

ALLIANCE
FOR INTELLECTUAL PROPERTY

Review of the UK IP enforcement framework: Call for Evidence

November 2020

Introduction

The Alliance for Intellectual Property is a unique association of 19 organisations representing IP-rich businesses and creators – sectors that continue to grow and outperform the wider economy. Our members include representatives of the audio-visual, music, toy and games, sports rights, branded manufactured goods, publishing, retailing, image, art and design sectors. We share a collective interest in ensuring that Intellectual Property (IP) rights, which deliver such significant benefits to so many individuals across the UK, are recognised by policymakers for the value they deliver, and that a legislative regime exists that enables this value and contribution to be fully realised.

We are delighted to provide a submission to the IPO's call for evidence on the IP enforcement framework review. We have in this note, made proposals for changes to the IP Framework based on the core themes of the review.

The cost of legal challenges

Storage of evidence in counterfeiting cases

Issue:

When enforcement action is taken against counterfeiters, all the evidence seized must be stored until the case is heard before the courts. When dealing with physical seizures, this can be a significant amount of product and the cost of storage can be prohibitive.

Solution:

Find solutions to reduce cost, for example by ensuring only certain samples of counterfeit product have to be kept.

Enforcement against misleadingly similar product packaging (parasitic copying)

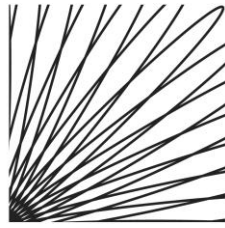
Issue:

The threshold for demonstrating consumer confusion in cases where a product's packaging is misleadingly similar to a familiar branded product is unduly high. The purchases are often low value (so shoppers are unlikely to complain), any complaint is likely to be directed at the retailer rather than the brand owner, the brand owner is unable to gather evidence where the purchase takes place, assumptions over origin and/or equivalence may be subconscious, and the courts are extremely unwilling to accept survey evidence.

Solution:

A practical approach to demonstrating confusion in such cases (whether outright confusion, confusion over origin, or confusion over equivalence) is required that will be acceptable as evidence by the courts. The approach needs to take account of shoppers' use of both System 1 and System 2 thinking in their purchase decisions, address the challenges of traditional approaches (outlined above) and be accessible and affordable for companies of all sizes.

Members: Anti-Copying in Design, Anti-Counterfeiting Group, Association of Authors' Agents, British Association of Picture Libraries and Agencies, BASE, British Brands Group, BPI, British Toy and Hobby Association, Design and Artists Copyright Society, Educational Recording Agency, English Football League, Entertainment Retailers Association, Film Distributors Association, Motion Picture Association, Premier League, Professional Publishers Association, Publishers Association, UK Cinema Association, UK Interactive Entertainment



Statutory Damages

Issue:

Bringing court proceedings for the infringement of 'soft' IP such as copyright and related rights can be expensive, time consuming and often complex. A rights holder will have to not only prove its case as to infringement, but will then have to spend time and money assessing the damages side of the claim with the court. At present, the usual step is for a rights holder to choose between two methodologies, namely an account of what the defendant has profited by its infringement, or the loss that the claimant has suffered. This often involves the input of expensive experts which, for smaller rights holders in particular, is a barrier for people taking legal action.

Solution:

We would support further exploration of a statutory damages option, as long as it remains one of multiple options open to rights holders.

Some of our members are also concerned that the introduction of a statutory damages regime could lead to an increase in ill-founded claims by opportunistic claimants.

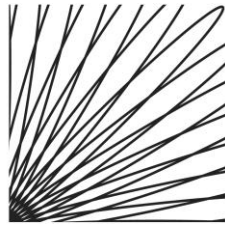
Dealing with false or specious claims, even where the claims are capable of being struck out at an early stage, requires not insignificant time and cost and such costs are not always recoverable where the claimant is impecunious. Furthermore, the costs of enforcing any judgment made against a claimant who has brought a false claim may outweigh the costs awarded.

If a statutory damages regime were introduced, it would need to be subject to sensible limits and its application developed through jurisprudence.

Statutory damages could, for instance, be preserved for cases where:

- the rightholder has faced genuine difficulties in enforcing its rights and/or where the difficulties in evidencing the extent of the harm caused could prevent the award of meaningful monetary relief;
- the nature and extent to which members of the public have had access to the infringing content is such that the award of statutory damages is justified;
- the infringement is egregious and/or wilful;
- in the case of online infringement, where the defendant has not been transparent in providing those details required under Regulation 6 of the Electronic Commerce (EC Directive) Regulations 2002;
- the award of statutory damages would serve as a deterrent to the defendant and/or to other parties that operate analogous infringing operations;
- the award of statutory damages would apply to any future, equivalent infringement by a defendant against whom a finding of liability has already been made and therefore serve as a deterrent against continued/future infringement.

Lastly, any introduction of statutory damages should not interfere with the court's ability to award additional (punitive) damages, whether under section 97(2) of the Copyright, Designs and Patents Act 1988 or any equivalent provision.



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Improvements to the Small Claims Track

Online Claims

Issue:

Many claims made before IPEC are straightforward and there is likely to be little or no defence given where the case is egregious.

Solution:

Create an online system to offer a low cost and simple way for rights holders to submit claims that would then not require a full court hearing, but could be dealt with in an administrative way by the court.

Image rights and the Intellectual Property Enterprise Court (IPEC) Small Claims Track (SCT)

Issue:

When photographers take cases before the IPEC SCT any compensation, if they are successful, does not always reflect the value of the images.

Solution:

Clear and improved guidance for IPEC SCT plaintiffs on providing supporting evidence that establishes and distinguishes the value of infringed content.

Recording cases from the IPEC SCT

Issue:

There is currently no central depository that records the outcomes of cases heard before the IPEC SCT. This makes it particularly difficult for rights holders to understand how decisions are made and whether there are precedents for cases they might want to bring before the court.

Solution:

Develop a mechanism to record the results of cases heard before the court that can be easily accessed by rights holders.

Levels of damages in the IPEC SCT

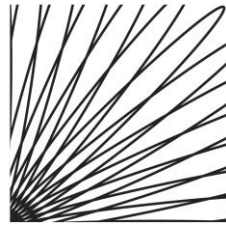
Issue:

The level of potential damages in the IPEC SCT is £10,000. This remains low and reduces the incentives for rights holders because they don't want to go to the cost of pursuing a case through the multi-track but the potential damages available through the SCT are too low. The £10,000 in compensation does not also take into account the cost of the time and administration that rights holders go through to take cases.

Solution:

Increase the level of damages in the IPEC SCT.

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Inclusion of registered designs in the Small Claims Track

Registered Design Rights and the IPEC SCT

Issue:

Holders of Registered Design Rights cannot take cases through the IPEC SCT, meaning they are unable to access justice in a comparable way to holders of other IP rights. This is particularly egregious as most designers are micro or small businesses and the SCT is exactly the low cost access to justice that they require. This also reduces the incentives for designers to register their rights.

Solution:

We should the proposal to enable holders of Registered Design Rights to take cases of infringement through the IPEC SCT.

Other enforcement challenges

Artist Resale Right (ARR)

Issue:

Currently, there is no positive obligation on art market professionals to disclose the selling of works. This can allow some sellers of art works to avoid paying the ARR royalty.

Solution:

Place a positive disclosure obligation on art market professionals when art works are sold, for example the auditors for art market professionals could check for ARR compliance.

Strengthening UK designers' rights

As UK designers will, potentially, lose the protection of automatic unregistered designs rights' protection in EU27 as from 1 January 2021, now could not be a more appropriate time to consider strengthening the deterrent factor against copying by introducing criminal provisions for the infringement of an unregistered design, including individual director liability. As a result of this failure in the Brexit negotiations, we believe that Government has an obligation to support UK designers in the same way as copyright creators with stronger IP rights.

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