

Study unit 4

Holders of rights, infringement & remedies

Overview

In this study unit we are going to look at the application for a design, the proprietor of a design and the infringement of a registered design.

<i>Learning outcomes</i>	<p>After completion of this study unit, you should be able to</p> <ul style="list-style-type: none"><input type="checkbox"/> understand the process of applying for a functional design and an aesthetic design<input type="checkbox"/> understand the requirements for design application<input type="checkbox"/> explain how the ownership of a registered design is determined<input type="checkbox"/> explain the exclusions from functional design protection<input type="checkbox"/> understand the rights which accrue to the proprietor of a registered design<input type="checkbox"/> explain how a design may be infringed and the remedies which are available to the proprietor of such a design
--------------------------	---

Who may apply for a design?

Discussion

Section 1(1) of the Designs Act of 1993 provides that 'applicant' includes the legal representative of a deceased applicant or of an applicant who is a person under legal disability.

'Date of application' means-

- ☐ in relation to an application made in terms of section 44, the date on which the application in respect of the relevant design was lodged in the convention country concerned; and
- ☐ in relation to any other application, the date on which the application was lodged at the designs office.

Application for registration of design

An application for the registration of a design must comply with the following requirements:

- ☐ The applicant must be the proprietor of the design
- ☐ It must be made on the prescribed forms, contain all the required information and be accompanied by the prescribed fee
- ☐ The design must comply with all the statutory requirements
- ☐ The application must contain a *definitive statement* which sets out all the features of the design for which protection is claimed.

Statement

The latter statement, which may be compared to the claims in a patent specification, is very crucial. It demarcates the scope of the holder's exclusive right or monopoly and will play an important role in the determination of the novelty and originality of the design or whether it is non-commonplace.

Class

Designs are registered with reference to a particular class of goods. With this in mind, goods have been divided into 32 classes. A design may be registered for more than one class of goods. A separate application is required for the registration in each class.

Both Part A & Part F

A design when registered, is granted from the date of application (see s 15(2)). Section 15(3) provides that the same design may be registered in both Part A and Part F of the register.

The same design may also be registered in more than one class and, in case of doubt as to the class in which the design ought to be registered, the registrar shall determine such class (see s 15(4)).

See **Figure 4.1 and Figure 4.2** depicting design applications for refuse containers both in Part A and Part F of the register.



Figure 4.1

21: A98/0642. 22: 1998-05-18. 23: C.
 43: 17 November 1998.
 52: Class 9. 24: Part A.
 71: S.A. Leisure (Pty) Limited.
 33: C. 31: C.

54: Refuse container and closure.

57: The novelty of the design for which protection is claimed is the shape and configuration of the refuse container and closure, substantially as illustrated in the accompanying representation.

(*Patent Journal Jan 1999*)



Figure 4.2

21: A98/0683. 22: 1998-05-28. 23: C.
 43: 1 December 1998.
 52: Class 9. 24: Part A.
 71: S.A. Leisure (Pty) Limited.
 33: C. 31: C.

54: Refuse container and closure.

57: The novelty of the design for which protection is claimed is the shape and configuration of the refuse container and closure, substantially as illustrated in the accompanying representation.

(*Patent Journal Jan 1999*)

Where an application for the registration of a design has been made or a design has been registered and a further application is made by the same applicant to register the design or a part thereof in the same or the other Part of the register and in the same class or in one or more other classes, such further application shall not be invalidated on the ground that the design in the case of (i) an aesthetic design, is not new and original; (ii) a functional design, is not new and is commonplace in the art in question, by reason only that the design forms the subject of such previous application or registration; or was previously made available to the public by reason only that the design has been applied to articles within the class in which such previous application or registration was lodged. (see s 15(5)).

Convention applications

6 months priority

Section 44 of the Act provides that an application for registration of a design in respect of which protection has been applied for in a convention country, by way of an application for registration of a design or similar right, may be made in accordance with the provisions of this Act by the person by whom the application for protection in the convention country was made or his or her cessionary: Provided that no application shall be made by virtue of this section after the expiry of six months from the date of the application for protection in a convention country.

Examination of application

no examination as

Design applications are not subject to examination or determination as to substance. The registrar will only examine design applications as to formal requirements. Section 15(1) of the Act provides that the registrar shall examine in the prescribed manner any application for the registration of a design and, if it complies with the requirements of this Act, register the design in Part A of the register if it is an aesthetic design or in Part F of the register if it is a functional design.

Section 16 provides that if it appears to the registrar that an application was not made in the prescribed manner, he shall refuse the application.

Publication in a journal

Section 10 makes provision for the publication of the design applications that are deemed to be acceptable. Refer to **Figure 4.1** and **Figure 4.2** above, and **Figure 4.3** and **Figure 4.4** below for examples of such publications in the Patent Journal.

Figure 4.3



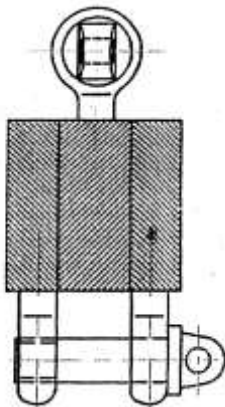
Front view

21: A98/0418. 22: 20 March 1998 23: C.
 43: 98-10-29
 52: Class 11. 24: Part A.
 71: Mabaleng Sports Tavern (Proprietary) Limited
 33: C. 31: C.
 54: **Wall ornaments.**

57: A wall ornament comprising a representation of a woman figure standing before a microphone and a frame portion around the periphery of the representation.

(*Patent Journal Jan 1999*)

Figure 4.4



21: F98/0452. 22: 1998-03-30. 23: -.
 43: 98-12-08.
 52: Class 13-03. 24: Part F.
 71: Gentech Engineering Plastics CC.
 33: -. 31: -. 32: -.
 54: **500 kg d-shackle insulator.**

57: The insulators are mainly used in the motor industry to it between a suspended high voltage spot-weld gun and steel building structure. This prevents the possible transmission of electrical to suspension apparatus in the case of a malfunction. The open insulator has links protruding for quick assembly between hooks and/or closed ring or cable eyelets and is rated to carry 500 kg. TN insulator has unlimited life expectancy due to non-hardening properties and is oil resistant due to chemical properties of polyurethane.

These insulators are orange in colour and can be manufactured with a round or hexagon shaped body.

(*Patent Journal Jan 1999*)

Registration

The proprietor of a design

Who own the designs once they are registered?

Section 1(1) of the Designs Act of 1993 provides that the term 'registered proprietor' means the person whose name is for the time being entered in the register as the proprietor of the design;

Section 1(1) of the Designs Act of 1993 provides 'proprietor', in relation to a design, means-

Proprietor

- ☐ the author of the design; or
- ☐ where the author of the design executes the work for another person, the other person for whom the work is so executed; or
- ☐ where a person, or his employee acting in the course of his employment, makes a design for another person in terms of an agreement, such other person; or
- ☐ where the ownership in the design has passed to any other person, such other person.

Joint ownership of registered design

Joint ownership

Section 25(1) makes provision for joint ownership of designs. Where registration of a design is granted to two or more persons jointly, each of them shall, in the absence of an agreement to the contrary, be entitled to an equal undivided share in the registered design.

A joint registered proprietor shall, in the absence of an agreement to the contrary and in the absence of consent of the other joint registered proprietor or proprietors, not be entitled:

- ☐ to perform any of the acts reserved exclusively for a registered proprietor in section 20;
- ☐ to grant a licence or to assign the whole or any part of his interest in the registered design; or
- ☐ to take any steps or institute any proceedings relating to the registered design

(see s 25(2)).

A joint registered proprietor may perform the following independently:

*actions by
joint owner*

- ☐ the payment of any renewal fee that is payable without recourse to any other joint registered proprietor; **may institute proceedings for infringement (she must give notice thereof to every other joint registered proprietor, and any such other joint registered proprietor may**

intervene as co plaintiff and recover any damages in respect of any damage he may have suffered as a result of the infringement)

- ☐ an application to court where any dispute arises between joint registered proprietors as to their respective rights in or to the registered design, the institution of proceedings relating to the registered design, or the manner in which they should deal with the registered design, to decide the matter in dispute (see s 25(2), (4) and (6)).

The court shall, unless it appears to it that there are good reasons to the contrary, resolve the dispute in a manner which will lead to the preservation and exploitation of the registered design (see s 25(8)).

If in considering any application under subsection (6) the court is satisfied that a joint registered proprietor, not being obliged thereto, is unable or unwilling to remain a registered proprietor, the court may order him to assign his rights to any other joint registered proprietor able and willing so to remain: Provided that where it appears to the court to be just and equitable, it may order the payment of compensation to the joint registered proprietor who is so ordered to assign his rights (see s 25(7)).

Assignment and devolution by operation of law

Section 29(1) provides that the rights vested in an applicant for the registration of a design or a registered proprietor shall be capable of assignment and of devolution by operation of law.

Section 29(2) has provisions similar to that contained in section 90 of the Patents Act 57 of 1978.

illegal clauses

Section 29(2) provides that the following conditions in a contract of employment shall be null and void-

- ☐ where an employee is required to assign to his employer a design made by him otherwise than within the course of his employment; or
- ☐ where the right of an employee in a design made by him more than one year after the termination of the contract of employment is restricted.

Assignment of rights in and attachment or hypothecation of registered designs

Section 30(1)

requirements for assignment

- (a) provides that an applicant for the registration of a design or a registered proprietor may assign his rights in an application or design to any other person, and unless such assignment is in writing it shall not be valid.
- (b) Upon application in the prescribed manner and on payment of the prescribed fee to the registrar, such assignment shall be recorded in the register.
- (c) Unless such assignment is so recorded, it shall not be valid, except as between the parties thereto.

Section 30(2) provides that a registered design or an application for the registration of a design may be attached by recording the warrant of execution or attachment order concerned in the register in the prescribed manner.

Section 30(6) provides that after the entry of an attachment or hypothecation in terms of this section, the registered proprietor or applicant for the registration of a design shall not alienate or encumber the attached or hypothecated registered design or application for the registration of a design or grant any licences in respect of such registered design: Provided that such attachment or hypothecation shall not affect the granting of a licence in terms of section 21.

The Effect of Registration

exclusive rights

The effect of registration is to grant to the registered proprietor the right to exclude other persons from:

- ☐ making,
- ☐ importing,
- ☐ using, or
- ☐ disposing

of any article included in the class in which the design is registered, embodying the registered design or a design not substantially different from it, so that she shall have and enjoy

the whole profit and advantage accruing by virtue of the registration (s 20(1)).

The disposing of an article embodying a registered design by or on behalf of a registered proprietor or her licensee shall give the proprietor the right to use and dispose of that article (sect 20(2)).

Duration

Term: 15 y

The duration of the registration of an aesthetic design is fifteen years from its date of registration or its release date, whichever is the earlier (sect 22(1)(a)).

Term: 10 y

The duration of the registration of a functional design is ten years from its date of registration or its release date, whichever is the earlier (sect 22(1)(b)).

Infringement

infringement

Infringement occurs when an article which falls in the class for which a design has been registered and to which the registered design not substantially different to the registered design has been applied, is manufactured, used, imported or disposed of by an unauthorised person in the Republic.

*visual judgment
of similarity*

The test for infringement is whether the alleged infringing design, as article within the registered class, is similar or substantially similar to that of the registered design. It is a purely visual judgement according to the observation of the likely customer. The designs have to be viewed and considered side by side as well as independently.

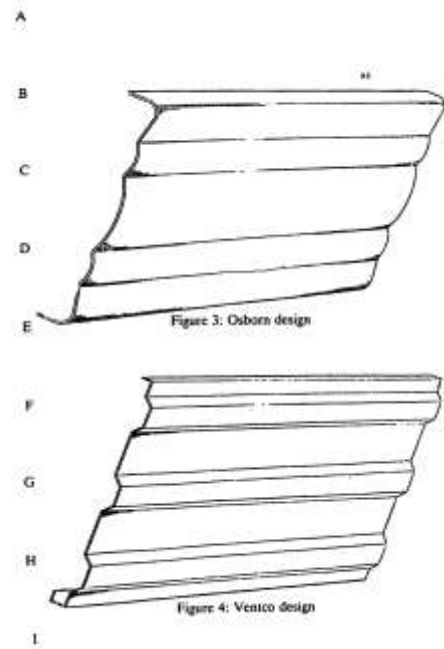
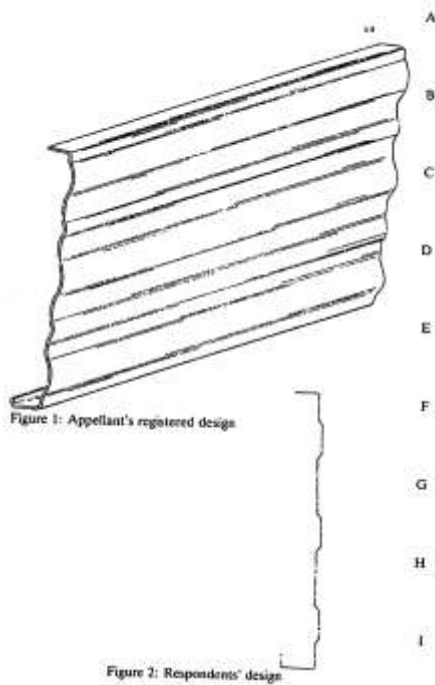
The state of the art, the degree of novelty of the registered design at the time of registration has also to be taken into account. The definitive statement which sets out the extent of the holder's exclusive right will be an important consideration. In some cases it may be a question of degree, which will determine whether the two designs are substantially different, or not.

[illegible]

Summarize the courts' reasoning as far as the visual test for infringement is concerned, below. Is the novelty or originality of the designs relevant? What did the courts in the last-mentioned two cases say about the relevance of colour?

Figure 4.5

Homecraft Steel Industries v S M Hare & Son



Discussion

Innocent infringement

Section 20(3) provides that the rights of the registered proprietor of a registered design in the form of an integrated circuit topography shall not be infringed by a person who-

- ☐ makes an article embodying the registered design or a design not substantially different from the registered design, for private purposes or for the sole purpose of evaluation, analysis, research or teaching;
- ☐ imports or disposes of an integrated circuit embodying the registered design which has been unlawfully produced or an article incorporating such an integrated circuit and proves that at the time of acquiring the integrated circuit or article he or she was not aware and had no reasonable grounds of becoming aware that the integrated circuit or article embodied a registered design which had been unlawfully produced:

Provided that when the person receives sufficient notice that the registered design was unlawfully produced, the person may dispose of any stock of such integrated circuits or articles but shall be liable to pay to the registered proprietor a sum calculated on the basis of a reasonable royalty which would have been payable by a licensee or sub-licensee in respect of the registered design concerned.

Proceedings for infringement

Section 35(1) provides that proceedings for infringement of a design may be instituted by the registered proprietor.

Section 35(3) makes provision for relief by way of-

- ☐ an interdict;
- ☐ surrender of any infringing product or any article or product of which the infringing product forms an inseparable part;
- ☐ damages; and
- ☐ in lieu of damages, at the option of the plaintiff, an amount

calculated on the basis of a reasonable royalty which would have been payable by a licensee or sub-licensee in respect of the registered design concerned.

For the purposes of determining the amount of any damages or reasonable royalty to be awarded under this section, the court may direct an enquiry to be held and may prescribe such procedures for conducting such enquiry as to it may seem fit.

In any proceedings for infringement the defendant may counterclaim for the revocation of the registration of the design and, by way of defence, rely upon any ground on which the registration may be revoked (see s 35(4) and (5)).

	<i>Reading 4.3</i>
	Read the case of <i>Brudd Lines (Pty) Ltd v Badsey (2) (supra)</i> .
	Summarize the court's reasoning as far as a cancellation of a registration is concerned, below.

Activity 4.1

Refer to **Figure 4.6** below, which is also reproduced (on 980-981) in the *Brudd Lines* case. Summarise the court=s reasoning on novelty and originality

[illegible]

Figure 4.6



Statement of Novelty:

The novelty claimed for this design resides in the features of shape, configuration and ornamentation of the article substantially as illustrated.

Bradd Lines (Pty) Ltd v Badsey

Feedback

Read tutorial letter 201 for feedback on this activity.

Discussion

Section 35(10) provides that where a design has been registered, and where any person who, before the date of registration of that design, expended any money, time or labour with a view to performing any of the acts contemplated in section 20 (1), and who is then prevented from performing any of such acts by virtue of the registration of such design, may apply in the prescribed manner to the court for compensation by the registered proprietor in respect of money, time and labour so expended.

Licensing of designs

Voluntary licenses

The holder of a right to a design may grant a licence to exploit the design. The granting of a licence does not constitute the transfer of intellectual property as such.

licence

The licence holder merely obtains the right to exercise the exclusive rights of the holder in respect of the design concerned. The granting of a licence need not be in writing but must be noted in the designs register within six months after the granting thereof.

Compulsory licence in case of abuse of rights

Section 21(1) provides that any interested person who can show that the rights in a registered design are being abused, may apply to the court in the prescribed manner for the granting of a compulsory licence in respect of the registered design.

abused

The rights in a registered design shall be deemed to be abused if-

- ☐ articles embodying the registered design are not available to the public in the Republic on a commercial scale or to an adequate extent after the registration date, and there is in the opinion of the court no satisfactory reason therefor;
- ☐ the availability of articles embodying the registered design in the Republic on a commercial scale or to an adequate extent is being prevented or hindered by the importation of such articles;
- ☐ the demand for the articles embodying the registered design in the Republic is not being met to an adequate extent and on reasonable terms;
- ☐ by reason of the refusal of the registered proprietor to grant a licence or licences upon reasonable terms, the trade or industry or agriculture of the Republic or the trade of any person or class of persons trading in the Republic, or the establishment of any new trade or industry in the Republic, is being prejudiced, and it is in the public interest that a licence or licences should be granted; or
- ☐ the demand in the Republic for the articles embodying the registered design is being met by importation and the price charged by the registered proprietor, his licensee or agent for the said articles is excessive in relation to the price charged therefore in countries where the said articles are manufactured by or under licence from the registered proprietor or his predecessor or successor in title

opposition

The registered proprietor or any other person appearing from the register to be interested in the registered design may in the prescribed manner oppose the application and the court may order the grant to the applicant of a licence on such conditions as it may deem fit, including a condition precluding the licensee from importing into the Republic any articles embodying the registered design (see s 21(3)-(4(a))).

If the court is of the opinion that an order directing the grant of a licence is not justified, it may refuse the application. If the only abuse found by the court to have been established is that articles embodying the registered design are not available to the public in the Republic on a commercial scale or to an adequate extent after the registration date, any licence granted shall be non-exclusive but shall not be transferable except to a person to whom the business or the part of the business in connection with which the rights under the licence were exercised has been transferred.

In all other cases the court may grant an exclusive licence if, having regard to all the circumstances of the case, it considers it justified, and for that purpose the court may revoke any existing licence on such conditions as it may deem fit (see s 21(6)).

	<p style="text-align: right;"><i>Reading 4.4</i></p> <p>Read section 21(14) for an explanation of the position where an application is made under subsection (1) for granting of a compulsory licence is an integrated circuit topography, a mask work or a series of mask works.</p>
--	---

Discussion

Duration of registration

Section 22(1) provides that the duration of the registration of-

- ☐ an aesthetic design shall be fifteen years;
- ☐ a functional design shall be ten years, from the date of registration thereof or from the release date, whichever date is earlier, subject to the payment of the prescribed renewal fee.

Section 22(2) provides that the registration shall lapse, unless the renewal fees are paid within a certain period. Provision is also made for the payment of a penalty.

Conclusion

We have now seen how an application for the registration of a design is made, the rights that follow and how those rights may be protected.