



The Office of the
Committee for
Economic Development

CONSULTATION ON THE PROTECTION OF DESIGNS IN THE BAILIWICK

16 January 2017

Purpose and Type of Consultation

This consultation paper is being issued to seek feedback from business, stakeholders, consumers, industry associations, practitioners and any other interested parties on the further development of intellectual property in the Bailiwick of Guernsey.

The intention is that responses will be considered by the Committee *for* Economic Development (the **Committee**), which will in turn produce recommendations in respect of the proposals.

Closing date: 27 February 2017.

The Committee:-

1. would like to invite comments from all interested stakeholders, intellectual property users of Guernsey's intellectual property environment, customers and consumers about the proposals; and
2. aims to work closely with stakeholders and industry to ensure the Bailiwick adopts the most appropriate changes to protect and enhance its economy and intellectual property environment.

This consultation paper is a working document and does not prejudice any final decision to be made by the Committee.

Please refer to section 4 "responding to this consultation" for full details of how to respond to this consultation paper.

Consultees

This is a public consultation and responses are invited from all interested parties.

The consultation paper has been sent to:

Art dealers

Artists

Auction houses

Business magazines

Educational establishments (including GTA)

Galleries

Guernsey Press

Intellectual Property Commercial Group

Libraries

Registry User Group

States of Guernsey Champion for Disabled People (Deputy Sarah Hansmann Rouxel)

States of Guernsey Chief Information Officer (Colin Vaudin)

Committee *for the* Environment & Infrastructure

This consultation paper is also available on the [Registry website](#).

1 Executive Summary

The Committee wishes to modernise the Design legislation in the Bailiwick, in light of recent digital developments. It is also considered important that the Bailiwick's intellectual property environment keeps up to date with national and international developments, appropriate to the Islands.

The issues for consultation are discussed in detail below. Not all of the issues contained in this document may be relevant to your field of work or expertise. You are invited to respond to all or any of the questions as you consider appropriate.

A summary of the questions posed in this consultation are set out on page 14.

Introduction

Rights are available to protect both 2D and 3D designs, in addition to protection that is available by way of copyright, trade marks and patents.

The relevant legislation is contained in:

- *The Registered Designs (Bailiwick of Guernsey) Ordinance, 2005* (the “**Registered Designs Ordinance**”)
- *The Registered Designs (Designated Countries and Designated Offices) Regulations, 2009* (the “**Registered Designs Regulations**”).
- *Unregistered Design Rights (Semiconductor Topographies) (Bailiwick of Guernsey) Ordinance, 2006* (the “**Semiconductor Ordinance**”)
- *Unregistered Design Rights (Bailiwick of Guernsey) Ordinance, 2005* (the “**Unregistered Design Rights Ordinance**”)

Design is a wide ranging activity, covering a range of industries from furniture, ceramics, jewelry and fashion to industrial design and architecture.

Businesses have two different, and to some extent overlapping, forms of design protection available to them in the Bailiwick:

- a) **Registered Design.** A registered design can be protected for up to 25 years, subject to renewal, as provided for in the Registered Design Rights Ordinance; and
- b) **Unregistered Design Right (UDR).** Unregistered original designs are protected from being copied for up to 15 years (but with the last 5 years subject to licence of right), as provided for in the Unregistered Design Rights Ordinance. UDR does not extend to 2D

designs and for infringement to occur, copying must take place. Coincidental generation of a similar design, without copying, is not an infringement.

The Registered Design system in the Bailiwick is effectively a re-registration of a registered design in an approved overseas country.

2 Issues for consultation

Proposals are suggested to make design law simpler, clearer and more robust.

This consultation paper considers amendments to design right legislation in the following areas:

- a) changes to definition of unregistered design – originality (section 2.1);
- b) qualification for unregistered design right (section 2.2);
- c) changes to design ownership in relation to commissioned designs (section 2.3);
- d) a new criminal offence for intentionally copying registered designs (section 2.4);
- e) increasing information on registered designs (section 2.5); and
- f) developing a system of primary design registration (section 2.6).

2.1 UNREGISTERED DESIGN

2.1.1 *The current position*

An unregistered design, to be protectable, must be ‘original’. This has been taken to mean the design must be a product of some effort or skill on behalf of the designer and which has not been copied. Additionally, something that is “commonplace” cannot be considered original. The courts have stated that the test for the latter is what was already available at the time of the application.

UK design law, which is relevant for the Registered Designs Ordinance, includes the concept of “novelty”, which then covers the whole of the European Economic Area. The meaning of “commonplace” is not set out in the Unregistered Design Right Ordinance, and although case law has helped define it, there remains confusion as to the geographical coverage over which that meaning applies.

This creates inconsistency in terms of geographical reach. The current test for what is “commonplace” for Unregistered Designs could act as an impediment to legitimate inter-EU trade, in that there is no “level playing field”. Businesses in the Bailiwick may have access to protection of certain design rights that are not commonplace in the Bailiwick, but are in the rest of the EU. Such designs would not be protectable in the EU, as they would not pass the “novelty” test required under harmonised EU design law. It would therefore place those

trading into the Bailiwick at a competitive disadvantage, as they may find that they are potentially infringing a Bailiwick unregistered right.

2.1.2 Proposed amendments

It is proposed to extend the definition of “commonplace” to expressly cover the EU, and other geographic areas where unregistered design right subsists.

2.1.3 Policy issues

- i) It would make design law more easily understood if there were fewer differences between the Bailiwick, UK and EU rights. There might also be trade advantages from doing so.
- ii) Widening the meaning of “commonplace” would make it less likely that designers in the Bailiwick would unintentionally infringe a Bailiwick unregistered design right, when building upon ideas that they may have taken from elsewhere in the EU. It would put beyond doubt the geographical reach of the expression “commonplace”.

Question for consultation: Unregistered Design - Originality

1. Do you agree with the proposal to widen the meaning of “commonplace” to expressly cover the EU, and other geographic areas where unregistered design right subsist? Please provide reasons for your answer.

2.2 QUALIFICATION FOR UNREGISTERED DESIGN RIGHT PROTECTION

2.2.1 The current position

The rules about who is able to own unregistered design rights are considered to be restrictive, relative to those for Registered Designs. The owner of a Registered Design may be prohibited from owning the unregistered right in the article.

Under the Ordinance unregistered design right must “qualify” to exist – in other words certain conditions must be met. The qualifying conditions are partly based on nationality. Broadly speaking, the right will exist if the designer, commissioner, designer’s employer is a natural person who is habitually resident in the Bailiwick of Guernsey, the Bailiwick of Jersey, the Isle of Man, EEA State, or of countries which reciprocal arrangements are shared with.

The conditions are also met if the design is created by an employee of, or commissioned by, a company formed under the laws of one of the territories listed above, which also has a

business in one of those territories. If a design fails “qualification” in these ways it can still exist if the design was first marketed by a qualifying person in the territories listed above.

2.2.2 Proposed amendments

It is proposed to extend Unregistered Design Right to anyone of any nationality, provided that either (a) the designer is habitually resident in, or the person who employed the designer to create the design has a real and effective place of business in, the EU, Channel Islands or another qualifying country, or (b) articles made to the design were first marketed in the EU, Channel Islands or another state to which the Unregistered Design Ordinance has been extended by Regulations.

2.2.3 Policy issues

- i) It is important that there is some control over who is able to claim unregistered design right; if there was not designers in countries around the world would gain this protection for their original designs with no reciprocal protection for Bailiwick designers.

Question for consultation: Unregistered Design - Qualification

2. Do you consider that the current qualifying restriction could have commercial consequences? Please provide reasons for your answer.
3. Do you agree with the proposal to extend the qualification requirements for Unregistered Design Right? Please provide reasons for your answer.

2.3. OWNERSHIP OF DESIGNS

2.3.1 Current position

Designs are often commissioned by others. Design law envisages this and provides for clarity of ownership in these circumstances.

Section 4 of the Unregistered Design Ordinance states that:-

“(1) The designer is the first owner of any design right in a design which is not created in pursuance of a commission or in the course of employment.

(2) Where a design is created in pursuance of a commission, the person commissioning the design is the first owner of any design right in it”.

A person commissioning a design is treated as the owner. The reverse is generally true for copyright and also EU design right, which may cause confusion. It is therefore possible for a commissioner to own the Unregistered Design Right in an

article, but for the designer to claim ownership of copyright and EU design right subsisting in the same article.

Changes have recently been made in the UK to the CDPA to make similar changes in relation to ownership of commissioned work.

2.3.2 Proposed amendments

The proposal is to amend the Unregistered Design Right Ordinance so that the designer is ordinarily regarded as the first owner.

Question for consultation: Design - Ownership

4. Do you agree with the proposal to amend the Unregistered Design Right Ordinance so that the designer is ordinarily regarded as the first owner, in line with UK and EU law? Please provide reasons for your answer.

2.4. CRIMINAL OFFENCE

2.4.1 Current position

Criminal sanctions exist in the Bailiwick for certain types of copying of Trade Marks and Copyright. It is recognised that such sanctions are needed to punish and deter the most deliberate and serious IP thefts.

In the case of designs there are no such criminal offences for copying. All design infringement cases can only currently be dealt with through civil courts.

The absence of criminal sanctions for deliberate design infringement may be seen to harm the Bailiwick design sector. It also gives rise for anomalies. The UK recently introduced such an offence.

2.4.2 Proposed amendments

It is proposed that the intentional copying of a registered design in the course of business should be a criminal offence; that is the unauthorised, making, marketing importing or the otherwise unlawful use of a design in the course of business. The offence would have certain defences attached to it, for example, to reflect reasonable belief on the part of the potential infringer that the design in question was invalid.

2.4.3 Policy issues

- i) Existing civil remedies can be costly and lengthy to pursue for SMEs. Criminal sanctions may address the disparity that exists between small and big organisations.
- ii) A criminal offence would only be committed when a person “had knowledge or reason to believe” that what they were doing was infringing a design right. This wording reflects section 98(3) of the Trade Marks (Bailiwick of Guernsey) Ordinance, 2006.
- iii) The proposed amendment would introduce an element of *mens rea* (criminal intention) into the proposed provision. Taken together with the need to prove to the criminal standard of “beyond reasonable doubt”, it would then be likely that the provisions would only be applied to those cases where copying is deliberate and persistent and the evidence is convincing.
- iv) The offence is intended to increase protection for the holders of registered design rights. Taken together, these measures will enable designers to better commercialise their design property and contribute more effectively to economic growth in the Bailiwick.
- v) Criminalising the copying of registered designs will have a positive effect on encouraging companies to register their designs rather than relying on unregistered design rights that offer less protection.

Question for consultation: Registered Design – Criminal Offence

5. Do you agree with the proposal to introduce a criminal offence for the deliberate copying of a registered design? Please provide reasons for your answer.

2.5. INCREASING INFORMATION ON REGISTERED DESIGNS

2.5.1 Current position

The IPO registered design application form collects certain information, which is later published. This includes, for example, details of the proprietor and any person acting for them.

It is considered that the collation and publication of other information may be beneficial to businesses, including:

- Recording who the designer was (recognising that the designer may not be the proprietor of the right). This may enable the designer to be recognised for the creation of the design in question and potentially to pick up further commissions.
- Publishing whether the permitted 12 month “period of grace” for designs has been used.
- Whether the proprietors of registered designs are, in principle, willing to licence the design right. This could facilitate the process by which rights owners can get value from their design IP property.

2.5.2 Proposed amendment

It is proposed to add three optional questions to the design application form, as follows:

- (a) the designer’s name (s);
- (b) evidence of the date and location of first disclosure, if applicable; and
- (c) indication of willingness to licence to third parties.

System changes would be required at the IPO to implement this change. Feedback is therefore required as to the level of demand for this information.

2.5.3 Policy issues

- (i) Introducing these additional questions would bring the Bailiwick in line with the UK, EU and US, and could aid businesses and growth.
- (ii) The more information that is available the quicker and easier it would be to resolve disputes.
- (iii) Designers may benefit from having the kudos of a recognised design and, if a designer were evidently willing to licence, this may encourage third parties to do so, rather than copying or challenging a design by litigation.
- (iv) Some designers may not wish to be identified. The proposal is therefore to include the information on an optional basis.

Question for consultation: Registered Design – Increasing Information

6. Would the provision of information referred to in paragraph 2.6.2 above be of benefit to third parties in e.g. helping to avoid or resolve disputes or facilitate business? Please explain your answer.
7. Would the provision of this information on the application form cause any problems for applicants? Please explain your answer.
8. Is there other information that could be provided on the form which you consider would help avoid or resolve disputes or facilitate business? If so, please provide details.

2.6 DEVELOPMENT OF A SYSTEM OF PRIMARY DESIGN REGISTRATION IN THE BAILIWICK

2.6.1 Current position

The Registered Design Right system in the Bailiwick is effectively a re-registration of a registered design in an approved overseas country.

Both the UK and EU Registered Design systems are essentially deposit systems - so long as the correct formalities are observed, the designs are registered. This means that most applications are processed within a week or two.

2.6.2 Proposed amendment

The proposal is to develop a system of primary design right registration in the Bailiwick, similar to that in the UK and EU (i.e. with no substantive examination required).

The Department is keen to understand the extent of commercial interests in doing so.

2.6.3 Policy issues

- (i) Introducing this new system could help to promote legal entrepreneurship. Local Registered Designs could provide cheap, quick and effective protection for small local businesses for which design is important.
- (ii) Design rights offer a unique way for companies to protect new media and digital products, for example registration can be used to protect digital images and graphic icons that appear in computer applications and on mobile phones.
- (iii) The office examination would be for 'formal' procedures only. No specialist expertise would be required in the grant process. Infringement proceedings or revocation by an opponent would be brought to the Court with the Registrar following the Court decision.

- (iv) At this stage, there is no proposal for any substantive examination of the design or certification to be undertaken by the Intellectual Property Registry. Substantive examination would require additional skills and experience, which the staff does not currently have.
- (v) The Hague Agreement on Designs 1960 (the '**Hague Agreement**') deals with priority filings for designs. It is intended that extension of this agreement to the Bailiwick will be requested in due course, in accordance with the current prioritisation of intellectual property agreements.

Whilst considered beneficial to internationalise the Bailiwick's intellectual property legislation, the practical benefits of extension of the Hague Agreement to the Bailiwick would be limited as matters currently stand, due to Guernsey's prior registration system (i.e. registration dependent on an oversea registration). Introducing a system of first registration for the Bailiwick could potentially enable applicants to claim priority from the local registration, through extension of the Hague Agreement.

- (vi) In considering the development of IP in this area, it is necessary for the Department to consider the business case for doing so, including the likely volume of registrations.

3 Conclusion

If you have any further comments about these proposals, or about the development of Design Right law within the Bailiwick, the Department would be very pleased to hear from you.

Question for consultation: Design Right

- 9. Please provide any further comments that you may have on general proposals for the development of legislation for Unregistered Design Right and Registered Designs in the Bailiwick.

4. Responding to the Consultation

Please provide your comments by 27 February 2017 in writing and preferably in a format that can be read by Microsoft Word. The Committee prefers responses to be made by email to the following address:

Email: liz.decarteret@gov.gg

Consultation on the introduction of Geographical Indication protection

Attention: Liz de Carteret

Guernsey Registry, PO Box 451, Fountain Street, St Peter Port, GY1 3GX

The consultation closes on 27 February 2017.

1. When submitting your views please indicate whether you are responding on behalf of an organisation.
2. The Committee is also interested in receiving general comments and feedback on the Proposals. Please feel free to respond to all, or some, of the questions.
3. Additional copies of the consultation document can be obtained from the Committee C/o (address as above).
4. Unless **specifically requested otherwise**, any responses received may be published either in part or in their entirety. Please mark your response clearly if you wish your response and name to be kept confidential. Confidential responses will be included in any statistical summary and numbers of comments received.
5. The purpose of the consultation is to gather information, views and evidence which will allow an informed decision to be made regarding the Proposals. As in any consultation exercise the responses received do not guarantee changes will be made to what has been proposed and any views indicative of an approach the Committee may take, are not its final policy position nor do they constitute any formal proposal.

Summary of consultation questions

Respondents are invited to comment on the specific questions which appeared in the main text and are repeated below.

1. Do you agree with the proposal to widen the meaning of “commonplace” to expressly cover the EU, and other geographic areas where unregistered design right subsist? Please provide reasons for your answer.
2. Do you consider that the current qualifying restriction could have commercial consequences? Please provide reasons for your answer.
3. Do you agree with the proposal to extend the qualification requirements for Unregistered Design Right? Please provide reasons for your answer.
4. Do you agree with the proposal to amend the Unregistered Design Right Ordinance so that the designer is ordinarily regarded as the first owner, in line with UK and EU law? Please provide reasons for your answer.
5. Do you agree with the proposal to introduce a criminal offence for the deliberate copying of a registered design? Please provide reasons for your answer.
6. Would the provision of information referred to in paragraph 2.6.2 above be of benefit to third parties in e.g. helping to avoid or resolve disputes or facilitate business? Please explain your answer.
7. Would the provision of this information on the application form cause any problems for applicants? Please explain your answer.
8. Is there other information that could be provided on the form which you consider would help avoid or resolve disputes or facilitate business? If so, please provide details.
9. Please provide any further comments that you may have on general proposals for the development of legislation for Unregistered Design Right and Registered Designs in the Bailiwick