

Title: Introduce a Designs Opinion Service IA No: BIS 0350 Lead department or agency: Intellectual Property Office Other departments or agencies:	Date: January 2013 Stage: Final Source of intervention: Domestic Type of measure: Primary Legislation Contact for enquiries: Bill Trott (01633 814281)
--	---

Summary: Intervention and Options	RPC Opinion: Green
--	---------------------------

Cost of Preferred (or more likely) Option

Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?	
£0m	£0m	£0m	Yes	Zero Net Cost

What is the problem under consideration? Why is government intervention necessary?

Evidence to both the IPO's Call for Evidenceⁱ and the recent Design's Consultationⁱⁱ (the "Consultation") gave examples of designers and small businesses being deterred from enforcing or protecting their rights via the Civil Courts because of the cost, time and uncertainty involved in doing so. The problem under consideration is therefore that some people who hold IP rights cannot afford to enforce them and some people who do not hold IP rights, but who are involved in disputes with parties that do, cannot afford to protect them.

Given the UK court system is seen by many design related SMEs as too slow and expensive to provide effective remedies, intervention is necessary to ensure the value of designs, and the incentives provided by protecting them, is not undermined. The current situation is exacerbated because there are very few Alternative Dispute Resolution (ADR) tools for UK design businesses to use in place of civil remedies. This is affecting the ability of some designers and business to effectively contribute to the growth of the UK economy. Intervention is therefore required to deliver a low cost, informal opinion's service along the lines of the existing and well regarded Patent Opinions Service.

What are the policy objectives and the intended effects?

Improve the ADR options available to SMEs, micro-businesses and lone designers involved in any dispute over a UK Registered Design or a UK Unregistered Design Right by providing a voluntary, low cost, non-binding Designs Opinion Service (DOS). This will help resolve disputes expeditiously in an informal setting without the need for court action or formal proceedings. The service will be run by the IPO.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

- 1) Do nothing.
- 2) Establish a non-binding, voluntary DOS under which a person could seek an opinion on the validity of a UK Registered Design and an opinion on a UK Unregistered Design.
- 3) Establish a non-binding, voluntary DOS which, in addition to the provisions contained in option 2, enables a person to seek an opinion on the infringement of a UK Registered Design.

Option 3 is chosen as it will provide the broadest benefit to businesses.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2019

Does implementation go beyond minimum EU requirements?					
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: 0		Non-traded: 0		

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible : _____ Date: _____

Summary: Analysis & Evidence

Policy Option 2

Description: Establish a non-binding, voluntary DOS to answer questions relating to the validity of a UK Registered Design and the subsistence and term of a UK Unregistered Design Right as well as the identity of its right's holder.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual Transition) (Constant Price) (excl. Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

It has not been possible to monetise the costs as we are not able to accurately predict the number of opinions that will be requested. However we have shown the likely costs per opinion.

Other key non-monetised costs by 'main affected groups'

IPO costs will depend on the volume of requests. Based on the cost of running the Patents Opinion Service we estimate an average cost of £2150 per opinion. For businesses who are applicants/respondents, their costs will vary depending on what (if any) legal advice they seek. The applicant also faces a £200 charge by the IPO for the Opinion. Legal and IP professionals may see a small reduction in litigation work.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual Transition) (Constant Price) (excl. Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

It has not been possible to monetise the costs as we are not able to accurately predict the number of opinions that will be requested nor the number that will be resolved without formal invalidity proceedings or determinations. We have discussed the likely benefits per case.

Other key non-monetised benefits by 'main affected groups'

Rights holders and other businesses involved in disputes will be able to take quicker and more informed decisions on what action they wish to take in disputes – on questions linked to validity, similarity and existence of rights. This may help them avoid litigation altogether or better define the nature of any litigation which will provide savings in cost and time. The IPO may resolve some disputes without formal invalidity proceedings or determinations – which will lower IPO costs.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions: the cost of the Opinion Service will broadly align with the cost of the service for patents; opinions given by the IPO will inform decisions by business on questions on validity, subsistence and infringement; that IPO staff will not require any notable additional training. Risks: the service may encourage opinion requests that are unconnected to any real or potential dispute between parties, but rather based on more general questions of design policy.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: 0	Yes	ZERO NET COST
Benefits: 0		
Net: 0		

Summary: Analysis & Evidence

Policy Option 3

Description: Establish a non-binding, voluntary Design Opinions Service to answer questions relating to the validity of a UK Registered Design and the subsistence and term of a UK Unregistered Design Right as well as the identity of its right's holder *and the infringement of a UK Registered Design Right*.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price)	(Constant Years)	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	1	0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised costs by 'main affected groups'

It has not been possible to monetise the costs as we are not able to accurately predict the number of opinions that will be requested. However we have shown the likely costs per opinion.

Other key non-monetised costs by 'main affected groups'

IPO costs will depend on the volume of requests. Based on the cost of running the Patents Opinion Service we estimate an average cost of £2150 per opinion. For businesses who are applicants/respondents, their costs will vary depending on what (if any) legal advice they seek. The applicant also faces a £200 charge by the IPO for the Opinion. Legal and IP professionals may see a small reduction in litigation work.

BENEFITS (£m)	Total Transition (Constant Price)	(Constant Years)	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	1	0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups'

It has not been possible to monetise the costs as we are not able to accurately predict the number of opinions that will be requested nor the number that will be resolved without formal invalidity proceedings or determinations. We have discussed the likely benefits per case.

Other key non-monetised benefits by 'main affected groups'

Rights holders and other businesses involved in disputes will be able to take quicker and more informed decisions on what action they wish to take in disputes – including questions whether infringement has occurred as well as validity and existence of rights. This may help them avoid litigation altogether or better define the nature of any litigation which will provide savings in cost and time. The IPO may resolve some disputes without formal invalidity proceedings or determinations – which will lower IPO costs.

Key assumptions/sensitivities/risks

Assumptions: the cost of the Opinion Service will broadly align with the cost of the service for patents; opinions given by the IPO will inform decisions by businesses on questions on validity, subsistence and infringement; that IPO staff will not require additional training. Risks: the service may encourage opinion requests that are unconnected to any real or potential dispute between parties but rather based on more general questions of design policy

Discount rate

(%) 3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	Yes	ZERO NET COST

Evidence Base (for summary sheets)

References

	Legislation or publication
1	IPO Designs Report 2011 – Research by Jonathan Haskel, Imperial College Business School and CEPR http://www.ipo.gov.uk/ipresearch-designsreport1-201109.pdf
2	Registered Designs Act 1949 http://www.ipo.gov.uk/regdesignactchanges.pdf (consolidated version)
3	Copyright, Designs and Patents Act 1988 http://www.legislation.gov.uk/ukpga/1988/48/contents
4	Digital Opportunity: A review of Intellectual Property and Growth” report by Ian Hargreaves in May 2011 http://www.ipo.gov.uk/ipreview-finalreport.pdf
5	September 2011 IPO Call for Evidence on Designs. December 2011 IPO Assessment on Designs http://www.ipo.gov.uk/types/hargreaves/hargreaves-designs.htm
6	2009 Review of the Patent Opinions Service http://www.ipo.gov.uk/opinion-surveyresponse.pdf
7	SME Access to Intellectual Property Services – TNS-BMRB Survey 2011 http://www.ipo.gov.uk/ipreview-doc-m.pdf
8	IPO Facts and Figures, IPO website, http://www.ipo.gov.uk/ourpublications-review.htm
9	Consultation on the Reform of the UK Designs Legal Framework http://www.ipo.gov.uk/consult-2012-designs.pdf
10	Patent Opinions Manual http://www.ipo.gov.uk/pro-types/pro-patent/p-law/p-manual/p-manual-opinion.htm

Background

Design covers industries ranging from ceramics, furniture and jewellery to fashion to industrial design. The concept of design can go even wider to include engineering and architectural design, but the application of design rights covers a narrow description of “design”; see IPO research in 2011 ([Ref 1](#)) in the table above).

There are four different forms of right afforded to designs in the UK (which overlap to some extent):

- a registered right for the UK which is granted by the IPO (**UK Registered Design**);
- an unregistered right for the UK (**UK Unregistered Design Right**)
- a registered right for the EU available from the Office of Harmonisation for the Internal Market;
- an unregistered EU design right.

The Designs Consultation (the “Consultation”) related to the introduction of a Design Opinions Service (DOS) that would answer questions relating to UK Registered Design and UK Unregistered Design Right. The UK IPO has some formal roles set out in legislation for the resolution of disputes under these rights. Under the RDA 1949 the UK IPO has a role in determining validity of a UK Registered Design. For the automatic UK Unregistered Design Right the IPO has a role in providing binding decisions on subsistence, term and ownership in disputes under the CDPA 1988.

Problem under consideration

The civil courts are the main dispute resolution forum for design disputes in the UK. The IPO plays a limited role in respect of distinct activities linked to validity and subsistence (as described above). However, as evidence to the Consultation demonstrated, action through the courts can be costly (legal representation and loss of focus to owners and managers in running their business) and time consuming (speed was thought especially important because the lifetime of a design is shorter than for other forms of IP). In particular, it was felt these costs weighed heavier on SMEs and micro-businesses than for larger businesses. Consultees also thought the possibility of losing a claim and paying opponent’s legal costs deterred right’s holders from seeking to enforce and protect their designs. Several respondents thought this uncertainty prevented some people from seeking to register their designs.

These factors may mean there is a perverse incentive for businesses not to seek a Registered Design – if they consider that the enforcement framework will not support them in protecting those rights after grant. Reforms to the Patents County Court will improve access for SMEs but there will continue to be a lack of Alternative Dispute Resolution (ADR) tools to support businesses in resolving design law related disputes in a prompt and cost effective manner.

Rationale for intervention

Following the Hargreaves Review ([Ref 4](#)) the IPO has been examining whether the current design IP framework is meeting the needs of business. The IPO conducted economic research and issued a ‘call for evidence’ and associated survey to acquire this information. The responses ([Ref 5](#)) confirmed the design IP framework needs to be simplified and improved in a number of areas to make it meet the needs of this important business sector more fully. There was strong support in the Consultation for a ‘non-binding opinion on the validity and infringement of design rights which respondents considered would be cheap and quick, and in particular assist SMEs trying to enter a new market or defend themselves against ‘deep-pocket’ litigants threatening infringement. More broadly the Hargreaves Review noted the costs of enforcing Intellectual Property rights can be a disincentive to innovate and there is a need to improve accessibility of the IP system to SME’s who:

- Currently hold IP for whom the cost of enforcing IP is a barrier
- Who do not hold IP but are involved in disputes over IP held by others

Survey evidence from the IPO’s 2009/10 Review of its existing Patent Opinions Service ([Ref 7](#)) further supports the introduction of an equivalent service in designs to help resolve disputes at an early stage. Almost 70% of respondents who had used the service considered it should be extended to other areas of IP, with over 65% wishing to see it extended to Registered Designs and 40% considering it should be applied to UK Unregistered Design Right. The equivalent figures for all respondents (including those who had not yet used the Patent Opinions Service) was over 45% wishing to see an equivalent service for UK Registered Designs and over 30% for UK Unregistered Design Right.

The majority of respondents to the Consultation were in favour of introducing a DOS which they thought would assist right’s holders in enforcing their rights more effectively. It was also considered a useful barometer in deciding whether to pursue disputes more formally; for example, in deciding whether two designs created the ‘same overall impression.’ It was felt it should reflect that for patents, the process for which, broadly speaking, is as follows. Anyone can request an opinion, on certain specified issues relating to UK patents, for a fee of £200. The requestor must identify the issues and give any relevant information. The request is sent to interested parties e.g. the patent holder (if the request came from a third party), licensees, etc, and the request is published on the IPO website. Within certain time limits, anyone has an opportunity to file ‘observations’ on the request, and the requester has the opportunity to respond. A senior member of IPO staff then considers the information and issues a written opinion to all relevant parties, this is then published. The patent holder can, in certain circumstances, request a review of the opinion by a more senior member of the IPO. If the review finds the opinion was clearly wrong then the opinion is set aside. The review decision can be appealed to the High Court. This has, however, only happened twice and not at all since 2008. More detailed information about how the Patent Opinions Service operates can be found in the Opinions Manual ([Ref 10](#)).

Policy objective

The overall objectives are to:

- Increase the efficiency of IP dispute resolution by increasing the options that businesses have to resolve disputes;
- Increase accessibility to those who can otherwise not afford, or are deterred from accessing, dispute resolution services;
- Remove barriers arising from invalid claims which prevent others from undertaking activities to which they are legitimately entitled.

As a result of the support shown in the Consultation we are now investigating how a DOS can directly address these objectives.

Affected stakeholder groups, organisations and sectors

These proposals are likely to affect the following sectors and groups:

- Owners of UK Registered and UK Unregistered design rights: will be offered another route with which to help resolve disputes and protect and enforce their IP.
- Other interested parties: this could be parties seeking an opinion on the validity or existence of a right in design (UK Registered or Unregistered) or parties concerned about possibly infringing a UK Registered Design; as well others who are not parties to the opinion process but may have an interest in it.
- Holders of EU wide rights: some of the businesses affected by opinions on 'same overall impression' may hold Community rights (registered and unregistered). The impact on such bodies would be indirect as it would not be a formal decision as to the validity of such a design; however, it could indirectly impact on disputes or on validity proceedings at a Community level.
- Legal professionals: changes may affect any solicitors dealing with disputes (either for right's holders or other parties) that fall within scope of these proposals.
- Intellectual Property Office: there is likely to be an impact on the IPO in its function of handling opinion requests. The IPO may also be affected by any positive impact the service has on demand for registered designs in the UK.
- Courts: there is likely to be an impact on the courts dealing with these cases if the process results in a change in the number of cases settled via opinions, rather than requiring case management and final hearings.

Description of options considered (including do nothing)

Option 1

Do nothing.

Description

The IPO will not provide an Opinion Service in the area of designs. Parties will need to seek to resolve any disputes through existing mechanisms.

The majority of responses to the Consultation disagreed with this option and called for the introduction of a DOS. This, they felt, would help SMEs, micro-businesses and lone designers better enforce and protect their rights quickly and cost effectively, than is the case currently under the civil remedy scheme.

Property

Costs/Benefits

- Parties seeking to challenge the validity of any UK Registered Design will still need to instigate proceedings before the Court or seek a declaration of invalidity.
- Those seeking to challenge the existence of UK Unregistered Design Right will need to utilise existing routes through the court system or through a reference to the IPO.
- Questions of similarity, i.e. 'same overall impression' between two UK Registered Designs or a UK Registered and a UK Unregistered Design Right will not be informed by the expert view of the IPO. This may lead to unnecessary litigation or invalidity actions and would continue to incur costs associated with such activities.
- The 'do nothing' option is compared against itself and therefore its costs and benefits are zero.

Option 2

Establish a non-binding, voluntary Design Opinions Service to answer questions relating to the validity of a UK Registered Design and the subsistence and term of a UK Unregistered Design Right as well as the identity of the right's holder.

Description

The existing legislation sets out grounds on which the validity of a UK registered Design can be challenged. The new Opinion Service would allow for the IPO to provide an opinion on any questions relating to these grounds. In addition the Opinion Service would cover questions of whether two designs (where at least one of the designs is a UK Registered Design) give the 'same overall impression'. The

opinion would not be a full examination of the facts – it would answer the question asked on the basis of the evidence presented to it by the parties/respondents.

The Opinion Service would provide a similar service in respect of UK Unregistered Design Right but would provide opinions on disputes about the subsistence, term and ownership of such rights instead of validity (as they are not formally granted by the IPO). The IPO has jurisdiction under the existing Copyright, Designs and Patents Act 1988 to determine the references on these questions but this would be an alternative non binding informal service which would be faster and more accessible for businesses. The Opinion Service would again be limited to examining the evidence presented and providing a view on the questions asked – it would not be a broad review. The IPO could refuse to give an opinion

Recognising the impact that an opinion from the IPO could have on the perception of value of these rights, appropriate appeal mechanisms will be provided where existing processes do not provide any opportunity for the parties to take the matter to a more formal process to resolve. Where opportunities exist for parties to seek a more formal determination – such as ‘invalidity pr

The majority of responses to the Consultation welcomed the introduction of a non-binding DOS for both UK Registered Design and UK Unregistered Design Right. It was seen as a fast and cost effective alternative to pursuing litigation and a useful barometer in deciding whether to pursue disputes more formally; thus removing the uncertainty encountered by some businesses when entering the civil regime. By being a voluntary and non-binding service it was thought to dissuade companies from investing significant resources in resolving a design dispute.

As a minimum, consultees felt the DOS should offer opinions on whether a **UK Registered Design**:

- Meets the necessary definition of a registered design; and/or
- Meets the requirement of novelty and individual character, is dictated by its technical function or is contrary to public policy or morality; and/or
- Does not meet the registration requirements relating to emblems etc?ⁱⁱⁱ

And, in relation to a **UK Unregistered Design Right** offer opinions on:

- Whether it constitutes an ‘original design;’ and/or
- Its term and duration of protection; and/or
- The identity of the right’s holder.^{iv}

Costs and benefits

Business- Costs

The DOS will be a voluntary service. No one will be required to request an opinion nor will anyone be required to make observations in response to a request. The official fee payable by the requester of the opinion is intended to be £200. In addition, the requester must also prepare and submit a statement setting out the question on which they want an opinion. Such statements are typically produced with professional advice, which may incur a cost. Likewise, the cost to the right’s holder or the alleged infringer of responding to the opinion request may again be the cost of preparing their observations with the assistance of professional advice. Given that obtaining an opinion is in almost all cases going to be cheaper than Consultation estimates for this service ranged from nothing to between one and five thousand pounds, the most common estimate being several hundred pounds. It is, thus, difficult to estimate this cost which will vary considerably depending on the nature and complexity of the request. However, as a voluntary and non-binding service there is absolutely no requirement to access legal professionals when requesting, or responding to, an opinion from the IPO; the DOS will form its opinion solely on the basis on the evidence placed before it.

Business- benefits

If the dispute is resolved through use of an opinion and without the need to litigate, it will save all of the parties the expense of litigation. It may also help others avoid litigation if opinions help to inform their

own actions in regard to UK Registered Design and UK Unregistered Design Right. Even if litigation is not avoided, then an opinion may help to narrow the scope of the dispute which could deliver potential savings against more formal litigation. Whilst it is difficult to assess the likely savings from avoiding litigation, given the variations in the nature of each case, SMEs generally see the cost of litigation before the courts as inhibitory. A survey ([Ref 7](#)) commissioned by the Hargreaves Review revealed that 52% of SMEs reported that costs of IP enforcement limited their use of the IP system. Respondents to the Consultation have confirmed that introducing an opinion service in designs will provide SMEs with an opportunity to pursue a dispute they may otherwise not have been able to progress due to the costs, time and complexity involved in doing so.

IPO – Costs

The IPO will incur costs in running the DOS. Based on the costs incurred for the delivery of the equivalent Patent Opinions service we estimate that an opinion will take 6.4 days on average and will cost the IPO £2,150, although we note that the experience from the Patent Opinions Service, that IPO costs can vary substantially depending on the nature of the request. IPO costs for the equivalent Patent Opinions Service is based upon the level of staff time logged for this work on IPO systems, average hourly rate for the relevant staff grades divided by the number of cases.

IPO - Benefits

Using data for the period 2008-2010 as a base we can estimate that there are around 17 invalidity proceedings filed for Registered Designs each year ([Ref 9](#)) – although not all of these will proceed to a decision. Given the majority of support received from consultees we would anticipate a proportion of these proceedings will instead be resolved via the DOS. We do not feel it is appropriate to estimate what proportion of these will be resolved as it will be completely case by case dependent.

An inter-partes action on validity for a patent costs the IPO on average £10,000 though this varies considerably depending on the nature of the case. This cost estimate has been calculated by estimating the volume of staff time and average hourly salary rates for staff at the relevant grades and dividing that by the number of proceedings. The equivalent costs to IPO for validity proceedings for a Registered Design is estimated to be 60% of that amount on an assumption that the disputes will be less technically complex in some cases (for example than compared to assessment of the validity of a chemical patent) and on the basis that a higher volume of design proceedings tend to be concluded without the need to arrange an oral hearing with the parties which increases costs for the IPO. The cost to the IPO of producing an opinion is £2,150 (as discussed above). Therefore the IPO could be expected to make an average saving of £3,850 for each invalidity case that is avoided.

If a design opinion has been provided the IPO may not be required to make any further determinations on question of subsistence, term or ownership for UK Unregistered Design Rights. A determination is a binding statutory decision provided by the IPO Comptroller for UK Unregistered Design Rights. It is possible the IPO will make further savings from avoided determinations, but as these tend to be few in number, it is not possible to reliably forecast how many determinations there will be and from this, how many may have been avoided if an opinion's service was in place.

The IPO has suitable expertise to provide opinions on the proposed areas for UK Registered Design and UK Unregistered Design Right. However, if demand for the opinion service is high the IPO might need to recruit and train further staff to meet it. Because the detail of how the DOS will operate is intended to rest in primary and secondary legislation the IPO will be capable of introducing a staged approach to implementation commensurate with its available resources.

Legal professionals

The use of an opinion to resolve a dispute in place of legal proceedings could have an impact on legal professionals as there may be fewer cases for them to litigate before the courts. However, as we predict the number of opinion requests to be small any impact is likely to be negligible; no evidence, including responses from those representing legal bodies, was supplied to the contrary during the Consultation. To note, although it should be possible to use an IPO opinion as part of a submission to the court it will carry no legal status.

Courts

The number of Intellectual Property design cases litigated in the courts is already low. We do not anticipate a significant decrease in the number of such cases. An opinion which resolves a dispute that otherwise might have been subject to litigation will however allow the relevant court to devote its resources elsewhere. No evidence relevant to this area was supplied during Consultation.

Option 3

Establish a non-binding, voluntary Design Opinions Service to answer questions relating to the validity of a UK Registered Design and the subsistence and term of a UK Unregistered Design Right as well as the identity of its right's holder *and the infringement of a UK Registered Design Right.*

Description

This voluntary service would operate in the same way as the Opinion Service proposed in Option 2 and would cover all of the possible areas for opinion listed in that option. In addition the Opinion Service would cover infringement of UK Registered Designs. Like the service set out in Option 2 the IPO's opinion would be non binding and would only answer the question asked. Again the IPO could refuse to provide an opinion.

The IPO does not have a formal role with regard to infringement disputes on Registered Designs, in contrast in patents the IPO can be asked to issue declarations on non-infringement. The IPO does offer mediation services which includes mediation on design disputes.

No additional evidence was received to the Consultation specifically relating to the DOS offering opinions on the infringement of a UK Registered Design although, as previously mentioned, the idea received support during design events held during the period of consultation. Given the support the DOS received in Consultation, and the lack of evidence to the contrary, we believe the service will provide the most benefit to customers if it provides opinions on the infringement of UK Registered Designs^v. As a side note, given the complexities associated with determining infringement for unregistered design rights it is proposed these do not form part of the DOS's remit.

Costs and benefits

Business - Costs

The costs to business are likely to be almost identical to those identified in Option 2.

Business - Benefits

However, additional benefits will be provided to business by widening the range of questions that can be covered by an opinion. This will help inform a right's holder's decision whether to pursue a possible infringement issue. Seeking an opinion will also assist an SME who has been threatened with legal action for infringement to assess what action, if any, to take. Further information was sought during the Consultation on the likely savings arising from avoiding litigation on infringement questions and on the likely increase in the number of opinions the proposed changes would bring about. No specific evidence was received, but we do not estimate the costs to business of dealing with such cases, on a cost per case basis, would differ in any notable respect from the costs they are likely to face for the categories of opinion covered by Option 2.

IPO - Costs

The cost to the IPO of producing an opinion on infringement is predicted to be the same as the cost of an individual opinion set out in option 2.

We do not estimate the costs to IPO of dealing with such cases, on a cost per case basis, will differ in any notable respect from the costs they are likely to face for the categories of opinion covered by option 2. No evidence to the Consultation was received on the possible volume of infringement request or their potential complexity. If demand for the DOS is high the IPO may need to recruit and train additional staff

which will attach a cost. As with option 2, the IPO will be capable of introducing a staged approach to implementation commensurate with available staff and financial resources.

Legal professionals, IP attorneys and the courts

The costs and benefits are largely the same as they are with option 2 although the wider range of questions for which an opinion could be sought may increase the impact on these groups. However any negative impact on these parties is likely to be offset, in part, by additional work for IP attorneys in supporting any opinion submissions made by the right's holder or interested parties. In addition, it is likely to be offset in more general terms by the benefits that businesses will receive in being able to draw upon a wider range of ADR services to help them protect and enforce their Intellectual Property. No specific evidence relevant to this area was supplied during Consultation.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

This is a non-binding, voluntary service which is intended to provide an additional tool for businesses to help resolve rights disputes for Intellectual Property. We believe the cost estimates we have provided per case for those involved in the service are appropriate and proportionate. Based on the evidence we have presented within this IA we are of the view that any potential costs to business are outweighed by the potential benefits.

Risks and assumptions

The key assumptions are that the:

- Cost per case to the IPO of delivering an opinion for Designs will broadly align with the cost of the service for Patents.
- Opinions given by the IPO will assist businesses in resolving design disputes and may negate the need for them to engage civil remedies – this will save SMEs, micro-businesses and lone designers both money and time.
- If demand for the opinion service is high the IPO may need to recruit and train further staff.

We intend for the substantive detail of the DOS's operation to be contained in secondary legislation.

Direct costs and benefits to business calculations (following OITO methodology)

Under the "One In, Two Out" rule, a measure that has a net cost to business must have a measure or measures of double cost removed in order to be implemented. This Impact Assessment aims to introduce regulation and is therefore an 'In'. The regulation introduced will result in an entirely optional service that businesses can use. Therefore there is no direct cost to business unless they wish to use it. For this reason we have counted this as a zero-cost measure.

Impacts on SMES/micro businesses

Micro organisations are within scope of these proposals. The proposals relate to a voluntary service which micro-businesses will not be required to use. Where they do choose to use this service there will be a clear benefit to them of doing so. For these reasons micro-businesses will not be exempted from the proposals.

Summary and preferred option

Following consultation we have decided that option 3, the preferred option, will enable SMEs, micro-businesses and lone designers to access the broadest range of questions on disputes relating to UK Registered Design and UK Unregistered Design Right.

ⁱ <http://www.ipo.gov.uk/hargreaves-designs-c4e.pdf>

ⁱⁱ <http://www.ipo.gov.uk/consult-2012-designs.pdf>

ⁱⁱⁱ The legislative grounds for all of these questions are contained in section 11ZA (1)(a),(b)&(c) of the RDA 1949.

^{iv} The grounds for all these questions are contained in section 246 (1) of the CDPA 1988. The IPO has statutory authority and experience in determining questions under these grounds.

^v The legislative grounds for infringement is contained in section 7A (1) of the RDA 1949.

Evaluation

A full evaluation strategy and Post Implementation Review is being developed for the introduction of the Hargreaves recommendations. The Post Implementation Review will detail the benefits associated with the introduction of the design reforms and will include input from external stakeholders. The plan will also set out how and when the benefits will be measured, which will depend on the type of benefit, as some benefits will be measured by applications and take-up that can be measured from the first year of operation, whereas others will depend on information that will take several years. The evaluation strategy will set out the activities that will be undertaken in order to evaluate the policy, drawing on management information collected through the design system, as well as research that is commissioned in order to measure the benefits.

The main source of data available for evaluation will be collated using industry figures. These statistics, alongside other management information on the operation of the system will be used by Government to assess the impact of the design reforms, including assessing whether benefits have been achieved and how policy or operations can be developed to realise benefits more effectively.