “The Consultation on the Reform of the UK Designs Legal Framework” to express their views on whether the design related measures which were brought in by the IP Act 2014 have been a benefit to them as a stakeholder, or their clients if they are a legal representative. We were also keen to understand any negative outcomes or unintended consequences of the measure.

One stakeholder group who have always been strongly opposed to the introduction of criminal sanctions maintained their position in their response. Other stakeholder responses did not express concerns or dissatisfaction with the changes made.

The largest estimated cost impact in the original impact assessment were one-off training and familiarisation costs for the police. Our review didn’t attempt to gather evidence from police forces to evaluate this assumption, because we felt that was not proportionate given the one-off nature of these familiarisation costs. The estimates in the original IA were based on an established methodology for guidance of a similar type being introduced for a different policy area.

The IPO is aware of criminal infringement cases and one recent case that resulted in a successful prosecution. The individual pleaded guilty to offences under the Trade Marks Act 1994 and the Registered Designs Act 1949 for possessing counterfeit mobile phone accessories and was fined £300, the company fined £1000 and costs of £946.50 were awarded. We continue to monitor the situation by liaising with Trading Standards organisations and the Ministry of Justice. Given the central estimate of number of cases was 6, we should have confidence that the costs identified in the original impact assessment remain valid.

IPO administrative data<sup>1</sup> shows that applications for designs increased from 5,084 in 2014 to 25,545 in 2019. However, it is difficult to ascertain the proportion of this that might be due to the introduction of criminal sanctions increasing protection for the holders of registered designs, the reduction in fees, or modernising of the designs system which have taken place since 2014.

The original impact assessment suggested that we might commission research to quantify the benefits of introducing criminal sanctions for the design system. We have not undertaken this as we did not think it was likely to be successful, wasn’t proportionate for the purposes of this review and therefore wouldn’t offer good value for money. We continue to review and develop the evidence base around the functioning of the design rights system.

## **Issues and recommendations from stakeholders**

One stakeholder organisation suggested there should be a requirement of design validity before a criminal case can be brought, or amendment of defences to infringement to make provision for the accused reasonably believing that the registration was not valid. Another stakeholder suggested that the availability of mediation should be better publicised as an alternative to bringing criminal sanctions. The same stakeholder suggested extending criminal sanctions to unregistered designs, with others opposing this on the basis that it is not always easy to determine which unregistered rights exist and who owns them.

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<sup>1</sup> [Facts and Figures](https://www.gov.uk/government/statistics/facts-and-figures-patent-trade-mark-design-and-hearing-data-2019) (2020), Intellectual Property Office, <https://www.gov.uk/government/statistics/facts-and-figures-patent-trade-mark-design-and-hearing-data-2019>

## **Conclusion and Next Steps**

The information gathered through this review suggests that overall stakeholders welcomed this provision.

We have been unable to demonstrate the impact set out in the original impact assessment due to the lack of monetised data and evidence provided by stakeholders.

Although one stakeholder who responded and maintained their position about this particular measure the majority of the comments have been positive which suggests to us that IP stakeholders are broadly satisfied with this measure. The review has not identified any improvements in the assumptions which would change the original assessment.

Therefore, our judgement is that the original objectives remain valid and we conclude that it would be appropriate to retain the measure in its current form.