

Neutral Citation Number: [2008] EWHC 346 (Ch)  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION

Royal Courts of Justice  
Strand  
London WC2A 2LL

Date: Wednesday, 16<sup>th</sup> January, 2008

BEFORE:

MR JUSTICE FLOYD

BETWEEN:

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J CHOO (JERSEY) LIMITED

Claimant

-v-

TOWERSTONE LIMITED & OTHERS

Defendants

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Ms J Reid appeared on behalf of the Claimant.  
Mr R Bartlett appeared on behalf of the Defendants.

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J U D G M E N T

MR JUSTICE FLOYD:

1. This is an application for summary judgment in a case about handbags. The cause of action is infringement of registered and unregistered Community design right. The application is made by the first claimant, the proprietor of the relevant rights, against the first defendant only. The action so far as it relates to the second, third, fourth and fifth defendants has been disposed of in a different way.
2. The relevant Community registered design is number 401484-0015. I attach as annex 1 to this judgment the representations of that design, and I attach as annex 2 to this judgment the design document relied on in respect of which unregistered Community design right is claimed.
3. The main issues before me are whether a handbag sold by the first defendant from its Oxford Street shop infringes the rights so identified and, if so, whether the first claimant is entitled to damages or on account of profits. There are minor issues as to the appropriateness of injunction and certain other relief.

Approach to summary judgment

4. There was no dispute that I should only grant summary judgment if the first defendant has no real prospect of successfully defending the claim. I must be satisfied that any suggestion that the defendant might so succeed is effectively fanciful. In this respect, mere speculation that evidence might emerge to provide an arguable defence is obviously not enough.

Infringement

5. Although there is a dispute as to the quantity sold, there is now no dispute that the first defendant sold from its Oxford Street store a bag which is as shown in the photograph in annex 3 to this judgment and which I have examined in the form of a physical exhibit. I was also shown in the course of the hearing an example of a bag made in accordance with the rights relied on, the Ramona bag.
6. The extent to which it is legitimate to have regard to a physical representation of the design in dispute is explained by Jacob LJ in Procter & Gamble v Reckitt Benckiser [2007] EWCA Civ 936. There was no dispute of substance here that the Ramona bag was a reproduction of the registered design. As explained in that case, the appropriate approach to determining infringement of a Community registered design is to identify the informed user and determine what he would know about the design corpus, then to identify the overall impression given by the design, to do the same for the alleged infringement, and to ask whether the impression given for the two are the same or different, rather than clearly different.
7. The informed user in the present case would be someone with a knowledge of handbag design; not the woman in the street, not a handbag designer. Such a person would know about the design constraints inherent in handbag design, what features were necessary and unnecessary, and so on. There is evidence to support the proposition that the most significant features of a handbag design are those on the front of the bag, the part which is visible in use because it is carried with that side pointing out. I accept this evidence and consider that it is a fact which I should bear in mind in making the assessment of overall impression whilst not forgetting that it is the overall impression which is relevant.

8. Ms Reid, for the claimant, pointed to the wide degree of freedom which a handbag designer has. In this she is supported by some material exhibited on behalf of her clients, such as exhibit HBLM5 to Miss Merritt's first witness statement. Mr Bartlett, on behalf of the defendant, accepted that this was so.
9. Miss Merritt's evidence is that the claimants invest substantially in producing new and unique designs. She says that the Ramona bag concentrates its distinctive features on the front of the bag, even though some continue around the back. The unchallenged evidence was that the Ramona bag, when it was launched, was seen as the "it" bag. There is also some evidence that the launch of the claimant's bag attracted attention and was given wide publicity, including being photographed as being carried by some celebrities.
10. The scope of protection afforded to a registered design may be affected by the existence of kindred prior art – see Procter at paragraph 3(iii). In this case there is no formal attack on the validity of the registered design, any specific plea of prior designs, or indeed any evidence of any designs available in the prior art to which I should have regard. The first defendants have had a considerable time to adduce evidence which would help them in this regard. In those circumstances, I have to approach the issue of infringement on the basis of the evidence before me, i.e. of a reasonably unique and distinctive design.
11. There was no real dispute as to the features of the claimant's registered design. I summarise them thus.
12. It is a large, bucket bag design made up of four panels: two side panels and a front and back. A prominent feature is the double layer of threaded eyelets running around the top. The eyelets are large and are threaded with a strip of fabric, forming a double belt around the top of the bag, which acts to gather the fabric to some extent. The double belt is adjustable by means of a single belt type buckle. It has a horseshoe shape feature on the end of the strap. There is a gap in the threaded eyelets in the centre of the bag where a vertical or longitudinal strap comes across. At its end is one part of a two-part closure. There are two decorative rivets on the strap part of the clasp. Below the clasp is a piece of additional fabric in a bow shape, most clearly visible on the design document but also present in the registered design. Below the clasp and the additional piece of fabric the strap emerges again and appears to go around the whole bag. The strap narrows before it disappears underneath. It is not entirely clear from the design document or the registered design whether the strap is stitched to the bag at this point; in the bag as sold it is not. In the registered design we see the back of the bag where the longitudinal strap passes underneath the corresponding bow feature, this time with no clasp, and is additionally fixed by two rivets at the level of the eyelets. In the registered design there is an additional piece of fabric on the underneath of the bag, which acts as a belt loop for the strap. More strikingly, the handles, which are a double strap, are made integral with both rows of eyelets and are shaped in a lozenge shape around them with two additional studs or rivets above and below. The handles are of sufficient length to allow carrying over the shoulder or as a carry bag.
13. Standing back, it seems to me that the overall impression to be formed by an informed

user at an appropriate level of generality is of a bucket bag with a double row of large eyelets threaded with a belt and interrupted by a clasp strap appearing to run along the bag longitudinally, and with handles which terminate in a lozenge shape integral with the eyelet design.

14. The defendants' bag is again a large bucket bag design made up of four panels: two side panels, a front and back. It has a double layer of threaded eyelets running around the top. The eyelets are threaded with two strips of fabric, forming a double belt around the top of the bag which acts to gather the fabric in to some extent. The double belt is adjustable by means of two belt-type buckles. The straps are terminated with rounded ends. There is a gap in the threaded eyelets in the centre of the bag where a vertical strap comes across. At its end is one part of a two-part closure. There are two decorative rivets on the strap part of the clasp. Below the clasp is a piece of additional fabric in a large bow shape. Below the clasp and the additional piece of fabric the strap emerges again and appears to go round the whole bag, although, on inspection of the bag, one finds that it does not. The strap narrows before it disappears underneath. It is stitched to the bag all the way to the bottom of the front panel. On the back of the bag one sees the rows of eyelets on the handle fixings, but the longitudinal strap presents only as far as the row of eyelets. There is no bow. The handles, which are a double strap, are made integral with both rows of eyelets and are shaped in a lozenge shape around them with two additional studs or rivets above and below. The handles are of sufficient length to allow carrying over the shoulder or as a carry bag.
15. The first defendant draws attention to the following differences between the two bags:
  - (1) the differences in texture between the Ramona bag and the first defendant's bag;
  - (2) the absence of a square panel of fabric behind the clasp;
  - (3) the fact that the longitudinal strap does not run all the way round the first defendant's bag, has no rivets at the rear, has no belt loop on the base and is sewn to the bag;
  - (4) some differences on the back of the clasp;
  - (5) differences in the number of eyelets – there are twice as many on the Ramona bag and the eyelets are somewhat larger;
  - (6) the absence of the horseshoe fitting at the end of the strap;
  - (7) the absence of the "Jimmy Choo" logo on the strip buckles; and
  - (8) a difference in the lozenge shapes at the end of the handles where they meet the eyelets.
16. The first, second, fourth and seventh differences are, in my view, irrelevant. They are not features of the designs. The differences in the longitudinal strap (difference (3)) are trivial when the bag is viewed from the front, as it must be for the unregistered design, and do not influence the impression given by the bag as a whole, given the evidence as to the dominance of the design on the front of the bag. The differences in the number of eyelets (difference (5)) also do not seem to me to affect the overall impression. It is not easy to determine the number of eyelets in the design. Neither does the absence of the horseshoe (difference (6)). The difference in the lozenge-shape strap ending (difference (8)) is barely noticeable.
17. I would characterise the impression given by the defendants' bag on an informed user, again at the appropriate level of generality, again as of a bucket bag with a double row

of large eyelets threaded with a belt and interrupted by a clasp strap appearing to run around the bag longitudinally, and with handles which terminate in a lozenge shape and which are integral with the eyelet design.

18. Accordingly, whilst at the level of a highly detailed examination of features of the two designs there are some differences, the overall impression on an informed user is, in my judgment, exactly the same. It does not seem to me to be arguable that the differences relied on by the defendant could have the effect for which it contends.
19. Mr Bartlett relied on paragraph 60 of Procter, where Jacob J (with whom Dyson J and May J agreed), said:

“The Judge was concerned about the possibility that ‘a poor quality imitation would escape infringement.’ I am not so concerned. We are here considering monopolies in designs, not trade marks. A ‘poor quality’ imitation if it does not convey the same impression as the ‘original’ will fail on its own design merits, or rather the lack of them. If it conveys the ‘same impression’ then it can hardly be a ‘poor quality imitation’ and will succeed for the same reason as the ‘original.’”

20. Mr Bartlett relies on what he says is the poorer quality of the defendants’ bag. It is correct that a difference in quality may give rise to a different impression if it is a difference discernible by comparing the design and the alleged infringement. But here the differences in quality are really only discernible when comparing the two bags. Comparing the drawing and the representations of the design and the defendants’ bag does not give rise to a different impression of quality, in my judgment.
21. It follows that, in my judgment, the defendants’ bag is an infringement of the registered design. Infringement of unregistered design right requires copying to have taken place. Ms Reid submits that the evidence of similarity is sufficient to justify an inference of copying. That, she says, is sufficient to shift the burden onto the defendants. There being no alternative explanation put forward, I am entitled to find copying.
22. Mr Bartlett does not suggest that any evidence likely to be forthcoming at trial will alter the position. He accepts that the question reduces to whether the similarities are sufficient to justify a finding of copying.
23. Looking at the bags side by side, restricting my consideration to the features which appear in the design document, it seems to me that the inference of copying is overwhelming. The likelihood that these two designs could have been arrived at independently, given the large number of identical features in a design field as free as the present one, seems to me to be truly fanciful.

#### Financial remedy

24. The first defendants say that they are innocent infringers and had no reason to believe when they purchased the bags in question that they were infringing copies. The claimant does not accept this, but Ms Reid did not seriously suggest that it was an issue I could decide by way of summary judgment, if it is one which properly arises in

law. Where the parties are divided is as to whether innocent infringement is a defence to damages at all.

25. The starting point is Council Regulation 6/2002 (“the 2002 Regulation”) directly applicable here. It relates to both registered and unregistered Community designs. Article 89 of the 2002 Regulation provides:

“Sanctions in actions for infringement

1. Where in an action for infringement or for threatened infringement a Community design court finds that the defendant has infringed or threatened to infringe a Community design, it shall, unless there are special reasons for not doing so, order the following measures:

(a) an order prohibiting the defendant from proceeding with the acts which have infringed or would infringe the Community design;

(b) an order to seize the infringing products;

(c) an order to seize materials and implements predominantly used in order to manufacture the infringing goods, if their owner knew the effect for which such use was intended or if such effect would have been obvious in the circumstances;

(d) any order imposing other sanctions appropriate under the circumstances which are provided by the law of the Member State in which the acts of infringement or threatened infringement are committed, including its private international law.

2. The Community design court shall take such measures in accordance with its national law as are aimed at ensuring that the orders referred to in paragraph 1 are complied with.”

26. The 2002 Regulation, therefore, does not directly require the court to give a remedy in damages at all. It requires the court, unless there are special reasons, to “make any order imposing sanctions appropriate under the circumstances which are provided under the law of the Member State”.

27. There followed the EC Directive of 2004 on The Enforcement of Intellectual Property Rights (“the 2004 Directive”). The Directive required by Article 13:

“Damages

Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him as a result of the infringement

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the

moral prejudice caused to the rightholder by the infringement;

or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.”

28. Paragraph 1 is mandatory. It requires damages to be recoverable where there is knowing infringement. Paragraph 2 is discretionary. Member States may also provide for damages to be available against innocent infringers.

29. Next comes the United Kingdom’s own Community Design Regulations 2005. As originally enacted these had no provisions about damages, but the Intellectual Property Enforcement Regulations 2006 (“the 2006 Regulations”) inserted a paragraph 1A as follows:

“Infringement Proceedings

1A. (1) This regulation and regulations 1B to 1D are without prejudice to the duties of the Community design court under the provisions of Article 89(1)(a) to (c) of the Community Design Regulation.

(2) In an action for infringement of a Community design all such relief by way of damages, injunctions, accounts or otherwise is available to the holder of the Community design as is available in respect of the infringement of any other property right.”

30. At the same time the 2006 Regulations made provisions for an amendment to our domestic Registered Designs Act by inserting a section 24B.

“24B Exemption of innocent infringer from liability

(1) In proceedings for the infringement of the right in a registered design damages shall not be awarded, and no order shall be made for an account of profits, against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that the design was registered.

(2) For the purposes of subsection (1), a person shall not be deemed to have been aware or to have had reasonable grounds for supposing that the design was registered by reason only of the marking of a product with—

- (a) the word "registered" or any abbreviation thereof, or
- (b) any word or words expressing or implying that the design applied to, or incorporated in, the product has been registered,

unless the number of the design accompanied the word or words or the abbreviation in question.

(3) Nothing in this section shall affect the power of the court to grant an injunction in any proceedings for infringement of the right in a registered design.”

31. Of course, in the Registered Designs Act, as so amended, the reference to a design is to a design registered under that Act, i.e. a UK-registered design. On the face of it, therefore, the 2006 Regulations, by the amendments which it effected, gave an innocent infringer a specific defence if he proves certain facts in the case of infringement of a UK-registered design. In contrast, this court can grant all such relief by way of damages for infringement of a Community design as is available for infringement of any other property right.
32. Mr Bartlett argues that Parliament cannot have intended such an odd result. Whilst it is entirely reasonable that the legislature could have decided to implement Article 10 of the 2004 Directive by allowing damages against an innocent infringer, it is odd in the extreme that it should do so in respect of a Community registered design but not in respect of a UK registered design. He says that the only other options are that Parliament has made a mistake and enacted something which it cannot have intended – an unpalatable result – or that it thought, correctly, that the effect of the provisions it was enacting in the two cases would, in practice, be the same. He says, in these circumstances, that either section 24B as inserted into The Registered Design Act 1949 applies directly, or, alternatively, there is no provision which deals with the question of innocent infringement. In those circumstances, he says one goes back to Article 89(1)(d) and relies on the words “appropriate under the circumstances” as giving the court power to refuse damages in a case comparable to a case under section 24B.
33. I agree with Mr Bartlett that there is no possible policy reason for giving an innocent infringement defence to the infringer of the national right whilst denying it to the infringer of the Community right. But that, it seems to me, is precisely what the legislature has done. I cannot see any way in which one can apply section 24B directly, nor can I accede to Mr Bartlett’s ingenious, “appropriate in the circumstances”, argument. It is national law which must provide the sanction appropriate in the circumstances. The sanction ultimately provided is to provide for damages on the same basis as any other property right. It is that sanction that the court must apply unless there are special reasons, and none are provided here.
34. Moreover, when the 2004 Directive came to be translated into English law, the legislature knew that it had to make a clear choice between allowing damages generally and allowing them only for knowing infringement. It chose the former in the case of Community design right and the latter in the case of UK-registered design.



I cannot accept that the legislature thought that it was introducing some kind of discretionary right to damages for infringement of Community design right.

35. The position is even clearer in respect of unregistered design right when Mr Bartlett accepts that a relevant comparison is the United Kingdom unregistered design right. Under the Copyright Designs and Patents Act 1988 s.227 knowledge is a requirement for liability to arise at all for secondary infringement by importing, selling, etc. Section 233 provides:

“Innocent infringement.

(1) Where in an action for infringement of design right brought by virtue of section 226 (primary infringement) it is shown that at the time of the infringement the defendant did not know, and had no reason to believe, that design right subsisted in the design to which the action relates, the plaintiff is not entitled to damages against him, but without prejudice to any other remedy.

(2) Where in an action for infringement of design right brought by virtue of section 227 (secondary infringement) a defendant shows that the infringing article was innocently acquired by him or a predecessor in title of his, the only remedy available against him in respect of the infringement is damages not exceeding a reasonable royalty in respect of the act complained of.

(3) In subsection (2) “innocently acquired” means that the person acquiring the article did not know and had no reason to believe that it was an infringing article.”

36. Thus, there is an innocence defence for primary infringers (“makers” under s.233(1)) which requires the defendant to prove innocence that the design right subsisted and for secondary infringers under s.233(2) where damages are restricted to a reasonable royalty if the defendant can show “innocent acquisition”. It is impossible to suppose that the legislature thought this regime should apply to unregistered Community design right which is infringed under Article 19 of the 2002 Regulation by making or dealing in the article, irrespective of the state of knowledge of the defendant.

37. It therefore seems to me that there is no defence of innocent infringement provided for in the legislation in respect of registered or unregistered Community design. It follows that the claimant is entitled to an enquiry as to damages or, at its option, an account of profits for infringement of both registered and non-registered design right.

#### Injunction

38. Normally an injunction would follow. The defendants say there is no need for an injunction here as they have always been prepared to give undertakings sufficient to satisfy the claimant. When first approached in October 2006, the defendants did not respond at all. Proceedings were threatened on 7<sup>th</sup> November, when the time limit had expired but not then commenced. The claimant wrote again on 31<sup>st</sup> January 2007 saying that it was in the process of preparing proceedings. On 1<sup>st</sup> February there was a response saying there were none of the bags in question in stock and refusing to sign

anything unless the claimant paid for legal advice. On 2<sup>nd</sup> February a letter was sent denying that the bags in question had been sold at all and not offering any undertaking. A further letter was sent on 6<sup>th</sup> February, again denying involvement and not offering any undertakings. A further letter of 13<sup>th</sup> February said they did not sell the bags and did not intend to sell them. In this state of affairs proceedings were issued and served at the end of March 2007. There remained a dispute until very recently as to whether the bag in question had been sold at all.

39. On 19<sup>th</sup> April 2007 solicitors instructed by the first defendant offered to sign an undertaking “along the lines of paragraph 1 of your draft undertaking entirely without prejudice to the contention that they have not infringed”.

40. It seems to me that the claimant was justified in those circumstances in commencing proceedings and claiming an injunction amongst the other relief it claimed. But matters did not stop there. In December 2007 Miss Hughes for the first defendant did offer to extend the undertaking so as to fully protect the position of the claimant, but by then the proceedings were long under way. Mr Bartlett offered at the hearing on behalf of his client and on instructions to give an undertaking in exactly the terms sought by the claimant. In those circumstances, there is really nothing in this point. However, it does mean that there is no current threat to infringe. So I propose to accept the tendered perpetual undertaking in lieu of an injunction. Had the undertaking not been offered in that precise form, I would have granted an injunction.

#### Other relief

41. In the circumstances of this case and in the light of the history I have recited, I think the relief sought in paragraphs 3 and 6 of the draft minute is appropriate. Paragraph 3 will require amendment to allow for the fact that there is no injunction. Paragraph 7, on the other hand, strikes me as unnecessary and was not pressed by Ms Reid.

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