

Quads 4 Kids v Colin Campbell

Case No: HC06003666

High Court of Justice Chancery Division Patents Court

13 October 2006

[2006] EWHC 2482 (CD)**2006 WL 3206231**

Before: His Honour Judge Pumfrey

Date: 13 October 2006

Representation

- Mr J St Ville appeared on behalf of the Claimants.
- Dr Colin Campbell appeared as In Person.

Judgment

His Honour Judge Pumfrey:

1 This is an application by a firm called Quads4Kids whose members are Mr Gordon Philips, Mrs Carol Philips and Tracey Philips, to restrain the making of threats of proceedings for infringement of Community design right. Although this cause of action involves Community design registration, it is perhaps slightly surprisingly conferred by Regulation 2 of the Community Design Regulations 2005 No. 2339.

2 The Defendant, Dr Colin Campbell, who has represented himself before me today both in writing and orally, and who has effectively put all the points which needed to be put on his behalf, is the registered proprietor of, among other things, 16 registered Community designs, being 16 designs registered as a sequence under one number. The number of the design is No. 0007416. Of the particular sub-designs, or whatever one wishes to call them, No. 15 is, as it turns out, registered in relation to a child's dirt bike. I say 'as it turns out' because each of these designs was applied for by way of a single application by Dr Campbell on 5 February 2006, not claiming any priority date, and in relation to each of them, Dr Campbell has sought deferment of publication.

3 Deferment of publication is an unfamiliar concept to registered design practitioners prior to the coming into effect of the Council Regulation EC No. 6/2002 of 12 December 2001 on Community Designs, which introduced the Community design to the members of the union. By Article 15 of the Regulation, it is provided that

"the applicant for registered community design may request when filing the application that the publication of the registered community design be deferred for a period of 30 months from the date of filing the application, or, if priority is claimed, from the date of priority."

I should say that since Dr Campbell does not claim priority for his application, it is the date of 30 months from his filing date of 4 February this year.

4 The fact of deferment is published by the Office of the Harmonisation of the Internal Market (or OHIM as it familiarly known) in the Community Designs Bulletin. The design itself is not open for inspection until the end of the requested period of deferment, or earlier if requested by the right holder.

5 The effect of the opting for deferment of a design is two-fold. First of all, it means that the applicant does not have to find all the fees straightaway, and Dr Campbell frankly admitted to me that that was his reason for doing it. But it also has certain effects upon the rights conferred by the registration. So by paragraph 6 of Regulation 50 of the Council Regulation,

"the institution of legal proceedings on the basis of a registered community design during the period of deferment of publication shall be subject to the condition that the information contained in the register and in the file relating to the application has been communicated to the person against whom the action is to be brought."

Then there must be a prior communication of the design to the defendant.

6 The other restriction is one that affects the spirit of the design itself. Article 10 of the Council Regulation defines the scope of a Community Registered Design in the most general terms:

"1. The scope of the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression.

In assessing the scope of protection, the degree of freedom of the designer in developing his design shall be taken into consideration."

7 It will be observed that in principle the Community design is a monopoly and not a copyright. In other words, it confers a true monopoly, and it is not incumbent upon the proprietor to show that the defendant has copied an article made according to his design before he can establish infringement.

8 However, that is not the position if publication has been deferred. The first step in Article 19 of the Council Regulation, under the heading "Rights conferred by the Community design", provides that,

"A registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting, or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes."

Also part of the regime provided for by the Community Design Regulations is a right called the "unregistered Community design". The unregistered Community design is properly described as a copyright in that its infringement depends upon copying. Paragraph 2 of Article 19 of the Regulation provides that,

"An unregistered Community design shall, however, confer on its holder the right to prevent the acts referred to in paragraph 1 only if the contested use results from copying the protected design."

It also says that,

"The contested use shall not be deemed to result from copying the protected design if it results from an independent work of creation by a designer who may be reasonably thought not to be familiar with the design made available to the public by the holder."

9 Paragraph 3 of Article 19 deals with the deferred publication of Community designs. It provides that they are to be treated as if they were unregistered Community designs, not as if they were registered ones. This means that, in order to demonstrate infringement of a Community design subject to deferment, there must be an allegation that the Defendant has copied, and that, moreover, the designer has to be reasonably familiar with the field of design in question so far as it includes the design made available to the public by the right holder.

10 In the present case, this provision has enabled Dr Campbell to prevent sales of allegedly infringing children's dirt bikes by the claimants through eBay without either demonstrating infringement, or demonstrating copying.

11 The way in which this happens is like this. eBay provides something called VeRO, which is a programme intended to assist the owners of intellectual property rights in policing their rights. It is described in a page or two on the eBay website, which reveals that VeRO stands for Verified Rights Owner, and also reveals that the scheme, apparently, counts amongst its participants over 10,000 companies and individuals representing every type of intellectual property. What VeRO is said to do in particular is to provide rapid response by eBay in ending listings reported by the right owner, as allegedly infringing pursuant to the VeRO programme notice of infringement.

12 Turning to the VeRO programme notice of infringement, which is cast, slightly surprisingly, in the form of a statutory declaration under the Statutory Declarations Act 1835, it says this:

"I —", and a space is left for the name and address of the notifier, "do solemnly and sincerely declare as follows,"

Then three bullet points occur. The first is:

- • "I am the owner, or agent authorised to act on behalf of the owner, of certain intellectual property rights ("IP owner").
- • I have in good faith belief that the listings identified below (by item number) offer items or contain materials that are not authorised by the IP owner, its agent or the law and, therefore, infringe the IP Owner's rights according to English Law; and
- • I make this declaration conscientiously believing it to be true and correct and in accordance with English law."

Then a space is left for the rights owner and for communications. Right at the end, a list of types of notification which are acceptable is given with spaces to mark in the reason code and the item numbers. Under "Other Infringement" appears the words the "Reason Codes 5.2: Item(s) infringes a registered design right (requires design registration number)".

13 What Dr Campbell did, and there is no dispute as to this, is he took the numbers of his deferred publication registered designs, notified them to VeRO on this form by number. He told me today, although there is no notice to this fact, that he also sent representations for each of the designs but, unfortunately, while the VeRO notification was apparently filled in online by means of a web page, it seems to me to follow that some other form of transmission must be adopted to send the representations, perhaps email, but Dr Campbell's email system has been destroyed so he has no record of any of the emails he sent to VeRO.

14 eBay and VeRO do not check allegations of infringement. They are not in any position to do so, nor are they a judicial body. The effect is, therefore, that this notification to VeRO has the effect, and did have the effect, of causing a listing to be removed. The listings, as I have indicated, all have numbers, so Dr Campbell is enabled to give the number of the claimant's listings. In due course, the claimants received a notification from eBay — in not entirely friendly terms — telling them that the specified items had indeed been removed from the listing:

"Dear Quads4Kids, thank you for your recent listing on eBay. Unfortunately, we removed the following items",

and they are listed. Then underneath that,

"The rights owner, Dr Colin Campbell, notified eBay that this listing violates intellectual property rights. When eBay receives a report of this type of violation, we remove the listing to comply with the law. The following information may help explain the reason for your listings removal",

and there is no such information provided, but at the bottom it says

"We encourage you to contact Dr Colin Campbell directly if you have any questions. You can send an email to [a given address]."

15 The inference before me is that that address, if it received emails, was only infrequently read or checked.

16 Be that as it may, it will be seen immediately that what has in fact happened is that a removal and consequential potential commercial damage has been achieved by reference to a registered design, publication of which has been deferred, and which could only therefore be sued on in court if Dr Campbell was both willing to reveal the file of the applications, and also, to make an allegation of copying so as to satisfy the requirements for infringement of a deferred publication Community design.

17 As it happens, the claimants say, and the evidence which they have produced is at this stage fairly cogent, that they have been selling these dirt bikes since before Dr Campbell's application date, and moreover, others certainly and they in fact, although there is less evidence of this, have sold it before the earliest possible date to limit novelty destroying disclosures, the so-called grace period.

18 Indeed, the allegation which is being levelled at Dr Campbell is that he has applied to register photographs of bicycles and other vehicles offered for sale and sold by their Chinese manufacturer, his claim to authorship of the design being limited to specifying such matters as trim, shape of handlebars and matters of that description to the manufacturer for the purpose of a consignment of motorcycles. I do not understand that Dr Campbell maintains that, for example, the outline shape of the fairings and other plastic components or the chassis, or the wheels or anything of that description have been specified by him.

19 It may be that the claimants are going to allege that there is nothing of which he was the author, but that is unlikely to be an issue which can detain the court, since it amounts, in all probability, to a claim to non-authorship which only the true author can raise.

20 The next problem which confronts the claimants is that since they are in the position of claimants and not of counterclaiming defendants, they cannot raise the validity of the design directly in proceedings for a declaration of non-infringement in the Community Design court. So if they start proceedings for a declaration of non-infringement, they still cannot say "and the design is invalid". That was a deliberate decision that was taken by the Community legislature when the Designs Regulation was formulated. Whatever one may feel about it, that is the law which I must apply, sitting, as I do, in a Community Design court for this purpose.

21 The position is not the same, however, in relation to the threats provision to be found in the Statutory Instrument which I have referred to above, since that provides by Regulation 2(3), that

"if the defendant proves that the acts in respect of proceedings threatened constitute or, if done, would constitute an infringement of a registered Community design, the claimant shall not be entitled to the relief claimed only if he shows that the registration is invalid".

Accordingly, it is open in a threats action under domestic law in respect of a Community Design for the claimant to demonstrate invalidity in respect of a design which is clearly infringed. In the present case I have no doubt that the articles sold by the claimants are very similar indeed to the article apparently forming the subject of the representation in the registered design. It is foolish to close one's eyes to this. It would be unlikely that in any future infringement proceedings the allegation of infringement would fail. The real problem in this case is validity, arising out of the facts which I have outlined above.

22 It is therefore of crucial importance to the claimants to be able to demonstrate that there is here an actionable threat. If they cannot do so, then they are precluded from making an allegation of invalidity at all, except by commencing proceedings in OHIM in Alicante for the purpose of revoking these designs.

23 I turn, therefore, to the question of whether the statements made by Dr Campbell to eBay by way of its VeRO service are or are not actionable threats. I leave on one side the question of malicious falsehood, since the question of validity may well not be heard in an action for malicious falsehood. A working definition of an actionable threat is a statement from which a reasonable man in the position of a person to whom the statement is made understands is a statement that might well be the

subject of infringement proceedings at some point in the future. The threat is of course in the legal proceedings, and these proceedings have a long and slightly confused history. No doubt they have their emotional roots in the well-known statement of Lord Esher in *Ungar v Sugg* [1892] 2RPC 113 that "better a man have anything happen to him except all his children die of the influenza than that he be involved in a patent action". Although they have their roots in patent proceedings, they have spread out into many forms of intellectual property, and the reason is very straightforward.

24 It is entirely wrong for owners of intellectual property rights to attempt to assert them without litigation, or without the threat of litigation, in reply. If somebody goes around saying, "I will sue you for infringement of patent unless you stop buying your goods from X", then the natural response of anybody to whom that statement is made was to stop buying the goods of X. The statement may be entirely truthful and it may also be made with the complete belief in its truth. In those circumstances, the action of malicious falsehood is not available. The action for threats was therefore invented to cover precisely the case where a bona fide statement which is untrue as to infringement was made and has caused the claimant loss. It enabled the claimant, and it enables the claimant, to start proceedings once somebody starts asserting infringement, but refuses to bring proceedings in which that assertion can be tested.

25 In this case, Dr Campbell made it quite clear to me that he has absolutely no intention of starting any proceedings in which the contention of infringement and the implicit contention of validity can be decided. It is therefore of great importance that I am satisfied that there is truthfully here an arguable threat. If I cannot be satisfied that there is here arguably a threat, then Dr Campbell can continue to do what he is doing.

26 The representation that was made to eBay is, it might be said, consensual in this sense, that eBay offer a service whose purpose is to avoid eBay being involved in disputes with right owners. eBay take the line of least resistance. They insist upon a proper notification but, once the proper notification is made, they remove the listing. They do not themselves check the bona fides or accuracy of the notification. They rely upon the notifying person for that, but they say if we get a well-constituted notification, then we will remove the listing.

27 Mr St Ville argues, I believe with considerable force, that what can be described as an institutionalised avoidance of litigation is a response in fact to a threat. After all, he says, if there were no threat implicit in the statement that was made to eBay, why would they withdraw the listing even by way of a standard response to any notification of this description. On the other hand, it might well be argued, if you went to eBay and said 'do you really fear being sued in relation to all these notifications?', they would have to say no.

28 I find this a remarkably difficult question. I have, however, come to the conclusion that Mr St Ville's submission raises a seriously triable point. It may well be that we have to take a very slightly wider view of what amounts to an actionable threat than has previously been taken in the cases, but the nature of the potential abuse in this case is quite clear.

29 I have been pressed with the statement of the law in *Johnson v Mabuchi* [1986] FSR 281 . While that case was principally concerned with whether the defence of justification was a bar to any form of interlocutory relief in relation to a threat, some of the observations by Mr Justice Whitford are, in my view, of assistance. "I suppose", he said, at one point in relation to a letter containing actionable threat,

"some people might describe this as a veiled threat of infringement proceedings, but I must say that, for my own part, it seems to me to be a fairly plain threat that, if after careful consideration, the recipients of this letter still go ahead and use the plaintiff's motive, then they will find themselves involved in troublesome patent infringement problems."

30 What would eBay's response be Mr St Ville submits, to such a letter if they did not have a fixed policy in relation to letters and notifications of this description? The answer must be, he suggests, that they would view themselves as at risk from an action for infringement of the relevant right, something certainly possible in this case, since of course offering for sale or exposing sale are infringing acts in relation to the registered design.

31 I consider that unsupported and unchallengeable allegations of infringement of registered rights of this description are potentially an exceedingly damaging abuse of registered rights. I am satisfied

there is arguably a threat in the notification to eBay.

32 In my view, therefore, there is a clear arguable threat here to which the only possible defence having regard to the provisions of Regulation 2 of the Statutory Instrument is an allegation of invalidity based, as it must be, upon the prior publication both of the claimant and of the other companies referred to before me.

33 It follows that there is here a triatic issue of invalidity. Whether there is to be an interlocutory injunction depends upon the familiar factors which are described in American Cyanamid v Ethicon [1975] AC 396. As is often the case in a threats action, these factors are all one way. There is no need to make a threat. The damage caused by the threat is potential loss of sales. Dr Campbell urged upon me that the sales lost through the eBay route are not great, perhaps only three lost sales of a bicycle between now and Christmas. Mr Phillips says that Christmas is the best time for the sale of small children's loud, noisy motorbikes, and he says he expects to sell many more than three. However one may feel about the actual trade which is the subject of this dispute, whether the numbers sold are three or 70, or anything in between, it is far from clear that Dr Campbell is in any position to pay any damages.

34 He, himself, does not trade although closely associated with him is a trading company which he describes as his franchisee or licensee. He himself is an individual — I think he would not object if I were to describe him as being of modest means, and who has also, as I have indicated at the beginning of this judgment, felt himself obliged in all the circumstances to represent himself before me today.

35 If, on the other hand, Dr Campbell is to be successful in his allegation of infringement of registered design, he would have to start proceedings, which he is reluctant to do, and he would have to recover damages in them, which he is reluctant to do. He has therefore accepted the loss to that extent in any event.

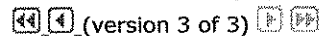

36 This seems to me to be one of those cases in which an appropriate injunction to prevent interference with the defendant's challenged sale in this way through eBay ought to be granted. I will hear counsel and Dr Campbell on an appropriate form of order. I should only say this. I have given this judgment today and having regard to the hour because of the urgency of it to the parties, and because I was assured that an order had to be placed before these things to catch the Christmas market today, or at the very latest tomorrow. I have touched, I believe, on every matter which I consider to be of relevance, even though I have perhaps not dealt with some of them as fully as I otherwise would have preferred to do.

37 An injunction in the appropriate form will be granted.

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Status:  Law In Force**Community Design Regulations 2005/2339**This version in force from: **January 1, 2008 to present** (version 3 of 3) **2.— Remedy for groundless threats of infringement proceedings**

(1) Where any person (whether entitled to or interested in a Community design or not) by circulars, advertisements or otherwise threatens any other person with proceedings for infringement of a Community design, any person aggrieved thereby may bring an action against him for any such relief as is mentioned in paragraph (2).

(2) Subject to paragraphs (3) and (4), the claimant shall be entitled to the following relief—

- (a) a declaration to the effect that the threats are unjustifiable;
- (b) an injunction against the continuance of the threats; and
- (c) such damages, if any, as he has sustained by reason of the threats.

(3) If the defendant proves that the acts in respect of which proceedings were threatened constitute or, if done, would constitute an infringement of a registered Community design the claimant shall be entitled to the relief claimed only if he shows that the registration is invalid.

(4) If the defendant proves that the acts in respect of which proceedings were threatened constitute or, if done, would constitute an infringement of an unregistered Community design the claimant shall not be entitled to the relief claimed.

(5) Proceedings may not be brought under this regulation in respect of a threat to bring proceedings for an infringement alleged to consist of the making or importing of anything.

(6) Mere notification that a design is—

- (a) a registered Community design; or
- (b) protected as an unregistered Community design,

does not constitute a threat of proceedings for the purpose of this regulation.

[

(6A) In relation to a design protected by virtue of an international registration designating the Community, the reference in paragraph (3) to a registration being invalid includes a reference to the effects of the international registration being declared invalid in accordance with Article 106f of the Community Design Regulation.

] ¹[...]²

1. Added by Designs (International Registrations Designating the European Community) Regulations 2007/3378 [reg.3\(3\)](#) (January 1, 2008)

2. Revoked by Intellectual Property (Enforcement, etc.) Regulations 2006/1028 [Sch.4 para.1](#) (April 29, 2006)

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