

EXPLANATORY MEMORANDUM TO
THE COMMUNITY DESIGN (AMENDMENT) REGULATIONS 2014

2014 No. 2400

1. 1.1 This explanatory memorandum has been prepared by the Intellectual Property Office, an Executive Agency of the Department for Business, Innovation and Skills and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument amends the Community Design Regulations 2005 (the 2005 Regulations) so that the unintentional infringement of a registered or unregistered Community design in the UK can no longer give rise to an order to pay damages. This will achieve parity between the liability regime for innocent infringement of Community designs (which are valid in the UK) and that of UK designs (both registered and unregistered)¹.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 This instrument removes a discrepancy between the liability regimes for innocent infringement of a design under EU and UK law. This discrepancy was highlighted by considerations in *J Choo (Jersey) Ltd v Towerstone Ltd* [2008] EWHC 346 (Ch) heard by Mr Justice Floyd.

4.2 The change being made under the 2005 Regulations is being made in tandem with the commencement of s.10(1) of the Intellectual Property Act 2014 (IPA). Section 10(1) amends the Registered Designs Act 1949 so that an account of profits may be awarded against a party in proceedings concerning the innocent infringement of UK registered designs (the position on damages, which are not awardable, remains unchanged). This instrument, together with s.10(1) of the IPA, will ensure that there is similar liability in cases of innocent infringement between UK and EU designs.

4.3 For European-based legislation it is usual to amend UK laws under the European Communities Act 1972, which is being used for amending remedies for innocent infringement under the 2005 Regulations.

5. Territorial Extent and Application

5.1 This instrument applies to the whole of the United Kingdom.

¹ See section 10(1) Intellectual Property Act 2014, which comes into force on 1 October 2014 and section 233 Copyright, Designs and Patents Act 1988

6. European Convention on Human Rights

6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- *What is being done and why*

7.1 This measure, alongside section 10(1) of the IPA, ensures that the potential liabilities for the innocent infringement of designs rights valid in the UK are the same, whether those rights arise from the UK national or Community designs regimes.

7.2 The government has not introduced the full liability regime applied in the case of the EU right (account of profits *and* damages), nor has it opted for the ‘no liability’ regime of UK registered designs. It has instead limited the financial penalties for both UK and EU rights to account of profits only. This ensures that those using another’s intellectual property do not profit unjustly, but neither are they unduly penalised for *unintentional* infringement.

8. Consultation outcome

8.1 A consultation² on amendments to design legislation ran from December 2010 to March 2011. It sought views on whether, and how, to equalise the remedies in the UK for innocent infringement of UK registered designs and Community designs.

8.2 Damages and/or an account of profits could be sought against an innocent infringer of a Community design but neither could be sought against an innocent infringer of a UK registered design (although an account of profits could already be sought for infringing UK unregistered design right).

8.3 Out of the 19 responses received from the consultation, the majority of respondents felt the status quo was not desirable and that the remedies should be equalised. However, there was no clear consensus on how to achieve this. The Government considered all the responses and amended the law in a way which recognises the potential harm to rights owning businesses whilst acknowledging the unintentional nature of the infringing activity.

9. Guidance

9.1 No guidance has been produced to accompany this instrument as the changes will not impose any new burdens on business.

10. Impact

10.1 As the purpose of this change was to remove an anomaly that was introduced on the implementation of the Intellectual Property Enforcement Directive (2004/48/EC) the change would have no significant impact on business.

² <http://www.ipo.gov.uk/consult-desleg.pdf>

11. Regulating small business

11.1 The legislation applies to small business, but the changes proposed will have a negligible impact as described above.

12. Monitoring & review

12.1 The Intellectual Property Office is in the process of developing an evaluation strategy for all legislation for which it has responsibility. This instrument will be included within that, which requires evaluation to be carried out within 5 years of implementation. For this instrument, this means 2019.

13. Contact

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