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# The Development of Design Law Past and Future - Executive Summary

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## From History to Policy

Alexander Carter-Silk, Michelle Lewiston

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## Acknowledgements

Report main authors:

- Alexander Carter-Silk, Partner, Speechly Bircham LLP
- Michelle Lewiston, Solicitor, Speechly Bircham LLP

The authors would also like to acknowledge the major contributions to this report of:

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The Intellectual Property Office  
Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Tel: 0300 300 2000  
Minicom: 0300 0200 015  
Fax: 01633 817 777

e-mail: [information@ipo.gov.uk](mailto:information@ipo.gov.uk)

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# Executive Summary

British design makes a significant and substantial contribution to the economy. Government recognises that it is an area of potential growth.

Speechly Bircham LLP and research specialists from Mountainview Learning and the University of London (Goldsmiths & University College London) were commissioned by the Intellectual Property Office (IPO) and the Design Council to undertake a pioneering investigation into the effectiveness of design law in the UK and to research ways of bringing the system up to date.

The primary objectives of this research were:

- i. to evaluate the efficacy of design law [as perceived by industry](#);
- ii. to gain a better understanding of the costs involved in the design system and the way in which these costs affect behaviour; and
- iii. to research ways of bringing the system up to date.

## Introduction to Design

Prior to industrialisation, it was craftsmen who produced designs to which society accorded both financial and emotional value. The value attributed to designs was informed by the societal benefit derived from them. So when, for example, the UK textile industry was thriving, it was the designs applied to fabrics that were perceived to be of particular value.

Designs were originally protected as artistic creations under the auspices of copyright law. As society began to recognise value in different forms of artistry, from books to fabrics to fine arts, and as technological developments facilitated copying of these different art forms, the law responded in a piecemeal fashion, conferring copyright protection upon whichever form of design was under threat at the time.

The Industrial Revolutions of the 19th and 20th Centuries heralded a new era in which designs were applied to utilitarian objects, whose mass production was facilitated by new technologies. This presented a challenge to the legislature and the judiciary; whilst there was a desire to continue to protect creative designs, there was concern about fettering the development of functionality. This concern was compounded during the early 20th Century as the United States of America emerged as a major international player and designs became an integral part of many utilitarian objects rather than merely being applied to them.

In the mid 20th Century, craftsmanship and industrialism gave way to consumerism and the role of modern design law, like all modern intellectual property rights, shifted to regulation of competition and balancing “[measurable economic objectives against social goals and potential benefits for rights holders against impacts on consumers and other interests](#)”<sup>1</sup>.

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<sup>1</sup> Hargreaves, Professor I. (May 2011) “Digital Opportunity: A Review of Intellectual Property and Growth”, Chapter 11, page 98.

## The Modern Law

The protection of design has presented the legislature and judiciary with challenges for over 400 years. During this time, the duration, exclusions, scope and definition and the minimum requirements for protection of design have oscillated between extremes, responding to changes in industry and economic pressures.

However well intentioned, the legislative history of design has been unimpressive and has led to unnecessary complexity.

Today, designs in the UK are protected by no fewer than five legal rights: EU registered design rights, EU unregistered design rights, UK registered design rights, UK unregistered design rights and artistic copyright. However, this web of rights, described by Howe as a “labyrinth”<sup>2</sup> and by Professor Hargreaves as a “patchwork”<sup>3</sup>, seems to exist in a vacuum without a common purpose.

The UK unregistered design right, created by the Copyright, Designs and Patents Act 1988 protects shape and configuration, but leaves the protection of surface decoration and ornamentation to the remit of copyright.

In 2001, the Community Design Regulation<sup>4</sup> created a unitary right which provided a minimum level of consistent protection across all 27 EU member states, but with each having the ability to impose different local or national design right protection.

Whilst legislation has sought to encapsulate the “essence of design” in a way which has predictable outcomes when tested in Court, the rights protected by the EU legislation contain a number of components that require judicial interpretation. Recent case law illustrates contrasting approaches of the Office for Harmonisation in the Internal Market (OHIM) and those of national Courts, which have contributed to the confusion and unpredictability of outcome that is perceived by industry.

The judicial approach to interpretation of legislation has often appeared disconnected from the object behind its enactment. Judgements frequently seem subjugated to a judicial desire not to extend design protection any further than is absolutely necessary, being more concerned with the limitations than with the object of the rights granted.

## The Psychometric Analysis

The remit of the research was to assess the actual and perceived benefits, advantages, disadvantages and availability of the various remedies that address design right infringement. It also focussed on the practical ways in which the system can be improved.

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2 Howe, M, (2010) “Russell-Clarke and Howe on Industrial Designs”, Eighth Edition, Chapter 1, page 1.

3 Hargreaves, Professor I. (May 2011) “Digital Opportunity: A Review of Intellectual Property and Growth”, Chapter 7, page 64.

4 European Designs Directive 98/71 EC (the Directive) and Council Regulation 6/2002/EC on Community Designs (the Regulation)

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## The Effects of Design Rights on Motivation and Innovation

We know that the UK design sector is large. Given the Hargreaves Review, which states that “designers believe a patchwork of intellectual property right provisions puts them at a disadvantage in comparison with sectors fully covered by copyright law”<sup>5</sup>, the question emerges as to whether the UK’s design sector is large:

- a. **in spite of design rights legislation; or**
- b. **because of design rights legislation.**

The specific aims of the current research were therefore to assess:

1. whether perceptions and/or knowledge of the scope, effectiveness and complexity of the design rights legal system affect the motivation and behaviour of businesses to innovate, create and protect their design rights;
2. whether perceptions and/or knowledge of the cost (including monetary and non-monetary costs) of enforcing design rights affect the motivation and behaviour of businesses to innovate, create and protect their design rights;
3. whether variables, such as business size and design intensity, impact upon the motivation and behaviour of businesses to innovate, create and protect their design rights;
4. whether actual knowledge and a business’ perception of design rights, together with its motivation to create and protect those design rights, are related to respondent reported company data; and what remedies businesses find the most or least effective.

The results of the psychometric analysis revealed a number of reliable factors representing knowledge and perceptions/attitudes (thoughts and feelings) towards registration and enforcement.

Perhaps the most important finding is that both perceptions/attitudes and demographic variables significantly influence actual design related activity, that is, activity related to design innovation (and achievement) and protection.

For instance, whilst product life cycle and the amount companies are prepared to spend on the protection of their designs were significantly correlated to whether companies register their designs or not, the regression analysis revealed that attitudes toward registration and protection of design rights are key and important to the decision as to whether to register designs or not (with those perceiving it as more costly and time consuming registering significantly less).

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5 Hargreaves, Professor I (May 2011) Digital Opportunity: A Review of Intellectual Property and Growth, page 5, paragraph 4

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Similarly, regression analysis revealed that motivation to create was the most important predictor of design achievements. Those organisations who indicate that they are motivated to invest in, and protect, their designs are less affected by the costs and scope of design law.

Conversely, other design related activity, namely the amount companies were prepared to spend on protecting their designs and the frequency by which they assert their design rights, is primarily predicted by variables related to the business, such as business size and type (i.e. design intensity).

Taken together, these results reveal that perceptions of, and attitudes towards, the design rights system have an effect on design related activity, including design related innovation and protection, even when variables related to the business are taken into account.

Those who are more knowledgeable also feel more positively about registering designs and enforcing design rights. Knowledge is also related to motivation to create. Those who are more knowledgeable indicate that their design and innovation related motives and behaviour are less influenced by the scope of design law and the associated costs incurred to protect their designs.

Because attitudes and design motives influence actual design activity, education may be a way to foster positive attitudes and motives related to registration and enforcement, which in turn may lead to actual innovation .

The psychometric analysis also shows that designers are comfortable with, and will fall back on, copyright. The conceptual basis for copyright underpins its popularity with designers as the test for copyright infringement resonates with the essence of creativity. Copyright relies on a judicial assessment as to whether the alleged infringement is a “*substantial taking*” qualified by the “*quality of what is taken*” and not the quantity of the appropriation.

Whilst the qualitative copyright approach appears to resonate with the design community, the interpretation of the European Design Law detracts from the concept of the “*essence of a design*”.

## Complexity and Predictability

Research shows that the design community considers the law expensive and unpredictable. The Survey<sup>6</sup> validates this contention. In addressing why companies did not pursue a claim for infringement, even when their designs were being copied, they cited uncertainty of outcome as one of the prevailing reasons in discouraging them from bringing court proceedings.

This could be the result of designers not understanding what is, and is not protected, or it may reflect the fact that predicting any outcome of design litigation is too difficult. The Survey

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6 Ahmetoglu, G. and Chamorro-Premuzic, T., Design Rights and Innovation – A Psychometric Analysis (Chapter 5)

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indicates that it is likely to be a combination of both.

The research suggests that the perception of uncertainty of outcome when weighed against the time and costs involved renders design cases rarely worth pursuing.

The lack of cases cannot be held to be evidence of a lack of copying or the absence of a desire to take action, but rather that the process, cost and unpredictability favours the plagiarist.

## Policy Recommendations

Cost, speed and predictability of outcome were of key relevance in the Survey.

### 1. Registration of Design rights

Whilst registered design removes the requirement to prove copying and can provide a longer period of protection, it has failed to attract the attention of the UK design community as being something of value which is worth investing in.

Anchoring may also be influencing companies' decision-making. Free, automatic unregistered design rights are likely to work as an anchor, making £60 for the registration of a single design look expensive in comparison.

The availability of information: (i) giving examples of how things went wrong for other UK companies who had not registered their design rights, and showing how much damage such short-sightedness brought; and (ii) providing an emphasis on what is not covered by the default protection offered by unregistered design rights; is likely to have an impact on a company's decision to register.

#### Recommendations:

- To aid business decision-making, the IPO might reframe the protection afforded by registration of UK design rights as a comprehensive insurance policy, which safeguards future business interests.
  - It may also be beneficial to provide an online calculator into which a potential applicant can enter their requirements and receive a tailor made quotation for the application and registration process they require, reducing anchoring.
  - In addition, the registration fee could also be expressed as a "per year" or "per day" cost of protection.
  - The IPO should consider making the framework and the information relating to what can be protected by registered designs more salient and highlight the benefits to businesses in a fluent and uncomplicated manner.
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## 2. Design Rights – The Decision to Enforce

Availability of information regarding the steps, the costs and the length of time involved in the process of enforcing design rights is not apparent. Access to the design right enforcement process may therefore be obstructed by the lack of knowledge of what is involved.

### Recommendations:

- The provision of information on the likelihood of winning legal cases with regards to design rights may help to rebalance the bias;
- An information campaign which communicates the enforcement process, the costs and time that are likely to be incurred and the benefits of such action might assist business design makers to overcome the existing biases and act as a deterrent to design right violators.

## 3. Enforcement of Design Rights – Costs and Process

Even judgments by the Patents County Court (PCC), are beyond the reach of most small designers who made up the highest percentage of respondents to the Survey.

Even if they could afford their own legal expenses to bring cases, the unpredictability and apparent interpretation of the legislation, combined with the impact of a potential adverse costs order, reaches even the PCC out of reach for many SMEs and individual designers.

In addition, speed of access to remedies is fundamental to design rights particularly having processes that provide a workable method of swiftly removing infringements from the market.

Drawing from the information resulting from the comparison between the English and German Court structures<sup>7</sup> we would recommend the following for consideration by Government.

### (a) Refined multi-track approach to design

It appears to us that costs can only be constrained if there is a procedure adapted to the resolution of design disputes that despatches them swiftly. This would require modest variations to the PCC rules in relation to design.

As costs are the dominant feature of most discussion on the subject we would also recommend consideration of the course of action alluded to by Jacob LJ<sup>8</sup> in limiting evidence in design cases and reducing the timeframe within which registered design cases are decided.

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<sup>7</sup> See Chapter 3 of the report "From History to Policy - The development of design law - past and future", Alexander Carter-Silk and Michelle Lewiston

<sup>8</sup> Procter & Gamble v Reckitt Benckiser (2007) EWCA Civ. 936 - Robin Jacob LJ at paras 3 and 4

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Embracing this approach is likely to produce many more claims and a body of experience that will evolve into a library of design cases that, by example rather than precedent, will inform courts, potential claimants and defendants as to where the line is properly drawn. The greater the body of decisions, the more predictable outcomes are likely to be perceived.

**Recommendations:**

- Consideration may be given to a “superfast” track for small value design claims identified by the Judge at the outset of the claim and possibly assigned to an assessor or to a UKIPO tribunal (see below), where the costs should be limited to a fraction of the £50,000 limit.
- Where one party wishes to step outside of the “superfast” process; one might consider imposing aggravated damages and/or indemnity costs against a party who invokes the more expensive route if not succeeding.
- Consideration should be given for all design claims to be listed in a “design list” which accommodates an expedited process. With early judicial management of the evidence that both parties should be permitted to advance in support of their claims at the earliest possible stage (preferably at the first “design list” after the claim has been served) the expectation that design cases could be despatched in a morning might well be achievable.
- In appropriate cases consideration should be given to an expedited procedure giving directions on evidence, abridged pleadings, disclosure and statements, setting the date for the hearing, whilst also deciding whether a lay assessor should sit with the court.
- Adopting the Court of Appeal’s approach and having one eye on the value of court time, the registration of a UK design might give the holder the right to a swift hearing before the IPO offices. With limited costs awards and the right to have a declaration of infringement/non-infringement made by the IPO tribunal that could be enforced by injunction in the PCC without the need to give a cross undertaking, the twin objectives of limiting costs and increasing speed are more likely to be served.

**(b) Lay Assessors**

Predictability is most likely a factor of the judiciary perceiving design in the same or at least a similar way in which the design community does. It may therefore be worth considering a change in process to reduce costs and to introduce lay assessors who have experience in the particular industry to improve both of these aspects.

**Recommendation:**

- Consideration might be given to having industry lay assessors sit with the judge experienced in the particular industry. That is to say the “informed user” is present on the bench.
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Concept House  
Cardiff Road  
Newport  
NP10 8QQ

Tel: 0300 300 2000  
Minicom: 0300 0200 015  
Fax: 01633 817 777

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