

COPYRIGHT, DESIGNS AND PATENTS ACT 1988

IN THE MATTER OF an application
by Wyeth SPA under section 247 of the
Copyright, Designs and Patents Act 1988
for the settlement of a Licence of Right
available under paragraph 19(2) of
Schedule 1 to that Act.

DECISION

1. This application under section 247 of the Copyright, Designs and Patents Act 1988 ("The Act") to settle the terms of a licence of right available by virtue of section 237 and paragraph 19(2) of Schedule 1 to The Act was filed on 30 December 1997 by Wyeth SPA (the applicants). It was accompanied by a draft licence. The respondent, Waddington Jaycare Ltd, responded in a letter of 12 February stating simply that they had "no objections to this application". As a result the Office wrote to the applicant saying that since there appeared to be no dispute, the matter was not "in default of agreement" and the comptroller could not therefore settle the terms under section 237(2) of The Act. The applicant however replied in a letter of the 23 March 1998 indicating that despite their best endeavours over a period of almost 12 months, no licence had been agreed with the respondents. On this basis, the Office then took the *prima facie* view that the matter was indeed in default of agreement and that the comptroller should proceed to settle the terms of the licence. The Office queried certain specific terms in the draft licence, which was based upon a rather broader form of licence that the applicants had been attempting to agree with the respondent, and the applicant responded by submitting an amended draft licence.

2. The Office wrote to the respondent on 11 June 1998 indicating that it considered that it was appropriate for the comptroller to settle the terms of the licence and asking the respondent to indicate whether or not it was content for the comptroller to settle the terms or whether it wished to be heard on this matter or in relation to the specific terms of the licence

now proposed by the applicant. The Office also indicated that in the absence of any response it would be assumed that the respondent was content in both respects and the matter would be referred to a Hearing Officer for final determination. No response has been received either from the respondent or the applicant and the matter has accordingly been passed to me to settle the licence on the basis of the papers on file.

3. As to the first point, whether the matter is "in default of agreement" within the terms of section 237(2), the applicant has indicated that it has been trying to conclude a licence for some time now without success. Moreover, other than for its very brief letter of the 12 February, the respondent has not replied or responded to any of the letters it has been sent in this matter. In particular, it has not replied to the Office's final letter of the 11 June which made the position very clear. The consequence is that despite its letter of the 12 February stating that it had no objection to the licence proposed by the applicant, the respondent has not "agreed" to this licence, eg by signing it. I am therefore satisfied that the matter remains in default of agreement and that it would be appropriate for me to proceed to settle the terms of the licence.

4. Turning then to the terms of the licence as now proposed by that applicant, these are based upon, and are in certain respects narrower than, the draft licence which accompanied the original application to which the respondent said it had no objection. This being so, except insofar as I see anything in the terms now proposed which I believe to be clearly inappropriate, I consider I should settle the licence in the terms proposed. On that basis, I can see only four respects in which, in my view, the amended draft licence submitted by the applicant needs adjustment.

5. The first concerns the territory to which the licence relates. In Clause 1.6, which should in fact be Clause 1.7, the territory covered by the licence is defined as including the Republic of Ireland. This may simply be a carryover from the applicant's earlier attempts to agree a somewhat wider, voluntary licence but is clearly inappropriate because I have no jurisdiction to extend the licence to the Republic of Ireland. The appropriate territory for this licence is the United Kingdom of Great Britain and Northern Ireland and I have amended the clause to

reflect this. I have made a similar adjustment to the first recital to avoid references to rights allegedly existing in both the Republic of Ireland and Italy.

6. The second concerns what are supposed to be representations from the licensor that to the best of its knowledge it is the sole owner of copyright in the design in question and that the design is subject to licences of right. These appear in the first and second recitals and Clause 5. Again, I can see this is appropriate in a voluntary licence, particularly in the context of an unregistered right such as copyright. However, it is not appropriate in the context of a statutory licence as of right where the licensor is not offering to licence a right he alleges he possesses but has no choice in the matter which has been initiated by the applicant. For that reason, I shall not include Clause 5 and have made appropriate amendments to the first and second recitals.

7. The third concerns the rights licensed. What has been sought is a copyright licence available by virtue of paragraph 19(2) of Schedule 1 to The Act. The reference in the first recital to unregistered design right is therefore inappropriate and I have struck it out.

8. The fourth concerns the commencement date. This is determined by section 247 of the Act rather than paragraph 19 of Schedule 1 and is the date on which the application was made to the comptroller, viz 30 December 1997. I have amended paragraph 1.2 to reflect this. Further, I have amended paragraph 3.2 to take account of the fact that payments for royalties accruing up to 30 June 1998 are already overdue.

9. Otherwise, apart from a few minor changes to the heading, recitals and concluding part of the licence to reflect the fact that the licence is a statutory licence as of right settled by the comptroller and the correction of one or two obvious errors, I believe that the terms now proposed by the applicant are appropriate and I shall adopt them.

10. Thus in summary, I hereby order the respondent to grant to the applicant a licence in the form attached to this decision.

11. Neither party has sought costs. It is customary in licence of right proceedings to make no award for costs unless there are some special circumstances, and as I see nothing unusual here I decline to make an order for costs.

12. Under section 249 of The Act any appeal from this decision is to the Appeal Tribunal constituted under section 28 of the Registered Designs Act 1949. Since this decision is not on a matter of procedure, under the rules of that Tribunal any appeal must be lodged within six weeks.

Dated this 20th day of July 1998

P HAYWARD

Superintending Examiner, acting for the comptroller

THE PATENT OFFICE

LICENCE OF RIGHT

Parties:

- (1) WADDINGTON JAYCARE LIMITED, whose registered office is at Wakefield Road, Leeds, West Yorkshire, LS10 7DU, England ("the Licensor") and
- (2) WYETH S.p.A., whose registered office is at Via Nettuneuse 90, 04011 Aprilia (LT) Italy ("the Licensee")

Recitals:

- (A) The Licensor has not denied that it is to the best of its knowledge and belief proprietor of and beneficially entitled to the copyright in the Design (as defined below);
- (B) The Licensor has not denied that the Design is subject to "licences of right" under Schedule 1, paragraph 19 of the Copyright, Designs and Patents Act 1988;
- (C) The Licensee seeks a licence to reproduce the Design by manufacturing closures made in accordance with the Design for the purpose of supplying the Goods (as defined below) to the Licensee's affiliate in the United Kingdom for sale in the United Kingdom and has applied to the comptroller to settle its terms;
- (D) The comptroller orders that a licence be granted on the following terms.

Operative provisions:

1. DEFINITIONS

- 1.1 **Act** means the Copyright, Designs and Patents Act 1988.
- 1.2 **Commencement Date** means 30 December 1997.
- 1.3 **Design** means the design the same as or not substantially different from the closure to the container known as the "Securitainer Mk IV" container, as shown in the Schedule hereto. The body to the said "Securitainer Mk IV" container does not form part of the Design.

- 1.4 **Goods** means over-the-counter indigestion remedies and antacids.
- 1.5 **Product** means Bisodol Antacid Digestant Powder or any other Goods offered for sale in containers with closures made to the Design.
- 1.6 **Royalty Period** means the period from the commencement of this Agreement to the 1st day of August 1999.
- 1.7 **Territory** means the United Kingdom of Great Britain and Northern Ireland
- 1.8 **Calendar Quarter** means any period of three (3) months beginning on 1st January, 1st April, 1st July and 1st October, as the case may be.

2. LICENCE

The Licensor hereby grants to the Licensee a non-exclusive licence to reproduce the Design and to do the acts permitted by Schedule 1, paragraph 19 and sections 237-239 of the Act for the purpose of:

- 2.1 the manufacture of the Goods; and
- 2.2 the sale of the Goods in the Territory through the Licensee's UK affiliate Whitehall Laboratories Limited.

3. ROYALTIES AND PAYMENT

- 3.1 The Licensee shall during the Royalty Period pay to the Licensor or to the Licensor's authorised representative a royalty of £0.001805 for each unit of the Product sold or otherwise supplied in the Territory for money or money's worth (including units supplied free of charge to the trade) by Whitehall Laboratories Limited.
- 3.2 Payments due under 3.1 above shall be made within thirty (30) days of the date of the decision settling this licence in respect of royalties accruing on the Product in the period to up to 30 June 1998, and at the end of each subsequent Calendar

Quarter in respect of royalties accruing on the Product in that Calendar Quarter.

3.3 All sums due under this Agreement:

3.3.1 will be calculated exclusive of Value Added Tax or other sales tax which may be payable in addition on the rendering by the Licensor to the Licensee of a tax invoice, if appropriate;

3.3.2 shall be made in lira to the credit of a bank account to be designated by the Licensor. Conversion from pounds sterling to lira shall be calculated at the rate of exchange ruling on the last day of the Calendar Quarter or year (as appropriate) in respect of which the payment is due;

3.3.3 shall be made subject to any taxes charges or other duties that may be imposed. The parties agree to co-operate in all respects necessary to take advantage of any double taxation agreements as may be available.

4. DURATION

4.1 This Agreement shall commence on the Commencement Date and shall (unless terminated in any of the circumstances of Clause 6 below) continue in force until 1st August 1999.

5. INFRINGEMENTS

5.1 In the event of any infringement by a third party of any rights in the Design licensed to the Licensee under this Agreement

5.1.1 the Licensee may at its discretion (whether individually or jointly with the Licensor) take such action as it sees fit in order to protect its rights under this Agreement, including the institution of proceedings against any infringer; and

5.1.2 where the Licensee has instituted or intends to institute proceedings against any infringer, the Licensor will at the Licensee's request and expense take all reasonable steps in order to enable the Licensee to institute and prosecute such proceedings; and

5.1.3 any award of damages or other payment received as a result of any

infringement proceedings shall inure to the benefit of the parties in such proportions as shall take full account of each party's loss of profits and the expenses incurred by each party as a result of taking such proceedings; and

- 5.1.4 the parties agree to negotiate in good faith with a view to agreeing a revision to the royalty rate set out in 3.1, such revised rate and payment to take into account any losses suffered or costs incurred on the part of the Licensee as a result of such infringement.

6. TERMINATION

- 6.1 If either party shall be in breach of any obligation on it under this Agreement and, in the case of a breach capable of remedy, it shall not have been remedied by the defaulting party within thirty (30) days of notice from the other party specifying the breach and requiring its remedy, or if either party becomes insolvent, has a receiver appointed over the whole or any part of its assets, enters into any compound with creditors, or has an order made or resolution passed for it to be wound up (otherwise than in furtherance of a scheme for amalgamation or reconstruction) then the other party (or, in the case of breach, the party not in breach) may forthwith terminate this Agreement by notice.

7. FORCE MAJEURE

- 7.1 If and to the extent that any failure on the part of either party to perform an obligation under this Agreement shall have been caused by or shall have been due to force majeure, such failure shall not be deemed to constitute a breach of this Agreement, provided that either party may terminate this Agreement if an event of force majeure prevents performance of this Agreement by either party for a period exceeding 30 days.
- 7.2 For the purposes of this Clause, "force majeure" shall mean any cause affecting the performance of this Agreement and arising from events beyond the reasonable control of either party including, without limitation, any strikes, lockouts and other industrial action, civil commotion, riot, invasion, war, threat of war or preparation for war, explosion, storm, flood, earthquake, subsidence, epidemic, other natural physical disorder, delay at sea, breakdown of transport, political interference with the operations of any party and actions of any governmental authority.

8. NOTICES

8.1 Any notice given under this Agreement shall be in writing and delivered or sent by first class post, telex or facsimile (such telex or facsimile notice to be confirmed by letter posted within 12 hours) to the address of the other party as set out in Clause 8.2 below (or such other address as may have been notified in writing to the other party), and any such notice shall be deemed to have been served at the time of delivery (if delivered) or upon the expiration of 48 hours after posting (if sent by post) or upon the expiration of 12 hours after despatch if sent by telex or facsimile.

8.2 The Licensor's address for service is:

Address: Wakefield Road
Leeds
West Yorkshire
LS10 7DU
England

The Licensee's address for service is:

Address: Via Nettuneuse 90
04011 Aprilia (LT)
Italy

Telex: 680859 WYAPR 1

Fax: +39 6 92 76 085

Copy to:

Address: Whitehall Laboratories Limited
Huntercombe Lane South
Taplow
Maidenhead
Berkshire SL6 OPH
England

Telex: 847640 WYLABS G

Fax: +44 (0) 1628 414 869

9. GENERAL

- 9.1 If any terms or provisions of this Agreement are held by any court or other competent authority to be void or unenforceable in whole or in part, the other provisions of this Agreement and the remainder of the affected provisions shall continue to be valid.
- 9.2 Failure by either party to avail itself of a right conferred by this Agreement shall in no event be construed as a waiver of that party's right to enforce such right in the future.

10. GOVERNING LAW

The construction, validity and performance of this Agreement shall be governed by the laws of England and shall be subject to the jurisdiction of the English courts.

SCHEDULE

