

D&C 2009 Examiners' Comments

Candidates are reminded of the need to write, clearly and legibly and to assemble their thoughts (and their answers) in order. Answers or parts of answers that are illegible or otherwise unintelligible get no marks.

It is not an answer to say that it might be this or it might be that, without coming to a reasoned conclusion which it is. Nor is it an answer merely to pose a series of counter-questions; they may show a candidate's awareness of the problems, but the examiners want the candidate's solution to the problems.

Specifically:

1. This memory question presented no difficulty to many candidates, but there was too much imprecision – for example, most UK rights come into existence when the work is recorded, not when created, and in b) “death of the last author” is vague; death of the last author to die was required. In d) the full definition of “the public” was rarely given and is essential.
2. Part (i) was straightforward, but many candidates did not make it clear that the Chinese designer was not qualified.
In (ii) it should have been made clear that to establish the right by first marketing, that must be the first marketing anywhere. The definition of exclusive in Section 219(1)(a) of the Copyright Patents and Designs Act is exclusivity in the UK, not EU, so the UK company can qualify, and would be first owner.
In (iii) there is no qualification. Norway is in the EEA not in the EU, and business activity in Sweden (which is in the EU) does not save the situation, because the conditions in both Section 217 (1)(a) and (b) have to be satisfied. Unfounded speculation or assumptions about Norwegian employment law are irrelevant.
3. There were several major misconceptions here. UKRD does not include exhibition priority, nor does one have one month from filing to claim priority. Both of these pertain to CRD. The three headings in an answer should be: modification of the design changing its character; division with exclusion; and priority. A surprising number of candidates failed to mention priority. The question also required details of the procedure in each case, and again a surprising number of candidates did not do so, even to the extent of not giving the priority term or the requirements regarding verified copies. Very few candidates mentioned that a divisional must be filed within 2 months of an exclusion modification (R 10(2) RDR).
4. This essentially simple question was generally not as well answered as it should have been. It was made as clear as possible that in every case Mr X had simply copied the Victorian drawings. Several candidates realised this in respect of copyright and Unregistered Design Right, but then concluded, without giving reasons, that X had a valid Registered Design. Others wrongly considered the position of the soft toys themselves rather than the representations of them that X had filed in his UK Registered Design. For the existence of Unregistered Design Right, there must be in the first place originality, which is lacking here, so that any discussion of “commonplace” is redundant. Many forgot that the term of copyright in the Victorian drawings would have been, at maximum, life plus 50, not 70, years and so must have

expired. Photographs were mentioned by some, although not to be found anywhere in the question.

The points to be discussed were: possible infringement of X's copyright in any text or of typography copyright in his catalogue; whether the change to shape etc made by the adoption of soft materials by the Indian manufacturer would amount to basis for UK Unregistered Design Right if qualified (probably yes); whether the unqualified Indian had been commissioned in that regard (probably no); whether the specification of "soft toys" in the UK Registered Design confers novelty (no); whether the selection of four suitable designs from a larger number confers novelty (no).

5. a) Many candidates did not indicate that the period was 2 months from removal of cause of non-compliance, subject to a 12 month maximum. The overall term for restitutio is 12 months, not 6 months plus 6 months; the final date may be different

b) The question required the term for claiming **priority** not reference to the 6-month convention period.

c) Time limits stated without a start point were given some credit but full marks were achievable by stating the start/trigger of the interval as well. In this sense time limits are like vectors: they should have start point and duration.

6. a) Few candidates mentioned both legs of the exclusion. Copying is in A19(2), but this is supplemented in A 19(3) by reference to independent work by one thought not to be familiar with the design.
b) Most had the exclusions of A 20 by heart, but not many mentioned third-party rights (A 22) or government use (A 23).
Repair was mentioned by many, but the question relates to what is found in the CDR, and this is silent on the subject.

7. This question asked for the definitions in the CDPA. Detailed knowledge of sections 17 and 18 required. Those who knew them scored well.

a) In the definition of copying in S17 there is no reference whatsoever to "substantial part" or the like. Copying is reproducing the work in any material form, including electronic storage and transient or incidental copying.
b) What is important here is the first putting into circulation of the work (S 18). Many people forgot the lending or rental of a literary work. The "non-profit" exceptions, on the other hand, were usually well dealt with.

8. Copyright subsists in original sketches, drawings and photographs. 'UDR' exists for a 5 year term, from creation of original design documents and prototypes, provided the client is a qualifying person and no registration is needed in the UK.

'CDR' exists for a 3 year term, from making available to public, provided the client is a qualifying person, so no registration is needed in the EU (1 mark).

Although no action is required in order to secure these rights, client should be advised to take care to preserve evidence of original drawings, prototypes and design documents.

Provided potential Licensee became aware of the furniture in confidence, or within 12 month grace period of disclosure, client can register Designs applied to furniture and surface decoration, but ideally this should be done prior to discussions with the potential Licensee.

Possible to register in the UK first, within 12 months from disclosure/publication of the Design, then apply for a 'CDA' within 6 months of the UK priority date.

All the following should be included in a Licence: Copyright, 'UDR', 'CDR', UK and Community Registered Designs as well as any Know-How, because the potential Licensee operates throughout Europe.

Client should consider filing a UK 'RDA' and/or a 'CDA' directed to the surface decoration and if done this too should be licensed.

Those complex parts of the system that are not normally seen in use and are dictated solely by function – ie the tightening mechanism' are probably not entitled to protection.

The assembled chairs, tools and tables are protectable by way of a Registered Design as might be the complete assembled connection system.

Candidates should try to seek **all forms of protection** to boost the client's chances and where there is doubt of registrability, and so long as client is made aware of risks and costs, advice could be to pursue Registered Designs. If candidates stood momentarily in the shoes of a manufacturer – especially a large pan-European manufacturer - to be told that no protection is available is not particularly useful, particularly when Designs are likely to be important to such a company, so a degree of imagination is needed as to advice of things to do.

Again candidates should weigh the relatively insignificant cost of 2/3 UK and 'EU' Registered Designs, against the potential upside of 25 year pan-European monopoly! Whilst a 'cavalier' attitude is not to be encouraged, a commercial approach, explaining risks and costs, is usually welcome. Likewise repeated references to searches earned no marks – that task is for the prospective Licensee as part of their due diligence prior to accepting a Licence; not the client.

Many candidates said that the chairs were not registrable as they could be stacked, which would exclude many chairs from being registrable as Designs!

Many other candidates stated and quoted law, but did not map this onto the facts of the question and so did not give practical advice, preferring instead to depress the client with details of all the things that could not be protected.

Most candidates forgot to include copyright in the Licence

9. Renewals of the four Registrations were due in April 2009, therefore client has until April 2010 to renew.

The April 2009 date has been missed, but renewal is possible within the 12 month restoration term, within 2 months from removal of cause of non-

compliance, until April 2010, with a fine but reasons are required, together with evidence eg Affidavit. Renewal of these four Registrations results in a dilution of rights, with the risk that 3rd parties who make preparations to make/import Design, in good faith, from April 2010 can continue. This might breach the Licence which could result in termination or a claim for compensation by the Licensee(s).

So far as the eight renewals that were due in Oct 2009, client has until April 2010 to renew them. This 6 month grace period is 'as of right', and provided renewal takes place by April 2010 there is no loss of rights.

So advise client/Receiver to pay renewal fee and a fine for all eight Registrations by April 2010. Given the amount of the royalty income there may also be foreign equivalent Registrations so check if these need renewing too. Some candidates mentioned breach of licence and a few stated that the advice was in respect of UK rights only and that there would very probably be equivalent foreign rights and so these should be checked as the Licence is netting £50,000 per year and there was a big clue in the mention of 60 designs.

Easy marks were lost for not stating deadlines – eg end of April 2010. This is the sort of thing that would always appear in a letter to a client. Despite probably knowing the difference between the 6 month late payment term and the subsequent 6 month reinstatement term, few candidates explained that the former was as of right and the latter was both discretionary and resulted in a dilution of rights to intervening third parties.

The final day is extended to the last day of month. However, candidates who calculated term to the exact day were not penalised.

10. Fees under A36(4) CDR are due on filing a 'CDA'. However, it is not necessary to pay the fees when filing a 'CDA' in order to secure a filing date. If fees are not paid a Notification under Art 10 (3) (b) issues, setting a term of 2 months from date of Notification (Art 10 (3), 3rd para) to pay the fees, together with a fine.

Check whether Designs are in the same Locarno class.

An alternative option is, if still within 6 months of the priority date, to file another UK Registered Design Application and/or another 'CDA'. If the Designs are related these could be included as multiple Designs in a single 'CDA' or UK Design Applications.

Alternatively Applicant could rely on the 12 month grace period, and delay payment for up to 1 month from filing.

Some candidates mentioned the possibility of filing an application to register within the grace period but failed to specify the term of the period.

11. Were they trading as a partnership or as individuals? If individuals then either would have the right to continue to use the design without the permission of the other and without infringing the Registered Design section. If trading as a partnership the terms of the partnership agreement would dictate who could do what. Corresponding rights to work exist for unregistered design right.

If Fred and Freda were trading as a limited company and the Registered Designs were filed in the name of the company then the situation is different. Because the limited company is effectively a third legal entity, a licence from the company will be needed and in order to do this it is necessary to know who owns/controls the limited company.

On the face of things, and subject to any agreement to the contrary, Freda appears to be the owner of the Registered Designs and any 'UDR' as the probable originator of the works.

Fred appears to be the owner of copyright in the photographs, website and brochures because he undertook this work. However, from an equitable position there is likely to be some claim to the benefit of the Registered Designs and any UDR by Fred, in view of his involvement and likely part-ownership of the business; and similarly Freda may have a claim to Fred's copyright.

Freda could terminate the partnership/any contract she has with the limited company and work as a Designer for Daimanto. Freda could also assign her interest, rights and any goodwill in the business (or shares in a limited company) to Diamanto.

Many candidates said that as no contribution had been made by Fred he was not entitled to be named as a co-owner, failing to recognise that he could have been assigned part ownership under an agreement, (which therefore needed to be checked).

Freda cannot assign but she can license.

Automatically saying check registers – without any apparent need or without explaining why this might be necessary – scored no marks. Some candidates advised reviewing, checking and discussing the agreement, but did not say why or for what reasons

- 12 Need to determine if Jane's 'automated procedure' is covered by her existing employment contract as it probably belongs to employer. Need to check her contract, terms, conditions of secondment, additional duties and salary rise to consider if this affects her new duties in respect of designing clothes. If increase in profit arose from Jane's dress design, then Jane may be entitled to some compensation in respect of benefit arising from the Design. But need to check if the increase in profit is due to the improved system, because if so Jane is unlikely to be entitled to any compensation. If she was not paid for the new dress design, the Copyright, Design Right and right to apply for a 'Registered Design' will belong to her. Check that the person who is responsible for using the 'automated procedure' and system for creating new Designs, is an employee, if so rights to Designs so created pass to the Retailer. Jane owns Copyright in the pencil sketches, as these were done in her own time, she was not paid and rights were not assigned.

Check that the dresses were not disclosed more than 12 months ago. If not advise Jane to apply to register the Designs.

Candidates who discussed what the position might be if the employer had already applied to register the design, or raised the possibility of a joint ownership in a Design were given appropriate credit.