

O-062-20

REGISTERED DESIGNS ACT 1949 (AS AMENDED)

IN THE MATTER of Registered Design No. 5004339 for JELLY LIPSTICK in
the name of Kailijumei Limited

and

APPLICATION TO INVALIDATE (No. 8/17) by Egidijus Sipavicius

DECISION

1. This is an appeal from decision O-798-18 dated 13 December 2018 by the Hearing Officer (Mr Allan James) acting for the Registrar of Designs. He rejected an application by Mr Egidijus Sipavicius to invalidate registered design No. 50004339.
2. Mr Sipavicius appeals against that decision. There is also a cross appeal by the registered design proprietor relating to costs which I deal with at the end of this decision. At the hearing which took place on 25 September 2019, Mr Sipavicius attended and made submissions by telephone. The proprietor did not attend whether in person or by phone.
3. The registered design was filed by Agnieszka Mazurek on 6th August 2016. The design was subsequently registered with effect from that date. The design is described on the application form as being for a “*Jelly lipstick with flower inside stick.*” The design representations, including wording, are as follows:-



Perspective View
No claim is made for the colours or materials shown
Protection is sought for all component parts



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No claim is made for the colours or materials shown
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Perspective View
No claim is made for the colours or materials shown
Protection is sought for all component parts

The decision under appeal

4. The evidence before the Hearing Officer established that articles embodying the design had been made available for sale in the UK *inter alia* via an eBay listing 6 days before the filing

date of the registration. However, the proprietor responded by relying on the so-called 'grace period' provisions of the Registered Designs Act 1949, as amended ("the Act"), in ss.IB(6)(c) and (d). I shall set these out, together with s.IB(6)(e) for completeness. These paragraphs prevent a disclosure from counting as invalidating prior art if:

(c) It was made by the designer, or any successor in title of his, during the period of 12 months immediately preceding the relevant date;

(d) It was made by a person other than the designer, or any successor in title of his, during the period of 12 months immediately preceding the relevant date in consequence of information provided or other action taken by the designer or any successor in title of his; or

(e) It was made during the period of 12 months immediately preceding the relevant date as a consequence of an abuse in relation to the designer or any successor in title of his."

5. The proprietor (Kailijumei Ltd) contended that the prior disclosure in the UK was made by Agnieszka Mazurek, who was then the exclusive distributor of Kailijumei products in the UK.
6. There was also evidence of substantial sales and advertising of identical products on websites in the USA under the Kailijumei trade mark. The Hearing Officer held that these publications on US websites could reasonably have become known in the normal course of business to persons specialising in the sector concerned in the EEA, and accordingly were not excluded from counting as prior art by s.IB(6)(a) of the Act.
7. The proprietor also relied on the 'grace period' provisions in respect of these USA disclosures. It contended that the disclosures were made in consequence of the actions of Agnieszka Mazurek and with the consent of the owner of the Kailijumei trade mark, which it alleged was Chen Ruili in China.
8. The proprietor provided some evidence of the relationship between Agnieszka Mazurek, Chen Ruili and Guangzhou Feng Bi Cosmetics Co. Ltd, who were the manufacturers of the products made to the design. This evidence was described by the Hearing Officer as "less than perfect", mainly because of extensive redactions made by the proprietor to the

documents which it exhibited, which made it difficult or impossible to see their true effect. In the light of this unsatisfactory evidence, the Hearing Officer made the following findings at paragraphs 23 to 27 of his decision:

“23. The applicant disputes that Agnieszka Mazurek is the designer of the contested design. I acknowledge that the proprietor’s evidence could be clearer in this respect. However, I note that s.17(8) of the Act states that:

“The register shall be prima facie evidence of anything required or authorised to be entered in it and in Scotland shall be sufficient evidence of any such thing.”

24. Agnieszka Mazurek was the applicant for registration and was entered in the register as the first owner of the design. No one has challenged that entry on the basis that he or she was the real designer. The applicant has not identified anyone else as being the real designer. He simply says that the current proprietor has not proved that it was Agnieszka Mazurek. In this connection, the applicant points out that goods embodying the contested design carried the Kailijumei trade mark. However, that does not show who designed the products. It is quite normal for goods carrying mark X to have been designed by party Y. In the absence of evidence which casts serious doubt on the entry in the register, I do not think that the applicant has done enough to disturb the prima facie presumption that Agnieszka Mazurek was entitled to make the application for registration and to be entered as the design right owner. In the absence of any alternative claim, she is therefore entitled prima facie to be considered as the designer, or at least as a successor in title to the designer, for the purposes of s.1B(6)(c) and (d) of the Act.

25. This finding is consistent with the addendum to the exclusive distribution and licence agreement between Chen Ruili and AM Trading Agnieszka Mazurek. This states that the latter has given the former permission to use a design corresponding to the contested lipstick design for advertising purposes, etc. This suggests that the design concerned belonged to AM Trading Agnieszka Mazurek whilst the Kailijumei

trade mark, under which products embodying the design were to be marketed, belonged to Chen Ruili.

26. Given that each of the prior disclosures of the contested design identified by the applicant bore the trade mark Kailijumei, I infer that these disclosures were made by, or with the consent, of the owner of that trade mark. The brand licensing contract between Chen Ruili and Guangzhou Feng Bi Cosmetics Co.,Ltd also identifies Chen Ruili as the owner of the Kailijumei trade mark (and Guangzhou Feng Bi Cosmetics Co.,Ltd as the manufacturer of the products).

27. If I am right so far, this means that the contested design was disclosed by Chen Ruili, Guangzhou Feng Bi Cosmetics Co.,Ltd and/or by AM Trading Agnieszka Mazurek with the consent of the designer, Agnieszka Mazurek. Consequently, the disclosures fall within s.IB(6)(d) of the Act and do not therefore count as novelty-destroying disclosures under s.IB(5) of the Act.”

Further evidence on the appeal

9. In support of his appeal, Mr Sipavicius applied to rely on additional evidence, in the shape of an affidavit from Chen Ruili dated 5 January 2019, i.e. a few weeks after the Hearing Officer’s decision. Mr Sipavicius explained to me that in the two years leading up to the decision, he had made numerous attempts, including emailing nearly 100 other sellers of the products in China, in attempts to get hold of the manufacturer or owner of the Kailijumei brand in China. Eventually he got a response from one of the sellers with the phone numbers and email address of Ms. Chen Ruili and was able to make contact with her for the first time after the hearing officer’s decision.
10. In these circumstances I decided to exercise my discretion to admit this evidence on the appeal.
11. Ms Chen’s affidavit is in Chinese but it is accompanied by a certified English translation, which Ms Chen has signed at the bottom in Western script. She states that she is the

originator and owner of the design which she has registered in China in her own name, and that she contracted with Guangzhou Feng Bi Cosmetics Co.Ltd for them to manufacture products according to the design under the Kailijumei brand.

12. She goes on to state that the contract between her and AM Trading (Agnieszka Mazurek) was purely for legal authorisation for AM Trading to act as prime dealer or agent for selling Ms Chen's lipsticks with Kailijumei branding in the UK. She says that Agnieszka Mazurek registered her design in the UK without her knowledge or consent and she has only found out about the registration in recent weeks (I assume as a result of the contact by Mr Sipavicius). Ms Chen states that "*all the originality in the design belongs to me*", and that she intends to start proceedings for the re-registering of the design in her own name.

Re-assessment of the evidence on appeal

13. With the benefit of this affidavit, I have reviewed the unsatisfactory materials which were before the Hearing Officer, and have looked particularly closely at the addendum to the exclusive distribution and licence agreement between Chen Ruili and AM Trading Agnieszka Mazurek, upon which the Hearing Officer placed some weight at his paragraph 25.
14. That states that "the Licensee" (i.e. Agnieszka Mazurek) has provided permission to use "*photography, animation, all visual designs, visual elements, graphic designs, illustration on the basis of a contract to disclosures made to test the product on the market (for example through advertising campaigns or presentations ...)*".
15. Reviewing this document with the advantage of having seen Ms Chen's affidavit (an advantage which the Hearing Officer did not have), I find it implausible that this document was intended to be a grant of a licence for the design of the product itself. It appears far more consistent with being a grant-back to the Licensor of permission to use in other markets marketing graphics and illustrations developed by the exclusive seller in the UK. That is also consistent with its status as being an addendum, rather than part of the original distribution and licence agreement.

16. At his paragraph 24, the Hearing Officer noted that it is quite normal for goods carrying mark X to have been designed by party Y. I do not disagree with that as a general proposition, which is based no doubt on the Hearing Officer's very extensive knowledge and experience of licensing arrangements which come before the Office. For example, it would not be unusual for an established business which uses a trade mark across its product range to take a licence for a design for a new product and then include it in its range and sell it under its trade mark.
17. However, the specific scenario as put forward by the proprietor - that the Kailijumei brand used in China, the USA and elsewhere belonged to Ms Chen but that the product design itself originated with Agnieszka Mazurek - strikes me as rather unusual. It would need to be demonstrated by convincing evidence.
18. There is nothing elsewhere in the documents considered by the Hearing Officer which provides material support for anyone other than Ms Chen being the designer and true owner of the rights to the design. My own attitude to the redactions made by the proprietor to the documents which it put forward to support its case is less forgiving than that of the Hearing Officer. The transactions between Ms Chen and the proprietor or the proprietor's predecessor Agnieszka Mazurek were outside the knowledge of the applicant for invalidation and a fact-finding tribunal can and should draw adverse inferences from excessive redactions which make it impossible to see the true effect of the transactions relied upon by the proprietor.
19. I do not accept the proprietor's contention that considerations of commercial confidentiality justified these very extensive redactions. Commercial licensing and marketing arrangements of this kind are routinely considered by courts and tribunals unredacted, or sometimes with limited redactions going to legally immaterial but genuinely confidential provisions such as prices or royalty rates.
20. In conclusion, I have direct evidence from Ms Chen (which was not available to the Hearing Officer) that she was the designer and that the application for registration of the design in

the UK by AM was not authorised by her. In addition, the redacted documents as produced by the proprietor when properly analysed tend to support Ms Chen's contention rather than the proprietor's own case, as do the overall probabilities of the situation. Further, I draw an adverse inference from the extensive redactions made by the proprietor that the redacted parts of the documents would not support its case and indeed it is plausible that they would contradict it. These considerations overwhelm the force of any reliance on the presumption in section 17(8) of the Act, and I hold on the balance of probabilities on the evidence before me on this appeal that Ms Chen was the designer and that the applicant for registration was not her successor in title.

Application of the law to the facts

21. It appears on the facts I have found that the design was registered without the knowledge and consent of and in breach of the rights of the designer and true owner of the design.
22. The 'grace period' provisions set out above refer to and provide protection against acts done by "*the designer or any successor in title*". There is no explicit requirement that the applicant for registration must be the designer or a successor in title to the design. In the absence of authority, it might be a plausible interpretation of these provisions that a claim by a designer that the design has been wrongly registered (e.g. by an exclusive importer) is to be brought via proprietorship proceedings under section 20 of the Act in which the true proprietor could claim a transfer to herself of the registration rather than its invalidation.
23. However, the 'grace period' provisions of the Act faithfully replicate the wording of Art.6(2) of the Designs Directive 98/71/EC. The EU General Court has interpreted the corresponding Article (Art.7(2)) of the Community Designs Regulation (EC) No 6/2002 in Case T-68/10 *Sphere Time v OHIM* (14 June 2011) as follows:-

"24 In relation, firstly, to the applicability of Article 7(2) of Regulation No 6/2002 to this case, it should be noted that the objective of that provision is to offer a creator or his successor in title the opportunity to market a design, for a period of 12 months, before having to proceed with the formalities of filing.

25 Thus, during that period, the creator or his successor in title may ascertain that the design concerned is a commercial success before incurring the costs relating to registration, without fear that the disclosure that takes place at that time may be successfully raised during any invalidity proceedings brought after the possible registration of the design concerned.

26 It is apparent from the foregoing that, for Article 7(2) of Regulation No 6/2002 to be applicable in the context of invalidity proceedings, the owner of the design that is the subject of the application for invalidity must establish that it is either the creator of the design upon which that application is based or the successor in title to that creator.

27 Thus, in this case, the applicant must establish that it is the creator of the SYMBICORT design or his successor in title.”

24. The General Court reiterated the same conclusions in its judgment in Case T-813/14 *Min Liu v OHIM* (18 November 2015) at paragraphs 21-23.
25. In view of the need to achieve consistency of interpretation between the rules applicable to Community designs and those applicable to national registered designs in Member States, it is appropriate to apply the same interpretation to the provisions of the UK Act which implement Art.6(2) of the Directive. Accordingly I hold that the prior art disclosures of Kailijumei products which were proved before the Hearing Officer are not covered by the ‘grace period’ provisions and accordingly the design is invalid because it was not new over that prior art.
26. I therefore allow the appeal, and declare Registered Design No. 5004339 to be invalid.

Costs

27. The proprietor has filed a cross appeal on costs. The Hearing Officer directed the parties to file costs pro-formas showing how much time they had spent on the proceedings, but the proprietor failed to submit its pro-forma within the time directed. After his decision was issued, the proprietor has belatedly submitted details of alleged times spent on the case, and by cross appeal has asked that I make an order for costs in its favour. It is an abuse of the

appeal process to use it to submit out of time documents in this way, and I reject this cross appeal. I would have done so even if I had dismissed the appeal on the merits.

28. I will consider an application for an award of scale costs to the Appellant. As regards the proceedings in the Office this would be based on the pro-forma which he submitted there, and I invite the Appellant to submit details of any additional costs and time spent relating to the appeal proceedings within 28 days of this decision.

Martin Howe QC
Appointed Person (Designs Appeals)
16 January 2020