

# Client Alert

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## New UK Intellectual Property Act 2014: Better by design?

By Sarah Wells and Susan McLean

On 14 May 2014, the UK Government introduced a new Intellectual Property Act 2014 (the “Act”). The Act, which focuses on patents and design rights, is intended to modernise intellectual property law to help UK businesses better protect their IP rights in the UK and abroad. This Alert summarises the key elements of the new Act.

### IS THIS LEGISLATION DERIVED FROM A EUROPEAN DIRECTIVE?

No, not this time. The Act is actually UK-specific. It stems from the Hargreaves Review of Intellectual Property and Growth (“Hargreaves Review”), which was an independent review carried out at the request of UK Prime Minister David Cameron back in 2011, amid concerns that current legislation was outdated in this current digital age. Prior to the Act, the UK legislation governing patents and design rights dated from the mid to late 20<sup>th</sup> century (e.g., the Patents Act 1977 and the Copyright, Designs and Patents Act 1988) – hardly current given the significant technology developments that have occurred in the past 50 years.

### WHO IS AFFECTED BY THE ACT?

Broadly speaking, the Act affects any businesses or individuals that have registered, or wish to register, UK design rights or patents and any owners of UK unregistered design rights (and, of course, any third parties affected by design and patent rights).

### WHEN DOES IT START?

For the most part, the Act will come into force on 1 October 2014. However, some changes will not come into force until 2015 (e.g., certain of the new services to be provided by the UK Intellectual Property Office (“IPO”). Details of the precise implementation process are yet to be published.

### WHAT ARE THE KEY CHANGES?

The most significant changes from a practical perspective are as follows:

- The UK rules on design ownership will be aligned with those of the EU. Now, for commissioned designs, it will be the designer, not the commissioner, who will be the owner unless the contract between the designer and commissioner states otherwise. So, if a commissioner wishes to own a design, the contract will need to include appropriate assignment provisions.
- A voluntary, non-binding, Design Opinions Service is to be introduced by the IPO. This will enable someone involved in potential designs-related litigation to obtain an impartial view from the IPO on the strength of their case, with the aim of lessening the likelihood of expensive and time-consuming litigation.

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- The Act allows the UK to join the Hague Agreement Concerning the International Deposit of Industrial Designs in its own right, rather than just being a member by virtue of EU membership. This means that those seeking to use the international system will now be able to specify the EU territories in which they want to protect their designs, rather than needing to pursue protection throughout the EU as a whole.
- The Act includes a power to ratify the Unified Patent Court Agreement and then implement the Unified Patent Court ("UPC") in London, subject to an order by the Secretary of State. The establishment of the UPC is a central part of introducing the new EU unitary patent which will span 25 EU member states ("relevant states"). The UPC will handle legal disputes on the new unitary patents as well as (unless the patentee has opted-out), patents of the relevant states arising from patent applications filed with the European Patent Office ("EPO"). UK patents arising from UK patent applications and opted-out UK patents arising from EPO patent applications will remain subject to challenge via the UK courts.
- The Act introduces a means for patent owners to provide public notice of their patent rights via a web address which details the relevant patent numbers, rather than having to provide patent numbers on the product itself. This is intended to reduce costs to patent holders while making up-to-date information readily available to competitors.
- The Act extends the Patent Opinion Service so that the IPO can give non-binding opinions on a wider range of issues concerning patent validity and the Act will also give the IPO power to revoke patents if an opinion clearly shows that a patent is not new or inventive.

The Act includes the following other changes:

- The Act clarifies what is protected under design law by simplifying and tightening the definition of unregistered design rights.
- The Act extends and simplifies the law on who may own a UK unregistered design right (broadly speaking, you must live in or be economically active in the EU).
- The intentional infringement of registered designs becomes a criminal offence (aligning designs with copyright and trade marks, both of which already carry criminal sanction protection). The new offence will be punishable by a fine and a prison sentence of up to 10 years.
- Certain acts will become exempt from being an infringement of an unregistered design (e.g., private use, such as for teaching), aligning the law with that for registered designs and copyright.
- The Act will ensure that those who use a registered Community decision (which is valid in the UK) with consent cannot be sued for infringement of associated copyright.
- Third parties, acting in good faith, will now be permitted to continue to use a design that is subsequently registered by someone else (subject to certain criteria).

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- The Act makes the financial remedies for innocent infringement of UK registered designs and Community decisions consistent. It also provides an additional route to the courts for appealing unfavourable IPO decisions regarding designs.
- The IPO will now be permitted to share information on unpublished patent applications with other patent offices. This is intended to help speed up international patent processing and help clear existing backlogs.

## WHY DOES THE ACT NOT COVER COPYRIGHT?

The amendments to the CDPA prompted by the Hargreaves Review are being dealt with under separate legislation. These amendments involve changes to the CDPA to better reflect copyright infringement exceptions available under EU law. These changes will be discussed in more detail in the next part of our Copyright series “*Europe explores its boundaries*”.

## CONCLUSION

With £16 billion being contributed to the UK economy by intellectual property investment each year, you can see why modernising UK intellectual property law for the digital age is a key aim of the UK Government. Whether the new Act achieves its objectives remains to be seen.

### Contact:

**Sarah Wells**

+44 (0)20 7920 4167

[swells@mofo.com](mailto:swells@mofo.com)

**Susan McLean**

+44 (0)20 7920 4045

[smclean@mofo.com](mailto:smclean@mofo.com)

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