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ACID

Ten Do's and Don'ts for Design Buyers to avoid Design Infringement

Have you ever been accused of selling copy designs?

Do you know the origin of your products?

What safeguards do you have in place if someone sues you for design infringement?

The following is a list of ten do's and don'ts which should help you to avoid any unwanted legal disputes.



1 DON'T SELL COPIES OF SOMEONE ELSE'S DESIGN.

Any original product will be protected against copying by at least one legal right in the UK (known as intellectual property rights). For example, copyright will protect any original two-dimensional design including photographs, illustrations, textile designs etc, and works of artistic craftsmanship. Design right will protect any original three-dimensional design, provided that it was not commonplace in the relevant design field at the time it was created. There is also a new European-wide unregistered Community design which protects most two-dimensional and three-dimensional designs against copying.

Furthermore, if a design is registered at the Patent Office, then the owner of the Registered Design owns a monopoly in the design and can prevent anyone from using or selling that design or any design which gives the same overall impression. The key difference between registered and unregistered rights is that there is no need to prove copying in order to enforce a Registered Design.

If a retailer knows or has reason to believe that what they are selling is a copy, then the designer can obtain an order from the Court requiring them to deliver up all their remaining stock of the offending items. The retailer can also be liable to pay damages to the designer to compensate them for any sales made by the retailer, together with the designer's legal costs. The retailer can also be required to disclose information relating to the name of its supplier, the number of items which it bought and sold and the profit it made on those sales. In respect of a Registered Design, the retailer can still be liable even if they did not know that what they were selling was an infringement.



2 DON'T INSTRUCT SOMEONE ELSE TO COPY DESIGNS.

A retailer can also be liable if they authorise someone else to make a copy of a design. There have been a number of cases involving members of ACID where retailers have sent copies of their designs to manufacturers in the Far East to source cheap copies of those designs. Very often, the retailer has been selling the designer's original designs for a number of years and has appreciated how successful the designs have

been. They have then decided to cut out the designer and source the product direct. One company discovered this was happening to them when a supplier to a major high street retailer sent a photograph of the designer's own design to a manufacturer in the Far East asking them to quote for manufacturing copies of the item. In fact, the manufacturer was the design company's own manufacturer and immediately notified the design company.



3 DO USE REPUTABLE SUPPLIERS, ASK FOR INDEMNITIES AND CHECK THE DESIGNS' ORIGINS.

It is clearly in retailers' best interests to use only reputable suppliers who do not produce copies of designs.

Since a retailer can be liable for selling an infringing design, it is sensible to seek an indemnity from your suppliers including a statement that they have not copied the design from someone else, and giving an indemnity to the effect that they will reimburse for any sums which you may have to pay in damages and legal costs as a result of selling an infringing design.

It is therefore good practice for retailers to put in place procedures aimed at minimising the risk of selling an infringing product. For example, it is possible to undertake a search of the Patent Office to check whether a particular product has been registered as a registered design.



4 DON'T TRY AND SKIRT ROUND EXISTING LAWS.

There are some retailers who have been known to sell designs which come as close as possible to infringing existing design laws, whilst leaving no guarantee of success if a designer took action against them. However, UK design laws have been strengthened considerably in the last twelve months so that there are now very few loopholes remaining for retailers to exploit. Furthermore, ACID has drafted a law against unlawful imitation which is aimed to prevent manufacturers and retailers from attempting to free-ride on the back of someone else's design. This would prevent "any act which took unfair advantage of or was detrimental to the distinctive character or repute of the appearance of the whole or part of a product".



5 DO EMPLOY DESIGNERS TO PRODUCE ORIGINAL DESIGNS, AND EDUCATE YOUR BUYERS ON THE EXISTING LAWS.

All too often we hear of stories that high street retailers employ buyers to purchase examples of designer goods which are then taken apart and examined closely with a view to producing a new version of that design. One ACID member reported a team of buyers congregating in their shop having completed a buying spree from shops along the Kings Road. When a particular garment of ladies clothing was requested from the design company in a size 10, on being told that the only size available was a size 18, the buyer nevertheless purchased the item. It was clear that the garment was only being purchased with a view to copying it.

A company is liable for the acts of each of its employees. Very often, it only takes one buyer in a large organisation to cause considerable damage to the reputation and business of that retail company.



6 DO COMMISSION DESIGNS DON'T COPY.

ACID's "Commission It, Don't Copy It" campaign is aimed at encouraging retailers to commission original designs from designers rather than copy existing designs.

Most designers would be very pleased to work with retailers to create an original range of designs exclusively for them. By commissioning original designs, not only do you avoid any problems with expensive and damaging Court proceedings, but you guarantee a commercial advantage over your competitors by being able to sell a product which will not be available from anyone else.



7 DON'T DEFEND LEGAL CASES JUST FOR THE SAKE OF IT.

If you do become the subject of a legal action for selling a copy of an infringing design, resist the temptation to instruct

lawyers to try to defend the action on technical points. The longer a legal action goes on, the higher the legal costs will be and, unless you succeed in your Defence, you will not only have to pay your own legal costs, but also the designer's legal costs together with any compensation awarded by the Court. In the three largest settlements obtained for ACID members last year, the amount paid to the designer in respect of legal costs was over twice the amount paid to the designer in respect of compensation.



8 DON'T ARGUE THAT DESIGNERS CAN'T AFFORD TO SUE YOU.

ACID was originally formed because companies were complaining that whenever they challenged retailers who

were selling copies of their designs, they were told that they couldn't afford to sue them, and so these design companies were doing nothing to enforce their rights. ACID was therefore created to enable design companies to take effective action to protect and enforce the rights in their designs. Some of the largest settlements obtained by ACID members have been taken by individual designers against major retail plc's. For example, Keith Munro, a sole trader who designs and manufactures handmade vases, obtained a payment from Next of £77,000 in respect of their sales of a vase design which he believed had been copied from his design (see photograph right). Furthermore, the introduction of conditional fee arrangements in the UK now allows solicitors to act on a no win no fee basis for designers, and it is also possible to obtain legal expenses insurance to cover the cost of taking legal action.



9 DO SIGN THE ACID RETAILERS CODE OF CONDUCT.

ACID has drawn up a code of conduct which it is encouraging all reputable retailers to sign. By signing the code,

retailers agree that they will not deliberately or knowingly sell a copy of another's design. John Lewis was the first retailer to sign the code. Being a signatory to the code demonstrates ethical conduct by the retailer and could be used as a factor which distinguishes your company from other retailers. ACID will publish an ongoing list of those retailers which have signed the code, and encourages all retailers to contact them to obtain a copy of it.



10 DO...

**Be different...
Be original...**

*"Commission it,
don't copy it!"*

