

BL O/187/19

REGISTERED DESIGNS ACT 1949

IN THE MATTER OF:

REGISTERED DESIGNS 4032308, 4032309 & 4032310

IN THE NAME OF DOUGLAS HAMILTON MARTYN

AND

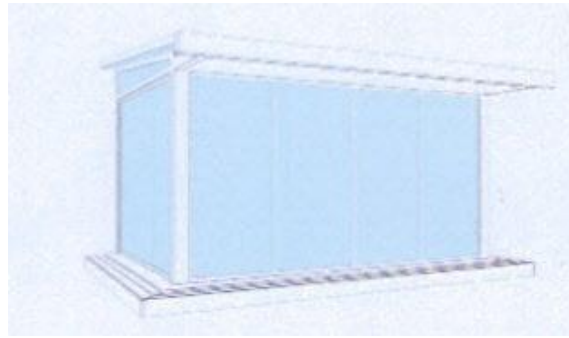
APPLICATIONS FOR INVALIDATION (NOS 55/17, 12/18 & 13/18)

BY GORDON MCKENZIE

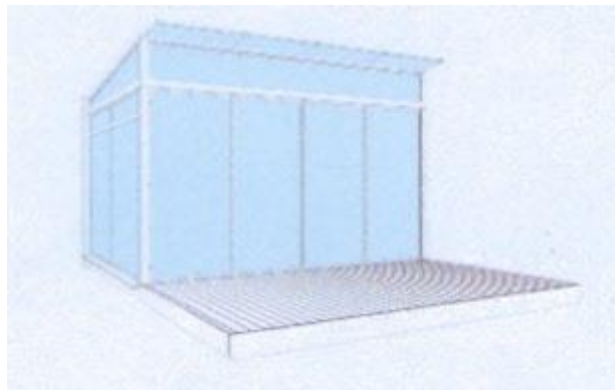
Background and claims

1. These proceedings concern applications by Mr Gordon McKenzie to declare the following registered designs for conservatories or garden rooms invalid:

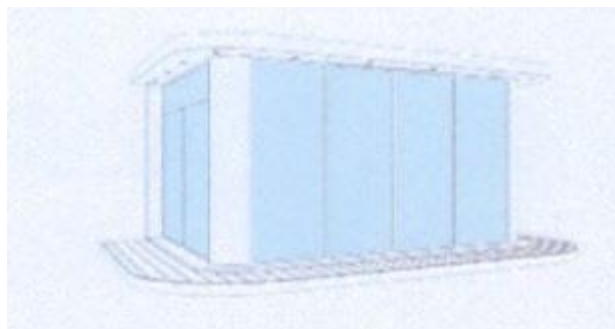
4032308:



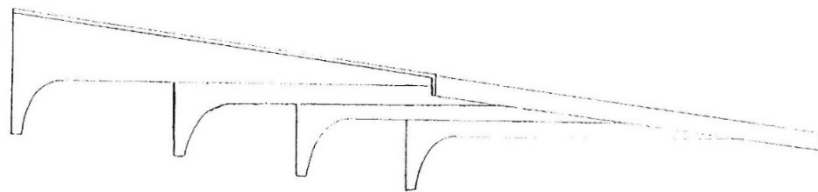
4032309:



4032310:



2. The designs were registered on 15 October 2013 in the name of Mr Douglas Hamilton Martyn. They expired on 15 October 2018.
3. All three applications are based on the provisions of section 11ZA(2) of the Registered Designs Act 1949 (“the Act”).
4. Mr McKenzie claims that he, not Mr Martyn, is the proprietor of these designs. His reasons for this claim are as follows:
 - Mr Martyn had no legal right to register these designs as his own;
 - the designs were commissioned by Crystal Canopies Limited (“Crystal”) (of which Mr Martyn was a director) from Meso Ltd (Designers) (dissolved) (“Meso”) on 28 October 2010;
 - Crystal went into compulsory liquidation around October 2013 and Mr Martyn “did indeed remove intellectual property rights knowing that Crystal was about to go into receivership thereby intentionally deceiving the receivers by removing assets by deception, to use within a newly formed company”;
 - Mr Martyn and his son continued to use another registered design (no. 2063416, shown below) belonging to Crystal while in liquidation “and continued in deception by registering design no. 2063416 for its final 5 years of cover”.



5. Mr McKenzie asks that the registration of these designs be invalidated.
6. Mr Martyn filed counterstatements denying the grounds on which the applications are made. He claims that:
 - Crystal never had any rights of ownership in the design, nor a legitimate claim to such ownership;
 - the designs related to a “concept garden room” that he had developed, and that Meso produced technical drawings relative to those designs;
 - the design was registered in Mr Martyn’s name and that he then entered into a licence agreement with Crystal to allow the company to use the design.
7. Both sides submitted evidence and the registered proprietor made submissions, which were sent to the Registry on 9 October 2018. Neither side requested a hearing. Mr McKenzie has been represented by Mr Stuart McKenzie. Mr Martyn has been represented by Marks & Clerk LLP.

The evidence

Applicant’s evidence

8. The applicant’s evidence is contained in its Statement of Case and a Statutory Declaration made by Gordon McKenzie on 12 July 2018. Mr McKenzie states that he is the legal owner of the design rights formerly owned by Crystal and Meso. He provides as evidence assignment agreements showing that he acquired the rights in the intellectual property owned by those two companies on 24 July 2017 and 20 February 2018 respectively.¹

¹ Exhibits EX1-A and EX2-H.

9. Mr McKenzie disputes Mr Martyn's claim that Meso was merely commissioned to produce technical drawings of a concept that Mr Martyn had developed. An invoice from Meso dated 23 June 2010 describes the brief as follows:

“Current Garden Room products have clear differences when compared to traditional conservatories – speed of fitting being one key factor. In order to give the average consumer a greater awareness of what sets this product apart, Meso have been asked to create a brand identity which clearly differentiates Crystal Canopies' Garden Rooms from their traditional counterparts. The solution must look unique enough to stand out but not alienate the current market. The design should at least be able to obtain a design registration, if not a patentable element, and should retain the added value of quick, simple and unobtrusive installment [sic].”²

10. Meso received a cheque for £564.00 from Crystal on 28 July 2010 as a deposit for Phase 1. An invoice for the remaining cost of this phase was issued on 29 September 2010.
11. Mr McKenzie states that Meso forwarded three design concepts (which are time stamped 17.09.10). He claims that these are identical to the registered designs at issue. He says that “subsequently the body within Crystal Canopies Limited decommissioned Meso Ltd deciding not to take forward Meso's design concepts to later register all three designs in the name of Douglas Hamilton Martyn”. Mr McKenzie does not say how he knows this.
12. At the end of this Statutory Declaration, Mr McKenzie states that he has assigned all rights to use any goodwill and property belonging to Crystal and Meso to Stuart McKenzie, who is his representative in these proceedings. The evidence does not include an assignment agreement to this effect.

² Exhibit EX 5-P.

Registered proprietor's evidence

13. The registered proprietor's evidence is contained in its counterstatement and in a witness statement by Douglas Hamilton Martyn and is dated 8 October 2018. This witness statement provides details of assignment and technology licence agreements between himself and Crystal, both dated 4 April 2006.³ I shall refer to the technology licence agreement in more detail later in the decision.
14. Mr Martyn states that the monies paid by Crystal to Meso were paid by the company for the benefit of Mr Martyn himself. These monies came from a director's loan account. Expenditure made by the company on Mr Martyn's behalf were set off against this loan account.

Legislation

15. Section 11ZA(2) of the Act states that:

“The registration of a design may be declared invalid on the ground of the registered proprietor not being the proprietor of the design and the proprietor of the design objecting.”

16. Section 11ZB(5) of the Act states that:

“The person able to make an objection under subsection (2), (3) or (4) of section 11ZA of this Act may make an application to the registrar for a declaration of invalidity under that subsection.”

17. The effect of these two provisions is that only the person claiming to be the proprietor of the registered design can apply to invalidate it.
18. Section 2 of the Act concerns proprietorship of designs. It was amended by section 6(1) of the Intellectual Property Act 2014. However, the amended

³ Exhibits DM1 and DM2 respectively.

provisions do not apply to designs created before the commencement date (1 October 2014).⁴ The designs at issue were registered in 2013 and so the following provisions apply:

“(1) The author of a design shall be treated for the purposes of this Act as the original proprietor of the design, subject to the following provisions.

(1A) Where a design is created in pursuance of a commission for money or money’s worth, the person commissioning the design shall be treated as the original proprietor of the design.

(1B) Where, in a case not falling within subsection (1A), a design is created by an employee in the course of his employment, his employer shall be treated as the original proprietor of the design.

(2) Where a design becomes vested, whether by assignment, transmission or operation of law, in any person other than the original proprietor, either alone or jointly with the original proprietor, that other person, or as the case may be the original proprietor and that other person, shall be treated for the purposes of this Act as the proprietor of the design.

(3) In this Act the “author” of a design means the person who creates it.

(4) In the case of a design generated by computer in such that there is no human author, the person by whom the arrangements necessary for the creation of the design are made shall be taken to be the author.”

⁴ See *The Intellectual Property Act 2014 (Commencement No. 3 and Transitional Provisions) Order 2014*, SI 2014 No. 2330, art. 4.

Decision

19. This decision turns principally on who is the true proprietor of the designs. The applicant contends that the designs were commissioned by Crystal from Meso. If that is the case, because the designs were created before the relevant provisions of the Intellectual Property Act 2014 came into force, the proprietor is the commissioner, and that would be either Crystal or Mr Martyn. The registered proprietor, on the other hand, says that Meso only produced technical drawings of the designs he himself had created. In those circumstances, the provisions regarding commissioned designs would not apply and Mr Martyn would be the proprietor. The evidence suggests that there was a commission and that Meso did more than simply produce technical drawings of someone else's design. I refer to the extract from the project brief that I quoted in paragraph 9.
20. Mr McKenzie argues that the commissioner was Crystal and that a subsequent agreement between Crystal and himself assigns the ownership of the designs to him. Part of this agreement is set out below which assigns to Mr McKenzie:
- “all such right, title and interest (if any) as the Assignor hereby assigns to the Assignee all such right, title and interest (if any) as the Assignor has in or to:
- 1.1.1 the Goodwill;
- 1.1.2 the Registered Design [i.e. no. 2063416];
- 1.1.3 the Trade Mark; and
- 1.1.4 any other intellectual property rights the Assignor may have an interest in (if any).”
21. The registered proprietor submits that there is doubt as to whether Mr Gordon McKenzie is the appropriate person to bring this action. If Mr McKenzie had indeed assigned all rights to use any goodwill and property belonging to Crystal to another party (Mr Stuart McKenzie), as stated at the end of his Statutory Declaration, he would not have the sufficient interest in this application.

22. Mr Gordon McKenzie states that:

“There is no written assignment between Stuart McKenzie and Myself Gordon McKenzie I have a verbal common trust with him allowing as trustee to handle all affairs in the subject matter as he sees fit.”

This statement clarifies that there has been no assignment of ownership. The assignment agreements confirm that Mr Gordon McKenzie is the owner of Crystal’s intellectual property rights. Section 2(2) of the Act states that, where a design is assigned to another party, that party will be treated as the proprietor. Consequently, I find that Mr McKenzie may bring forward this claim as the potential owner of the designs, dependent on whether the commissioner was Mr Martyn or Crystal; if it is the latter then the claim will succeed, if it is the former then it will fail. This is what I turn to next.

23. On the basis of the evidence supplied by Mr McKenzie, there would appear to be a prima facie case that the commissioner of the registered designs was Crystal. The invoices from Meso state that Crystal was the client, and the cheque paid was from Crystal’s account.

24. On the other hand, the registered proprietor submits that these monies were paid by Crystal for the benefit of Mr Martyn and seeks to rely on the terms of the Technology Licence Agreement (Exhibit DM2), specifically Clauses 8 and 10. This agreement licensed Crystal to use Registered Design no. 2063416, Patent GB 2 343 689 B and Patent Application number 0309133.7 and other intellectual property related to these rights.

25. Clause 8 commits Mr Martyn to maintaining the patent and design rights listed in the agreement. However, these do not include the design rights at issue, as these were registered after the date of the agreement. Clause 10 concerns “Improvements”.::

“10.1 Each of the parties hereto shall forthwith upon the discovery thereof communicate to the other full information concerning any improvement

relating to the Licensed Products (any and each such improvement being hereafter called a 'Relevant Improvement') and the other shall treat such information as confidential.

10.2 Any parties granted to **MR MARTYN** in any country in respect of any application in respect of a Relevant Improvement shall be deemed to be included in the expression '**the Patent Rights**' for the purpose of this agreement and **MR MARTYN** undertakes (at **the Licensee's** expense) either to endorse hereon and for any licence granted pursuant hereto a suitable memorandum of extension of this agreement and such Licence for the purpose of registration at the appropriate Patent Office or to execute such other document as may be reasonably necessary therefor.

10.3 In respect of any Relevant Improvement as appears patentable and which is devised by **the Licensee** or its employees so as otherwise to be the property of **the Licensee**, such Relevant Improvement shall vest in **MR MARTYN** and Clause 10.2 shall apply mutatis mutandis."

The agreement provides that the improvements are owned by Mr Martyn, but these improvements are those that appear patentable or otherwise relate to the patent rights.

26. The term "licensed products" is defined in the Agreement as

"any products which:

(a) fall within the scope of any claim of any of the Patent Rights for any part of the Territory; and/or

(b) utilise or are manufactured by an [sic] process or processes falling within the scope of any claim of any of the Patent Rights for any part of the Territory; and/or

(c) fall within the scope of the Design Rights; and/or

(d) utilise or are manufactured, marketed or sold with the use of, according to and/or embodying the Intellectual Property, or otherwise fall within the scope of the Intellectual Property.”

27. This clause commits the parties to sharing information on improvements and treating any such information shared by the other party as confidential. It does not contain any provisions relating to new filings of registered design rights. In the light of this, it seems to me that the registered proprietor is not able to rely upon this agreement as proof of ownership of the future designs which are the subject of this dispute when set beside the evidence provided by Mr McKenzie.

28. Based on the evidence before me, I find that Crystal was the original proprietor of the designs, and that proprietorship has now been assigned to Mr McKenzie.

Outcome

29. The registered designs nos. 4032308, 4032309 & 4032310 are declared invalid under section 11ZA(2) of the Act.

Costs

30. The applicant has been successful and is entitled to a contribution towards his costs. As he is not professionally represented, the Registry wrote to him on 15 November 2018 inviting him to complete a costs pro-forma showing how much time had been spent on these proceedings. The letter advised that failure to complete the pro-forma would mean no award of costs, except for compensation for any official fees. The applicant did not return the form, so I award compensation of £144 to cover the official fees for each of the three applications.

31. I therefore order Mr Douglas Hamilton Martyn to pay Mr Gordon McKenzie £144. The above sum should be paid within fourteen days of the expiry of the appeal

period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated 9 of April 2019

**Clare Boucher
For the Registrar,
Comptroller-General**