



DAYS IN DESIGNS

*Ewan Grist examines the past 12 months
in design and copyright law*

There have been a number of interesting developments in design law in past 12 months, driven both by the courts and sweeping reforms to design legislation in the UK.

The number of design cases involving the fashion industry has been particularly notable, the first of which was the *John Kaldor Fabricmaker UK Ltd v Lee Ann Fashions Ltd* [2014] EWHC 3779 (IPEC). The Claimant's claim for copyright and unregistered Community design right infringement failed as it could not demonstrate that the Defendant had copied the fabric designs in question. While there was an

opportunity to copy and sufficient similarity between the designs to give rise to a rebuttable presumption of copying, the Defendant was able to satisfy the Court that it had created its design independently. This case again demonstrates the importance for designers (both as potential claimants and defendants) of keeping complete, contemporaneous records of the design creation process.

In *G-Star Raw CV v Rhodi Ltd* [2015] EWHC 216 (Ch), covered at length in the May issue of the *ITMA Review*, the Judge held that the Defendant's jeans infringed G-Star's unregistered UK design rights for its "Arc Pant" jeans design. The Judge noted that the test of infringement of unregistered design right was different to that of

infringement of copyright: the former requiring that the design is copied so as to produce articles exactly or substantially to the design, the latter requiring that a substantial part of the work is copied. However, he said that the extent to which the two tests would produce different results would depend on how the design right was framed. In the case of unregistered design rights, the question of "part" came in at the stage of subsistence of the right, rather than at the stage of infringement. Interestingly, the Defendant's squeeze argument (ie that the similarity of the design corpus to the Arc Pant design should reduce the scope of protection afforded to it) was rejected. Squeezes are clearly legitimate in respect of registered

design cases, where the scope of a registration is determined by its degree of novelty and individual character, but are of more limited application in unregistered UK design right cases, where the design need only be original and not commonplace.

Instructive decisions

There were also instructive decisions on remedies for design infringement. In *Kohler Mira Limited v Bristan Group Limited* [2014] EWHC 1931 (IPEC), the Court had to consider, for the purposes of recovering damages for unregistered design right infringement, whether the Defendant knew or had reason to believe that design right subsisted. The Court noted that a defendant is generally likely to have good reason to suppose that design right subsists in an industrial article unless it has a particular reason to believe otherwise. The Court ultimately decided that damages were to be calculated on a reasonable royalty basis at 6.7 per cent of the net sales price of the infringing products.

In *Ifejika v Ifejika* [2014] EWHC 2625 (IPEC) (on account of profits), the Court had to determine the proportion of profit attributable to the infringing design feature of a product that comprised both infringing and non-infringing features. The Court did so on the basis of the functional importance, rather than the physical proportion, of the infringing feature.

At the Court of Justice of the European Union (CJEU), a notable designs judgment was *Karen Millen – Case C 345/13 Karen Millen Fashions Ltd v Dunnes Stores (Limerick) Ltd* – in which the CJEU answered various questions referred to it by the Irish Supreme Court concerning how individual character was to be assessed in respect of unregistered Community designs. The CJEU ruled that, in order for a design to be considered to have individual

character, the overall impression on the informed user must be different from that produced, not by a combination of features drawn from a number of earlier designs and mosaicked together, but by one or more earlier designs taken individually. This decision therefore recognises, if there were any doubt, that even if all of the constituent features of Community design were known in the design corpus, their combination may still be protectable.

Legislative changes

A number of important changes to UK design law were introduced by the Intellectual Property Act 2014 and came into force on 1 October 2014. Of these, the following are perhaps the most interesting:

Intentional copying of a UK or Community registered design

Previously, criminal offences for IP infringement were confined to copyright and trade marks, but it is now a criminal offence to intentionally copy a UK or Community registered design in the course of business, knowing or having reason to believe that the design is a registered design. It is, however, a defence to

show that the defendant reasonably believed that the registration of the design was invalid or not infringed and so businesses may be well advised to seek formal invalidity/non-infringement opinions before launching new products. The penalty on conviction is a fine and/or up to 10 years' imprisonment. The ramifications of this new offence are potentially significant for all businesses making or selling products. It remains to be seen how frequently and in what circumstances the authorities will be willing to pursue prosecutions.

Ownership of commissioned UK registered or unregistered designs

Contrary to the previous position, UK registered or unregistered designs in commissioned works will now be owned by the designer, unless it is specified otherwise in the commission contract.

Restriction on cropping UK unregistered design right

Previously, UK unregistered design right protected “the design of any aspect of the shape or configuration... of the whole or part of an article”. The words “any aspect of” have now been deleted with the intention of preventing the excessive “cropping” of the asserted design to just those small or trivial parts that may have been replicated in the allegedly infringing design. It is questionable whether this amendment will achieve its goal since design right can still subsist in “any part of an article”. The judges who have had to grapple with this amendment have thus far concluded that it made no difference at least on the facts before them.¹

Copyright

Much like design rights, copyright has been an active area of IP law over the past year. In particular, the CJEU has handed down several decisions relating to the fundamental way

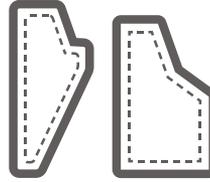
There must be a balance of the rights of copyright owners with the need to encourage innovation in new technologies

12 MONTHS IN 8 CASES



02

The **Karen Millen** decision recognised that even if all of the constituent features of a Community design were known in the design corpus, their combination may still be protectable.



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In **Ifejika v Ifejika**, the Court determined a complex issue of infringement by considering the functional importance, rather than the physical proportion, of the infringing feature.

Kohler Mira Limited v Bristan Group Limited put the way in which damages are calculated in the spotlight.

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John Kaldor Fabricmaker UK Ltd v Lee Ann Fashions Ltd John Kaldor failed to demonstrate that Lee Ann Fashions had copied the fabric designs in question.

03



that consumers use the internet, what is and is not permitted on websites, and what jurisdictional issues arise regarding online infringing activity. In addition, England and Wales legislated for several new exceptions from copyright infringement last year at the same time that the CJEU was making decisions regarding those same exceptions.

Case law

In June 2014, the CJEU handed down its much-anticipated judgment in *Public Relations Consultants Association v Newspaper Licensing Agency and others* (the *Meltwater decision*)² in which it held that general browsing of the internet by users did not infringe the exclusive right to reproduce a copyright work. Instead it held that the on-screen and cached copies of copyright material that are generated during the browsing/using process fall within the exceptions set out in Article 5(1) of the InfoSoc Directive, and as such, no authorisation or licence was required from the copyright owners of the material viewed. Considering the requirements of Article 5(1), the CJEU held that when a user visited a web page (in which copyright subsists), any reproduction made is only:

- temporary – users leave a web page for another (so the on-screen reproduction also goes) and the cache within a user's computer system will eventually be automatically replaced;
- incidental in nature – neither the material reproduced on-screen nor in the cached copy exist independently or have an independent purpose other than to permit a user to use the internet (ie the reproductions occur whether or not the consumer wants them to);
- an integral and essential part of the technological process of internet browsing in that the internet cannot function on a computer without those reproductions occurring.

In making its decision in the *Meltwater* case, the CJEU stated that when a national court is considering a defence under an exception to an exclusive right, the exception must be narrowly interpreted to protect the underlying right. However, it went on to state that there must also be a balance of the rights of copyright owners with the need to encourage innovation in new technologies.

In a series of cases³, culminating in *Pez Hejduk v EnergieAgentur.NRW GmbH*⁴, the CJEU stated that when determining the jurisdiction in which a claim for online copyright

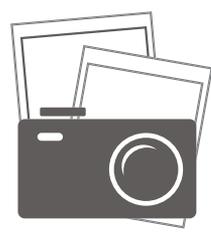
infringement can be brought (eg where copyright material could be purchased online in one EU Member State, but the servers hosting the website were in a different Member State), pursuant to Article 5(3) of the Brussels Regulation⁵ the action can be brought either in the place of the causal event of the damage or in the place where the damage occurred (provided the right which has been infringed is recognised in that jurisdiction). However, if the claimant chooses the jurisdiction where the damage occurred, it is limited to recovering only the damages that occurred in that jurisdiction (ie not damages for all infringing activity which would be available if the claim is brought in the jurisdiction where the causal event occurred). Therefore, while it may be more attractive for a claimant to bring an action in its home jurisdiction, this may have consequences as to the amount of recoverable damages.

UK exceptions

In June and October 2014, several new exceptions to English copyright law came into force. The June exceptions related mainly to extending the permitted use of copyright material to disabled people, educational and

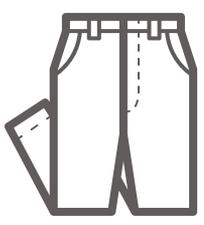
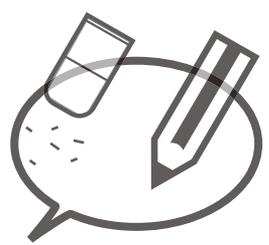
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In **G-Star Raw CV v Rhodi Ltd [2015] EWHC 216 (Ch)**, the Judge noted that the test of infringement of unregistered design right was different to that of infringement of copyright.



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Meltwater saw the CJEU decide that general browsing of the internet by users did not infringe the exclusive right to reproduce a copyright work.



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The outcome of **Pez Hejduk v EnergieAgentur.NRW GmbH** suggested the choice of jurisdiction may affect the amount of damages recoverable.



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Deckmyn determined that parody is a general concept which is to be applied consistently throughout the EU.

public bodies, and for the purposes of non-commercial research and private study. However, it was not until October 2014 that the more highly debated exceptions were enacted. The first of these exceptions is personal copying for private use.⁶ The new exception has several limitations, including the following:

- it does not extend to the copying of computer programs;
- it only relates to copying of lawful, permanent, purchases (therefore will not extend to copying from subscription-streaming services);
- the copies must be for back-up, format

shifting and made on personally accessible storage only (ie not in storage facilities open to multiple users); and

- the exception cannot be contracted out of.

This exception is currently under judicial review, as Article 5(2)(b) of the InfoSoc Directive states that exceptions to the exclusive rights of copyright owners can only be made where the rights holder receives fair compensation for that restriction. This requirement was recently upheld by the CJEU in the case of *ACI Adam*⁷ relating to levies being placed on blank CDs and CD-Rs that could be used for private copying purposes. The second major exception enacted in October 2014 is that of permitting the use of copyright material for the purposes of caricature, parody or pastiche.⁸ The legislation does not define what is meant by “parody”, however guidance on this point can be found in the recent CJEU decision in

*Deckmyn*⁹ in which it found that parody is a general concept which is to be applied consistently throughout the EU, the essential characteristics of which are that it:

- evokes an existing work;
- is noticeably different from that existing work; and
- is an expression of humour or mockery.

Whether something is a parody must also be considered in the light of local morals, therefore making it susceptible to different interpretations from one Member State to another.

Finally, an exception permitting the making of quotations¹⁰ for any purpose has also been introduced, provided that:

- the work quoted had been previously available; and
- the quote:
 - *complies with the requirements of fair dealing;*
 - *is no more than is required; and*
 - *is accompanied by a sufficient acknowledgement.*

¹ DKH Retail Limited v H Young Operations [2014] EWHC 4034 (IPEC) and Whitby Specialist Vehicles Ltd v Yorkshire Specialist Vehicles Ltd & Ors [2014] EWHC 4242 (Pat).
² Case C-360/13, 5 June 2014.
³ Peter Pinckney v KDG Mediatech AG, Case C-170/12, 3 October 2013; Hi Hotel HCF SARL v Spoeing, Case C-387/12, 3 April 2014.
⁴ Case C 441/13, 22 January 2015.
⁵ Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.
⁶ Section 28B of the Copyright Designs and Patents Act 1988.
⁷ ACI Adam BV and others v Stichting de Thuiskopie and others, Case C 435/12, 10 April 2014.
⁸ Section 30A of the Copyright Designs and Patents Act 1988.
⁹ Deckmyn and another v Vandersteen and others, Case C-201/13, 3 September 2014.
¹⁰ Section 30(1ZA) of the Copyright Designs and Patents Act 1988.



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