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David McIntosh QC (Hon)  
Chairman

8 March 2011

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By email: [consultation@ipo.gov.uk](mailto:consultation@ipo.gov.uk)

For the attention of: Raoul Colombo

Dear Sirs

***Re: IP Committee response to the Consultation on Amendments to Design Legislation***

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The City of London Law Society ("CLLS") represents approximately 14,000 City lawyers through individual and corporate membership including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multi jurisdictional legal issues.

The CLLS responds to a variety of consultations on issues of importance to its members through its 17 specialist committees. This response in respect of the Consultation on Amendments to Design Legislation has been prepared by the CLLS IP Committee.

Yours faithfully



**Joel Smith**

Chair  
CLLS – IP Committee

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## **Response to the Consultation on Amendments to Design Legislation**

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This response is made on behalf of The City of London Law Society.

### **The City of London Law Society**

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### **Response to questions**

- Q1. "Do you think there is any reason to maintain the status quo i.e. that financial remedies are available for unintentional infringement of a Community design right but not for unintentional infringement of a UK registered design?"**

We can see no logical reason to have different financial remedies for what are essentially the same rights. We are not convinced that the decision in *J. Choo (Jersey) Ltd v. Towerstone Ltd* is correct and we also do not consider that the statement in the last sentence of paragraph 19 of the Consultation Document is correct (for the reasons given in Russell-Clarke and Howe).

- Q2. What do you think the economic consequences would be for the owner of a Community design right if it cannot get damages for unintentional infringement of its right?**

In most design right cases, it should be more important to secure an injunction to stop the infringement than to secure damages at a later date. The fact that damages may not be available should encourage the proprietor to complain at an earlier stage than they might otherwise do rather than "sit on their hands" whilst an innocent infringer incurred a liability in damages.

- Q3. Given that the UK register of designs is publicly available and searchable online, is it still necessary to prevent the courts from making an order for financial compensation for unintentional infringement of UK registered designs**

**on the basis that the infringer was aware and had no reasonable grounds for supposing that the design was registered?**

This is very much a political decision and one which affects a range of IP rights. We can see the arguments that registration should give constructive notice of the design right, but question how realistic that is in practice given the complexity of registered designs law, the fact that it is an unexamined right and the practical difficulties of searching (whilst designs are, in theory, searchable online, it is not at all easy to do so). Section 62(1) Patents Act 1977 is in very similar terms to Section 24B of the RDA and it would be somewhat odd to have different provisions between these two rights. Copyright law is also not dissimilar (Section 97 CDPA 1988).

**Q4. What are the economic consequences on users if Section 24B of the Registered Designs Act 1949 is repealed? How serious would this be for users?**

The risk is that an innocent infringer could incur a substantial liability to damages if the proprietor of the Registered Designs did not complain at an early stage. For importers and retailers in particular this could be quite a major issue.

**Q5. Does the non-availability of an order for financial compensation in the case of unintentional infringement of UK registered designs alter the behaviour of those who use designs? If so, how does it do so?**

We consider that the answer is yes. If retailers and importers, for example, knew that they faced potentially very material liability for innocent infringement of a registered design, then those with the resource to do so will feel forced to spend potentially lots of time and money on searches and advice. However, such searches have severe limitations. It is very difficult and expensive to search for (and take advice in relation to) registered designs (just as it is for patents) and, given the wide variety of articles to which they can relate, it is not really practical to do so other than in certain industries or for certain products when a substantial investment is being made. In fast moving industries, such as clothing, toys, footwear etc. searches are very uncommon and it would be a significant burden on UK business to have to conduct searches for all products.

This means, even after spending that money, infringement can remain a very real risk. As a result, those with more limited resources are likely to conclude there is not enough benefit in undertaking the searches. This will leave those with less resource as the ones facing the biggest risks. The bigger retailers are also likely to force any third party suppliers to give stronger warranties and indemnities about such infringement. However, those suppliers may be smaller independent design boutiques. So, again it is the SMEs of this world that lose out. The fear factor could strangle design innovation. This adversely impacts on consumers since it is likely to lead to a reduction in design choice in the market.

**The City of London Law Society – IP Committee**

8 March 2011