

CHAPTER 15

DESIGN RIGHT

The Subsistence of Design Right;

The Term of Design Right; The Identity of the Person in whom Design Right first vested

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15 DESIGN RIGHT

GENERAL INTRODUCTION

There are two types of dispute concerning Design Right :-

- a) The Subsistence of Design Right; The Term of Design Right; The Identity of the Person in whom Design Right first vested.
- b) Application to settle the Terms of a Licence of Right.

THE SUBSISTENCE OF DESIGN RIGHT; THE TERM OF DESIGN RIGHT; THE IDENTITY OF THE PERSON IN WHOM DESIGN RIGHT FIRST VESTED

15.01 Section 246 of the Copyright, Designs, & Patents Act 1988 provides for a party to a dispute involving subsistence of design right, the term of design right or the identity of the person in whom the design right was first invested to refer the dispute to the Comptroller. The procedure is governed by rules 3 - 9 of The Design Right (Proceedings before the Comptroller) Rules 1989.

Who may apply?

15.02 The owner (or alleged owner) of the design right or the other party to any such dispute may apply. It is important to note that the dispute must relate to subsistence, term or identity. If the dispute is of a general nature, the comptroller may not have the jurisdiction to decide it.

Period during which an application may be made

15.03 The application may be made at any time during the term of the design right.

PUBLIC INSPECTION

15.04 Documents filed in Design Right proceedings are not open to public inspection.

Decisions are not open to public inspection for 28 days, pending comments by the parties concerning any parts of the decision for which confidentiality is requested. The comptroller may then issue a redacted version of the decision which will be open to public inspection.

FORMAL REQUIREMENTS

15.05 Two copies of Design Right Form 1 and a statement should be filed (rule 3(1)).

Statement

15.06 The statement should set out the name and address of the other party to the dispute (referred to as the defendant), the issues in dispute, the claimant's case and the documents relevant to the case (rule 3(1)).

Statement Check

15.07 The statement and the Design Right Form 1 should be checked to take into account the points raised above and points raised in Chapters 1 and 2. Any defects in the statement or the Design Right Form 1 should be brought to the attention of the claimant with a request that the appropriate changes be made.

This will often need to be done before the period for filing the counter-statement is set (the Design Right Form 1 and statement are nevertheless copied to the defendant as in 15.08). However, certain defects are of such a nature as to allow the two periods to run concurrently eg where a document

referred to in the statement has not been filed by the claimant but which will already be in the possession of the defendant.

FURTHER PROCEDURE

Further Statements

15.08 The Design Right Form 1 and the statement should be copied by the Office to the defendant within 14 days of receipt of the application (rule 3(2)). The defendant is allowed 28 days from the date of receipt of the application in which to file a counter-statement and to copy it direct to the claimant (rule 3(3)). The counter-statement should set out full particulars of the grounds on which the defendant contests the claimant's case, any issues on which both sides agree and any documents relevant to the case.

15.09 The claimant will be allowed 21 days from the date the counter-statement is served on him to file a further statement setting out the grounds on which he contests the defendant's case and to copy this direct to the defendant (rule 3(4)).

15.10 For checking the counter-statement, see Chapters 1 and 2. The same procedures are used for checking the further statement.

Evidence

15.11 See Chapters 1 and 3. The relevant rules are rules 4 & 5 and Office practice. The claimant usually files the first and third rounds of evidence. However, simultaneous filing of evidence may be appropriate.

Hearing

15.12 The evidence is followed by an oral hearing usually in London (but sometimes in Newport) and a written decision (rules 5, 6 & 9).

APPLICATION TO SETTLE THE TERMS OF A LICENCE OF RIGHT

INTRODUCTION

15.13 Section 247 of the Copyright, Designs, & Patents Act 1988 provides for a person to apply for a licence which is available as of right by virtue of:

- a) section 237 (licences available in last five years of the design right term) or
- b) an order under section 238 (licences made available in the public interest by the Monopolies & Mergers Commission).

The provisions of section 19(3) of Schedule I of the CDP Act, allowing an application for such a licence in the case of design documents previously covered by copyright, have now expired. Similarly, section 19(5) of Schedule I, which allowed claimants to adjust the terms of a licence made before 1 August 1989, now no longer applies.

The procedure before the Comptroller is governed by rule 10 of The Design Right (Proceedings before the Comptroller) Rules 1989.

Who may apply?

15.14 Any person requiring a licence of right may apply.

Period during which an application may be made

15.15 Under section 237, an application may be made in default of agreement, during the last six years of the term (effective during the last five years)

(section 247(2)). In default of agreement between the parties, the comptroller may settle the terms of the licence

Under section 238 an application may be made, in default of agreement, at any time after an order under this section has been made (section 247(1)(b)) .

PUBLIC INSPECTION

15.16 See 15.04

FORMAL REQUIREMENTS

15.17 Two copies of Design Right Form 3 and a statement should be filed (rules 10(1) & (2)).

Statement

15.18 The statement should set out the terms of the licence which the claimant requires the Comptroller to settle. The terms will vary from licence to licence depending on the circumstances of the case. However they usually include an explanation of terms used in the licence (definitions), and a reference to the royalty rate and how this is to be paid, and may contain reference to such things as quality control, auditing of accounts, and termination of the agreement. The statement should also contain the name and address of the owner of the design right (rule 10(2)(a)) and indicate that the application is being made in default of agreement between the parties.

Settlement of terms where Design Right Owner is unknown

15.19 Where the claimant is unable to discover the identity of the design right owner (section 248), the statement should include the particulars of the enquiries

made by them as to the identity of the owner and the results of those enquiries (rule 13(1)).

15.20 The HO may require the claimant to make further specified enquiries concerning the identity of the owner (rule 13(2)).

15.21 If the owner still cannot be identified, the HO will consider the application and settle the terms of the licence (rule 13(3)). The HO may order a royalty-free licence (section 248(2)).

Statement Check

15.22 The statement and the Design Right Form 3 should be checked to take into account the points raised above and points raised in Chapter 1. Any defects in the statement or Design Right Form 3 should be brought to the attention of the claimant with a request that the appropriate changes be made. This will often need to be done before the period for the filing of the statement of objection is set (the Design Right Form 3 and statement are nevertheless served on the defendant as in 15.23). However, certain defects are of such a nature as to allow the two periods to run concurrently eg where a document referred to in the statement has not been filed by the claimant but which will already be in the possession of the defendant.

FURTHER PROCEDURE

Further Statements

15.23 The Design Right Form 3 and statement should be copied by the Office to the defendant within 14 days of receipt of the application (rule 10(3)). The defendant is allowed 6 weeks from the date of receipt of the application to file a statement of objection and to copy it direct to the claimant (rule 10(4)). The

statement of objection should set out the grounds of the objection to the terms of the licence proposed in the claimant's statement.

15.24 The claimant is then allowed 4 weeks from the date the statement of objection is received to file a counter-statement and to copy it direct to the defendant (rule 10(5)).

15.25 For checking the counter-statement, see Chapters 1 and 2. The same procedures are used for checking the defendant's statement of objection.

Evidence

15.26 Where evidence is to be filed sequentially, as the claimant files a counter-statement, **the first round of evidence is filed by the defendant.** This is deliberate policy and relates to the fact that the onus of proof does not rest on any party as well as the fact that the defendant may have vital information concerning dealings of the right, particularly comparable licences. However, there may be times when simultaneous filing of evidence will also be appropriate.

Hearing

15.27 The evidence is followed by an oral hearing usually in London (sometimes in Newport) and a written decision (rules 11, 5, 6 & 12).