

DAVID v GOLIATH

What are ACID's TOP TEN solutions on legal issues before the 2024 Design & IP Consultation?



UK DESIGN ECONOMY THRIVES, DRIVING ECONOMIC GROWTH



PROVIDING JOBS FOR NEARLY 2M PEOPLE INVOLVED IN DESIGN



CONTRIBUTING NEARLY £100BN TO THE UK'S GVA IN 2021



Background

Nearly eight decades ago Sir Winston Churchill created the Design Council to tackle the biggest challenge of the time, the post-war economic recovery, ***“To promote by all practicable means the improvement of design in the products of British Industry.”***

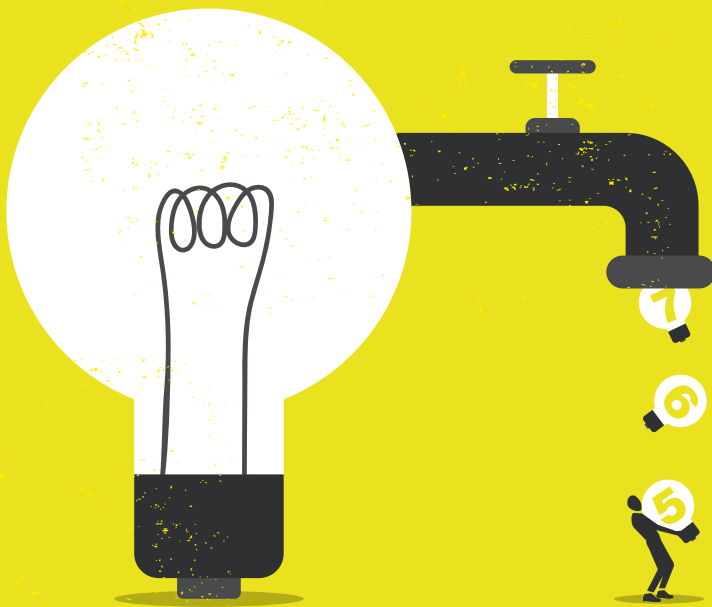
Despite the various challenges the new UK Government faces, the UK design economy thrives, driving economic growth and has done so for many years. It provides jobs for nearly two million people involved in design and design skills and contributes nearly one hundred billion pounds to the UK's GVA in 2021. For centuries, British design, engineering and architecture have been the bedrock of innovation.

In the context of continued growth, however, the Government are encouraged to listen and act upon some of the contemporaneous and real challenges facing so many of the UK's successful lone, micro and SME designers where the current IP system does not support them.

In a culture of blatant and deliberate design theft, designers have little in their IP armoury with which to fight. Complicated laws, expensive and time-consuming litigation and for unregistered Design (UDR) infringement, which is largely deliberate and intentional, no deterrence because of a lack of criminal provisions. Consistent and blatant infringement is chilling for innovation, leads to business uncertainty and causes mental distress and, in some cases, breakdown.

Over the past sixteen years, despite recommendations from two government consultations which have been mainly ignored, the IPO now has been presented with a golden nugget to change the status quo for designers for the better. Whilst there are moral and societal issues, IP law should be fit for purpose, this also includes finetuning and concentration on legal and procedural ideas for improvement.

ACID's TOP TEN suggested solutions for legal and procedural ideas for consideration:



- 1 Cross sector discussions** a cross sector / IP right forum or even group to meet every quarter to discuss David v Goliath issues and how to overcome them. The issues are not just confined to design rights there are similar problems with music industry disputes and other sectors within the Creative Industries.



- 2 Enforcement** Create a simplified version of the IPEC (inc Small Claims Track) based on the model used by the Danish Design Board dealing with both registered and unregistered designs offering speedy solutions.
To summarise, we need a low cost, quick and efficient streamlined legal procedure. In addition there has got to be a damages and costs framework that provides sufficient compensation and acts as a stronger deterrent.



- 3 Costs** Abolish security for cost proceedings in cases below a certain financial threshold and amend the IPEC rules to stop the tactic of transferring cases from IPEC to the SCT to pressure a Claimant to drop or under-settle due to the limited costs regime. A claim issued in IPEC main list, where an injunction is being sought as part of the remedy, should not be transferred down. Case study: both parties were significant textile businesses. Defendant successfully persuaded the Judge to transfer down (subject to there being no cap on damages) solely on the basis that its sales of the infringing product were very small. Following Judgment at trial and in the inquiry, the Claimant was awarded over £40k damages but only very limited costs.



- 4 Governance** Create a new Chartered Designs & IP coalition of experienced IP lawyers who adopt a best practice protocol and who sign a litigation Code of Conduct within an affordable price structure with efficient timelines. The complexity of the law allows some legal professionals to deliberately over complicate correspondence which is expensive.



- 5 Self-Help IP Tools** Promote industry guidelines about “What to do if you are copied” Create a simple check list to ensure that the right evidence is presented to an IP lawyer to draft a “Letter Before Action” having all the facts to substantiate a good claim. Create and promote information about the stages of a claim and what happens and when. This is aimed at helping those with low budgets to maximise IP specialist intervention and cut costs. These could be provided as an ACID membership benefits package with a nominal charge.

There is a consensus in some of the C4V responses for an AI tool to be created for a user friendly and cheap search tool. Currently it is seriously expensive and difficult to search the web but if one could be created for registered and unregistered this would take away the current often-used argument and excuse for criminal sanctions applying to unregistered designs. Most SMEs, if they could have an AI cost effective resource, could identify those who are infringing but the current inhibitors are not knowing how, the cost, anxiety and fear.



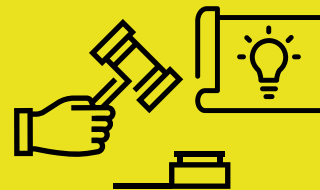
- 6 SME Support** Early-stage independent design opinions service to assess the legal credibility of commencing proceedings This could take the form of a Pro Bono legal advisory and advocacy service to assist designers with litigation where their designs are copied. This was recommended in 2015 why hasn't it been actioned? This could be an independent service.



- 7 Create an extensive facilitated negotiation or intervention service** bought into by legal profession in additional regulation, ACID has a tried and tested 3-hour model without lawyers but mediated by a design lawyer who is also experienced in this field. This has proved successful in encouraging parties to avoid expensive litigation and through this system negotiate an agreement to which both parties can adhere.



- 8 Risk Strategy** Create a national IP insurance scheme that is affordable and effective for lone, micro, and SME designers - provide financial incentives for litigation funders / insurers to back cases. If Government backed this it could create a critical mass to make premiums accessible for lone, micro and SMEs.



- 9 Strengthen Design Law** Introduce criminal sanctions for deliberate UDR infringement. By strengthening a designer's IP armoury, this would provide a stronger enforcement strategy. If communicated widely by the Government/ IPO this would add to robust deterrence that would have impact. Increase penalties that bite and deter.



- 10 Dealing with rogue design and trade mark registration applications from China and other countries before the originators** Stem the flow of trade mark and design applications by introducing a requirement that all registrants to be represented by a UK lawyer. This is what other IPOs require, e.g. the EUIPO and the USPTO. It would provide a good degree of filtering of bogus design and trade mark applications.

General Comments

- ➔ Design law reform is for designers! Don't tinker with overcomplicated technicalities of design law, create a two-tiered approach. There is scope for aesthetic designs to come back under copyright protection and for functional utility designs to remain within current legislation. Bringing back copyright for aesthetic designs would increase term (the life of the creator + 70 years) and would automatically provide criminal provisions.
- ➔ Relevancy of design consultations for all - It is felt that there is a need for more relevancy of consultation questions – so it is essential that the 2023 Designs Consultation asks relevant questions that are apposite for end users – both designers and IP professionals. In the last Calls for Views 79% were from legal academics, lawyers, or big business only 21% were from designers or design consultancies. The IPO must also acknowledge that evidence is a transparent two-way process in accordance with the guidelines set out by Professor Hargreaves.
- ➔ Design accounts for £1 in every £10 exports and plays a positive role IP in international trade, and the IPO can be a conduit in opening new markets, and doing so in a way that provides secure IP conditions to drive innovation, exports, and collaboration?
- ➔ In the UK and internationally designs remain the Cinderella of IP rights and are consistently inconsistent in term and protection. This must change.
- ➔ “Lifting the corporate veil” – individual directors should be accountable for IP infringement
- ➔ A government push to support all within the design sector, retailers, designers, design organisations, manufacturers, designer makers to sign and promote the ACID IP Charter calling for national IP respect, ethics and compliance. This could so easily be promoted at Cabinet level.



In a review of the latest Calls for Views there is consensus on the following from all respondents:

- ➔ Registration system unreliable and complicated and costly if you get it wrong, e.g., Trunki. In the case of Triclimb v Aldi they completely ignored Christine's registration.
- ➔ Enforcement is too costly and complicated (for bringing and defending an infringement action); insufficient awards of damages and costs (need to protect investment and costs)
- ➔ Streamlined enforcement procedure
- ➔ Simplification of the law but not at the cost of protection
- ➔ Increase in term of rights for longer period of protection
- ➔ Product first disclosure – simultaneous disclosure (on what medium and what would be considered valid disclosure?)
- ➔ International harmonisation/alignment with EUIPO
- ➔ IPEC should be expanded to cover registered and unregistered design cases as recommended by Hargreaves
- ➔ (Independent of UKIPO) a designs opinion service/examination prior to enforcement
- ➔ Introduction of user-friendly AI tools – reliable for searches (this could be helpful if developed for registered and unregistered designs in some way)

ACID has shared this document to seek their views with its ACID Advisory Council, Legal Affiliates, Sector Council, Design Council, members and the wider design community through its Partners.