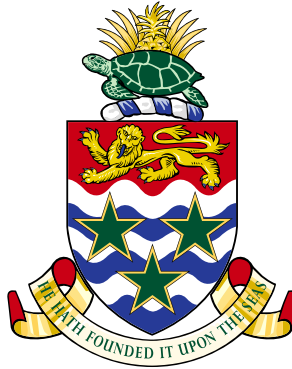


**CAYMAN ISLANDS**



# **THE DESIGN RIGHTS BILL, 2019**

**Supplement No. 14 published with Legislation Gazette No. 2 dated 19th February, 2019.**

## PUBLISHING DETAILS

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**Sponsoring Ministry/Portfolio:** Ministry of Financial Services and Home Affairs  
(FSHA)



## Memorandum of OBJECTS AND REASONS

The Bill makes new provision for the protection of design rights in the Cayman Islands. The Bill seeks to provide the mechanism for the registration of design rights in the Islands without the need for the applicant to register the design right in the United Kingdom. As a consequence of this the Bill seeks to repeal the *Design Rights Registration Law, 2016* which provided for the protection of design rights held in the United Kingdom and the extension of those rights to the Islands.

### PART 1 - PRELIMINARY

Clause 1 provides for the short title and commencement.

Clause 2 provides the definition for terms used in the legislation.

Clause 3 states that the provisions of this legislation apply in relation to a complete or substantially complete set of components intended to be assembled into an article as they apply to the assembled article.

Clause 4 provides that the Registrar shall be the Registrar under section 4 of the *Patents Law (2018 Revision)*. Clause 4 also provides that the duties of the Registrar include the maintenance of the register of design rights and the collection of fees payable on application for the registration of a design right and for searches of the Register. The provision empowers the Registrar to make corrections where the Registrar is satisfied that a typographical or procedural error has occurred regarding the Register.

Clause 5 provides that only a registered agent may transact business with the Registry. Persons who are legally and ordinarily resident in the Islands or firms of attorneys at law desirous of being recognized as registered agents may apply to the Registrar for such recognition.

Clause 6 sets out the procedure for making application for the registration of a design right.

Clause 7 provides for the payment of the annual fee set out in the Schedule in January of each year after the year of the initial registration.

Clause 8 states, among other things, that the registration of a design right is liable to cancellation by the Registrar where the annual fees remain unpaid for more than twelve months.

Clause 9 provides that every registration and cancellation of registration shall be published in the Gazette and any publication shall be *prima facie* evidence of the registration or cancellation of registration.



Clause 10 provides that any member of the public may cause a search of the Register to be carried out for particulars of any registration of a design right on the payment of the specified fee.

Clause 11 provides that the Registrar may issue a certificate of good standing as evidence that a design right is still on the Register and that all fees and penalties have been paid.

Clause 12 provides that, on an application and on the payment of the specified fees, the registration of a design right may be renewed.

Clause 13 provides that the owner of a design right, through the registered agent, shall notify the Registrar that a design right has been abandoned. The Registrar shall, as a consequence, designate that design right as inactive. A design right that has been designated as inactive may be re-activated.

## **PART 2 - DESIGN RIGHT AND DEALINGS WITH DESIGN RIGHT**

Clause 14 provides, among other things, that a design right is a property right that subsists in an original design in accordance with this legislation.

Clause 15 provides for the ownership of design right. It states that the designer is the first owner of any right in a design which is not created in the course of employment. Where it is created in the course of employment, the employer is the first owner of any right in the design.

Clause 16 provides that a design right's duration is for fifteen years from the end of the calendar year in which the design was first recorded in a design document or an article was first made to the design, whichever was first in time.

Clauses 17 through 20 provide for the qualification for design right protection. A design qualifies for design right protection if the designer is a qualifying person, (that is an individual, a body corporate or other body having legal personality which is formed under the laws of the Islands or another qualifying country) or the design is created in the course of employment with a qualifying person. A design may qualify for protection on the basis that the first marketing of articles made to the design is by a qualifying person who is exclusively authorized to market the article in the Islands.

Clause 21 states that design right is transmissible on assignment, testamentary disposition or by the operation of law as personal or moveable property. An assignment of design right is not effective unless it is in writing and signed by the assignor.

Clause 22 provides for the assignment of a future design right to an assignee. The assignee would be entitled, as against all other persons, to require that the right be vested in himself or herself.

Clause 23 provides for the assignment of rights in a registered design that subsists under any law prior to this legislation.



Clause 24 seeks to make it clear that the licensee under an exclusive licence has the same rights against any successor in title as the licensee has against the person granting the licence.

### **PART 3 - RIGHTS OF DESIGN RIGHT OWNER AND REMEDIES**

Clause 25 of the Bill makes provision for the primary infringement of design right. Design right is infringed by a person who, without the licence of the design right owner, does or authorizes another to do anything which is the exclusive right of the design right owner.

Clause 26 provides for the secondary infringement of design right. Where a person imports into the Islands for commercial purposes or sells or offers for sale in the course of a business an article which is an infringing article, design right is infringed.

Clause 27 provides for the meaning of “infringing article”. An article is an infringing article if the making of the article to that design was an infringement of design right in the design. Additionally, an article is an infringing article where —

- (a) it has been imported into the Islands; and
- (b) the making of the article to that design in the Islands would have been an infringement of design right in the design.

Clause 28 sets out that an infringement of design right is actionable by the design right owner and all such relief by way of damages, injunctions, accounts or otherwise is available to the plaintiff in an action for infringement of design right.

Clause 29 provides that the owner of a design right in a design may apply to the Grand Court for an order that the infringing article be delivered up to him or her where a person has in his or her possession, custody or control an infringing article for commercial purposes.

Clause 30 provides for an application to be made to the Grand Court for an order that an infringing article that is delivered up in pursuance of an order under section 29 be forfeited to the design right owner or destroyed.

Clause 31 provides that where in an action for primary infringement it is shown that there was innocent infringement, the plaintiff is not entitled to damages against the defendant. In an action for secondary infringement where a defendant shows that the infringing article was innocently acquired by the defendant or a predecessor in title, the only remedy available against the defendant is damages.

Clause 32 provides for the rights and remedies of exclusive licensees which are the same rights and remedies as if the licence had been granted on assignment. These rights and remedies are concurrent with those of the design right owner.

Clause 33 provides for the exercise of concurrent rights. Where an action for infringement is brought by either the design right owner or the exclusive licensee neither



the right owner nor the licensee may proceed with the action without the other party except with the leave of the Court. A design right owner or exclusive licensee is not liable for any costs in the action unless the other party takes part in the proceedings.

## **PART 4 - EXCEPTIONS TO RIGHTS OF DESIGN RIGHT OWNERS**

Clause 34 provides for the infringement of copyright. Where copyright subsists in a work which consists of a design in which design right subsists it is not an infringement of design right to do anything which infringes the copyright.

Clause 35 provides that any person is entitled to a licence in the last five years of the duration of a design right to do any act that would otherwise infringe the design right. The terms of the licence shall be settled by the Tribunal where the parties are unable to reach an agreement as to the terms. The Cabinet may by order exclude from the operation of this section, designs as may be specified in the order.

Clause 36 provides that if, in proceedings for infringement of design right in a design, a licence under section 35 is available and the defendant undertakes to take such a licence on such terms as may be agreed or settled by the Tribunal then no injunction shall be granted against the defendant.

Clause 37 provides for the Crown use of designs. A government department or a person authorized in writing by a government department may, without the licence of the design right owner, do anything for the purpose of supplying articles for the services of the Crown or dispose of articles no longer required. Any such action of supplying or disposing of articles does not constitute the infringement of design right.

Clause 38 provides that where Crown use is made of a design, the department concerned shall notify the design right owner as soon as practicable and give him or her such information as to the extent of use except where this may be contrary to the public interest or the identity of the owner cannot be ascertained on reasonable enquiry.

Clause 39 provides for the rights of third parties in cases of Crown use. The provisions of any licence, assignment or agreement made between a design right owner and any person, other than a government department, are of no effect in relation to Crown use of a design so far as they restrict or regulate anything done in relation to the design or they provide for the making of payments in respect of such use.

Clause 40 provides for the compensation for loss of profit where Crown use is made of a design. The department concerned shall pay to the design right owner or to the exclusive licensee, if any, compensation for any loss resulting from the design right owner or licensee not being awarded a contract to supply the articles made to the design. Compensation is payable only to the extent that such a contract could have been performed considering the existing manufacturing capacity but the compensation is



payable notwithstanding the existence of circumstances rendering the right owner or licensee ineligible for the award of that contract.

Clause 41 provides that during a period of public emergency the powers exercisable in relation to a design in respect of Crown use include the power to do any act which would otherwise be an infringement of design right for any purpose which appears to the department concerned necessary or expedient for, among other things, the maintenance of supplies and services essential to the life of the community.

Section 42 states that design right is not infringed by, among other things, an act which is done privately and for purposes which are not commercial or an act which is done for experimental purposes.

Section 43 provides that design right is not infringed by the use of equipment on ships or aircraft which are registered in another country but which are temporarily in the Islands or the importation of spare parts or accessories for repairing those ships or aircraft.

Section 44 provides that the Cabinet may by order provide that acts of a description specified in the order do not infringe design right if it appears necessary, among other things, to comply with an international obligation of the United Kingdom which extends to the Islands.

## **PART 5 - JURISDICTION OF THE TRIBUNAL AND THE COURT**

Clauses 45 and 46 provide for the Design Rights Tribunal. The Cabinet is empowered to make rules for regulating the proceedings before the Tribunal and the rules shall be subject to negative resolution. The Tribunal is also empowered to award costs to a party to proceedings before it and the Tribunal may tax or settle the amount of costs.

Clause 47 provides, among other things, for appeals which may be made to the Grand Court on a point of law arising from a decision of the Tribunal.

Clause 48 provides that a party to a dispute regarding the subsistence of a design right, the term of a design right or the identity of the person in whom design right is first vested may refer the dispute to the Tribunal for its decision. A decision of the Tribunal is binding on the parties to the dispute.

Clause 49 provides that a person requiring a licence which is available as of right by virtue of section 35 may apply to the Tribunal to settle the terms of the licence.

Clause 50 applies where a person making an application under section 49 is unable, on reasonable enquiry, to discover the identity of the design right owner. The Tribunal in settling the terms of the licence may order that the licence shall be free of any obligation as to royalties or other payments.

Clause 51 provides that the Tribunal may, in any proceedings before it, order the whole proceedings or any question or issue to be referred on such terms as it may direct to the Grand Court. The Tribunal may make such an order if the parties to the proceedings agree that it should do so.

Clause 52 provides that any dispute which falls to be determined by the Court in default of an agreement relating to the settlement of terms for Crown use, right of third parties in case of Crown use or compensation for loss of profit in relation to Crown use may be referred by any party to the Grand Court.

## **PART 6 - GENERAL**

Clauses 53 and 54 provide for offences under this legislation. Any person who makes a false entry in the Register or falsely represents that a design applied to any article sold by that person is a registered design commits an offence.

Clause 55 through 57 provide for actionable threats. A person who is aggrieved by the threat of another to bring proceedings for infringement of design right may bring an action against the person making the threat.

Clause 58 provides that proceedings in respect of an actionable threat may be brought against the person who made the threat for, among other things, a declaration that the threat is unjustified, an injunction against the continuance of the threat or damages in respect of any loss sustained by the aggrieved person by reason of the threat.

Clause 59 provides that proceedings in respect of an actionable threat may not be brought against a professional adviser or any person vicariously liable for the actions of that professional adviser if certain conditions are met. The conditions are that the professional adviser was acting on the instructions of another person and the professional adviser identifies the person on whose instructions he or she was acting.

Clause 60 provides that a person who has a licence in respect of a design by virtue of section 35 shall not, among other things, apply to goods that he or she is marketing a trade description indicating that he or she is the licensee of the right owner without the consent of the design right owner.

Clause 61 states that the Cabinet may by order designate a country whose laws provide or will provide adequate protection for Cayman Islands designs, as one enjoying reciprocal protection under this legislation.

Clause 62 provides that the requirement that an instrument be signed by or on behalf of a person is also satisfied in the case of a body corporate by the affixing of its seal.

Clause 63 provides for the immunity of the Registrar for anything done or omitted in the discharge or purported discharge of functions under this legislation unless it is shown that the act or omission was in bad faith.

Clause 64 provides for the making of regulations by the Cabinet prescribing, among other things, transitional arrangements, particulars to be entered in the Register, authorizing the Registrar to issue practice directions to registered agents and respecting applications for recognition as registered agents.

Clause 65 provides that the Cabinet may by order amend the Schedule.





Clause 66 provides for the repeal of the *Design Rights Registration Law, 2016*.

Clause 67 provides for the saving and transitional arrangements. From the commencement date, existing design rights shall be transferred to the new Register and shall be considered as registered under the legislation, barring its earlier cancellation, until the renewal date under the repealed Law.

The Schedule sets out the fees payable under the legislation.



## CAYMAN ISLANDS



## THE DESIGN RIGHTS BILL, 2019

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**CAYMAN ISLANDS****THE DESIGN RIGHTS BILL, 2019**

**A BILL FOR A LAW TO MAKE NEW PROVISION FOR DESIGN RIGHTS; TO PROVIDE FOR THE REGISTRATION OF DESIGN RIGHTS; TO REPEAL THE DESIGN RIGHTS REGISTRATION LAW, 2016; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

**PART 1 - PRELIMINARY****Short title and commencement**

1. (1) This Law may be cited as the *Design Rights Law, 2019*.
- (2) This Law shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Law and in relation to different matters.

**Interpretation**

2. (1) In this Law —
  - “**business**” includes a trade or profession;
  - “**Cayman Islands design**” means a design which qualifies for design right protection by reason of a connection with the Islands of the designer or the person by whom the design is commissioned or the designer is employed;
  - “**computer-generated**”, in relation to a design, means that the design is generated by computer in circumstances such that there is no human designer;

“**country**” includes any territory;

“**the Crown**” includes the Crown in right of Her Majesty’s Government in the Islands or in right of any other qualifying country, a department or a statutory board;

“**Crown use**”, in relation to a design, means the doing of anything by virtue of section 37 which would otherwise be an infringement of design right in the design;

“**department concerned**”, in relation to such use, means a government department of the Cayman Islands by whom or on whose authority the act was done;

“**design**” means the design of the shape or configuration (whether internal or external) of the whole or part of an article;

“**design document**” means any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise;

“**designer**” in relation to, —

- (a) a design means the person who creates it; or
- (b) a computer-generated design, the person by whom the arrangements necessary for the creation of the design are undertaken;

“**employee**”, “**employment**” and “**employer**” refer to employment under a contract of service or of apprenticeship;

“**infringing article**”, in relation to a design, shall be construed in accordance with section 27;

“**owner**”, with respect to a design right, includes a part owner and relates to ownership or proprietorship acquired directly or by assignment or otherwise;

“**public officer**” has the meaning assigned to that expression under section 124 of Schedule 2 to the Cayman Islands Constitution Order, 2009;

“**qualifying country**” means —

- (a) the Islands; or
- (b) to the extent that an order under section 61 so provides, a country designated under that section as enjoying reciprocal protection;

“**qualifying person**” means, —

- (a) a qualifying individual; or
- (b) a body corporate or other body having legal personality which —
  - (i) is formed under the law of the Islands or another qualifying country; and
  - (ii) has, in any qualifying country, a place of business at which substantial business activity is carried on; or





(c) the Crown and the government of any other qualifying country;

“**Register**” means the register of design rights and registered agents maintained under section 4(2)(a);

“**registered agent**” means a person whose name is entered on the register of agents maintained by the Registrar pursuant to section 4(2)(e) or as a registered agent in the Islands for trade marks or patents;

“**Registrar**” means the Registrar of Design Rights referred to in section 4;

“**Registry**” means the Registry of design rights and registered agents under section 4; and

“**repealed Law**” means the *Design Rights Registration Law, 2016*.

- (2) For the purposes of the definition of “Cayman Islands design”, holding British citizenship shall be treated as having a connection with the Islands.
- (3) In determining for the purpose of the definition of “qualifying person” whether substantial business activity is carried on at a place of business in any country, no account shall be taken of dealings in goods which are at all material times outside that country.
- (4) References in this Law to “marketing” in relation to an article, are to the article being sold or let for hire, or offered or exposed for sale or hire, in the course of business and related expressions shall be construed accordingly but no account shall be taken, for the purposes of this Law, of marketing which is merely colourable and not intended to satisfy the reasonable requirements of the public.
- (5) References in this Law to an act being done in relation to an article “for commercial purposes” are to the act being done with a view to the article being sold or hired in the course of a business.
- (6) For the purposes of this Law, the territorial waters of the Islands shall be treated as part of the Islands.
- (7) Where different persons are (whether in consequence of a partial assignment or otherwise) entitled to different aspects of design right in a work, the design right owner for any purpose of this Law is the person who is entitled to the right in the respect relevant for that purpose.
- (8) Where design right, or any aspect of design right, is owned by more than one person jointly, references in this Law to the design right owner are to all the owners, so that any requirement of the licence of the design right owner requires the licence of all of them.
- (9) In this Law, a “joint design” means a design produced by the collaboration of two or more designers in which the contribution of each is not distinct from that of the other or others.

- (10) References in this Law to the designer of a design shall, except as otherwise provided, be construed in relation to a joint design as references to all the designers of the design.

### **Application to articles in kit form**

3. (1) (1) The provisions of this Law apply in relation to a kit, that is, a complete or substantially complete set of components intended to be assembled into an article, as they apply in relation to the assembled article.
- (2) Subsection (1) does not affect the question of whether design right subsists in any aspect of the design of the components of a kit as opposed to the design of the assembled article.

## **Registrar, application for registration, searches**

### **Registrar and duties**

4. (1) The Registrar shall be the Registrar referred to in section 4 of the *Patents Law (2018 Revision)*.
- (2) The duties of the Registrar include —
- (a) maintaining the register of design rights in accordance with this Law
  - (b) supervising the staff and the operations of the Registry;
  - (c) prescribing forms and procedures for applications for the registration of design rights under this Law, receipt of such applications and deciding whether to accept or reject them;
  - (d) collecting appropriate fees payable upon application, registration and search and accounting therefor to the general revenue of the Islands; and
  - (e) maintaining a register of persons who may act as registered agents in respect of design rights in the Islands and who are recognized as such pursuant to section 5.
- (3) Where the Registrar is satisfied that a typographical, arithmetical or procedural error has occurred in the Register, the Registrar may correct the error.

### **Requirement for registered agent**

5. (1) Subject to section 10, only a registered agent may carry on the business of acting as agent for others for the purpose of dealings with the Registry under this Law.
- (2) A person legally and ordinarily resident in the Islands or a firm of attorneys-at-law desirous of being recognized as a registered agent may apply in writing to the Registrar and the Registrar shall determine the application in such manner as may be prescribed.



- (3) An application under subsection (2) shall be accompanied by the non-refundable processing fee specified in the Schedule.
- (4) A registered agent shall pay the registered agent annual fee specified in the Schedule.
- (5) Subject to subsection (6), where a recognized registered agent is unable to carry out duties as a registered agent, the agent shall take all reasonable steps to notify the Registrar and the owner of the registered design of the inability of the registered agent to carry out duties.
- (6) The Registrar, upon receipt of a notice under subsection (5), shall publish such notification in the Gazette and the owner shall appoint a new registered agent within one hundred and eighty days of publication of the notice.
- (7) Where a registered agent is not appointed within the time set out in subsection (6), the rights protected by the design for which the agent is recognized as the registered agent shall be in abeyance until the owner appoints a new registered agent.
- (8) For the purpose of this section, legal and ordinary residence is determined in accordance with the *Immigration Law (2015 Revision)*.

### **Application for registration**

6. (1) An application for the registration of a design right shall be made to the Registrar in the prescribed form.
- (2) An application under subsection (1) shall be subject to the payment of the prescribed application fee.

### **Annual fee**

7. (1) The owner of a design right shall, by the owner's duly authorized registered agent, in January of each year, after the year of the initial registration, pay to the revenues of the Islands the annual fee specified in the Schedule.
- (2) A default in the payment of the annual fee specified in the Schedule by the 31st day of March causes the rights protected by the registration to be in abeyance as against the person in default from 1st April until the annual fee and penalty specified in the Schedule have been paid.

### **Cancellation of registration of design right**

8. (1) A default in the payment of the annual fees and penalties for more than twelve months renders the registration of a design right liable to cancellation by the Registrar.
- (2) The owner of a design right, the registration of which has been cancelled under subsection (1) may reapply for the registration of the design right as though it were being registered for the first time in accordance with section 6.

**Publication**

9. Every registration and cancellation of registration made in the Register (other than the expiry of the registration or abandonment of a design right) shall be published in the Gazette and the publication shall be *prima facie* evidence of the registration or cancellation.

**Searches**

10. Any member of the public may cause the Registrar to search the Register for particulars of any registration of a design right contained in it and, on payment of the fees specified in the Schedule, the Registrar shall cause such search to be made and supply the applicant with the particulars requested.

**Certificate of good standing**

11. (1) The Registrar may, where a request is made by a registered agent, issue a certificate of good standing, in the form determined by the Registrar, to evidence that a design right is still registered and that all applicable annual fees and penalties have been paid.
- (2) A request under this section shall be accompanied by the fee specified in the Schedule.

**Renewal of design right**

12. (1) A design right that is in the Register may, on the application by the duly authorized registered agent of the owner and on payment of the fees specified in the Schedule, be renewed at any time if —
- (a) all applicable annual fees and penalties have been paid; and
  - (b) any changes in the particulars since the initial registration or the initial recording of the extension of the design right under the repealed Law have been recorded in the Registry.
- (2) If an application for renewal is filed more than two months after the expiry date recorded in the Register, a penalty fee is payable as specified in the Schedule.

**Abandonment of design right**

13. (1) The owner of a registered design right shall, by the owner's registered agent, notify the Registrar that a design right has been abandoned, whereupon the rights protected by the registration shall be held in abeyance and the Registrar shall record the design right as inactive.
- (2) The obligation to pay an annual fee under section 7 is suspended while the design right is inactive.
- (3) A registered agent may apply to re-activate a design right that has been abandoned under subsection (1) upon payment of the reactivation fee and



annual fees specified in the Schedule for the period the design right was suspended.

## **PART 2 – DESIGN RIGHT AND DEALINGS WITH DESIGN RIGHT**

### **Design Right**

#### **Design right**

- 14.** (1) Design right is a property right which subsists in accordance with this Law in an original design.
- (2) Design right does not subsist in —
- (a) a method or principle of construction;
  - (b) features of shape or configuration of an article, which —
    - (i) enable the article to be connected to, or placed in, around or against, another article so that either article may perform its function; or
    - (ii) are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part; or
  - (c) surface decoration.
- (3) A design is not original for the purposes of this Law if it is commonplace in the design field in question at the time of its creation.
- (4) Design right subsists in a design only if the design qualifies for design right protection by reference to —
- (a) the designer or the person by whom the designer was employed; or
  - (b) the person by whom and country in which an article made to the design was first marketed,
- or in accordance with an order under section 20.
- (5) Design right does not subsist until the design has been recorded in a design document or an article has been made to the design.
- (6) Design right does not subsist in a design which was recorded in a design document or to which an article was made before the commencement of this Law except a design right which was recorded in accordance with the repealed Law.

#### **Ownership of design right**

- 15.** (1) The designer is the first owner of any design right in a design which is not created in the course of employment.

- (2) Where a design is created by an employee in the course of employment, the employer is the first owner of any design right in the design.
- (3) If a design qualifies for design right protection by virtue of section 19, the provisions under subsections (1) and (2) do not apply and the person by whom the article in question is marketed is the first owner of the design right.

### **Duration of design right**

- 16.** (1) Design right expires —
- (a) fifteen years from the end of the calendar year in which the design was first recorded in a design document or an article was first made to the design, whichever first occurred; or
  - (b) if articles made to the design are made available for sale or hire within five years from the end of that calendar year, ten years from the end of the calendar year in which that first occurred.
- (2) The reference in subsection (1) to articles being made available for sale or hire is to their being made so available anywhere in the world by or with the licence of the design right owner.

### **Qualification for design right protection**

#### **Qualification by reference to designer**

- 17.** (1) This section applies to a design which is not created in the course of employment.
- (2) A design to which this section applies qualifies for design right protection if the designer is a qualifying person.
  - (3) A joint design to which this section applies qualifies for design right protection if any of the designers is a qualifying person.
  - (4) Where a joint design qualifies for design right protection under this section, only those designers who are qualifying persons are entitled to design right under section 15(1).

#### **Qualification by reference to employer**

- 18.** (1) A design qualifies for design right protection if it is created in the course of employment with a qualifying person.
- (2) In the case of joint employment, a design qualifies for design right protection if any of the employers is a qualifying person.
  - (3) Where a design which is created in the course of joint employment qualifies for design right protection under this section, only those employers who are qualifying persons are entitled to design right under section 15(2).



### **Qualifications by reference to first marketing**

- 19.** (1) A design which does not qualify for design right protection under section 17 or 18 qualifies for design right protection if the first marketing of articles made to the design —
- (a) is by a qualifying person who is exclusively authorized to put such articles on the market in the Islands; and
  - (b) takes place in the Islands.
- (2) If the first marketing of articles made to the design is done jointly by two or more persons, the design qualifies for design right protection if any of those persons meets the requirements specified in subsection (1)(a).
- (3) In the case under subsection (2), only the persons who meet those requirements are entitled to design right under section 15.
- (4) In subsection (1)(a) “exclusively authorised” refers to —
- (a) authorisation by the person who would have been the first owner of design right as designer, or employer of the designer if the person had been a qualifying person, or by a person lawfully claiming under such a person; and
  - (b) exclusivity capable of being enforced by legal proceedings in the Islands.

### **Power to make further provision as to qualification**

- 20.** (1) The Cabinet may by order, with a view to fulfilling an international obligation of the Islands, provide that a design qualifies for design right protection if such requirements as are specified in the order are met.
- (2) An order may make different provision for different descriptions of design or articles and may make such consequential modifications of the operation of sections 15, 17, 18 and 19 as appear to the Cabinet to be appropriate.

## **Dealings with design right**

### **Assignment and licences**

- 21.** (1) Design right is transmissible by assignment, by testamentary disposition or by operation of law as personal or moveable property.
- (2) An assignment or other transmission of design right may be partial, that is, limited so as to apply —
- (a) to one or more, but not all, of the things the design right owner has the exclusive right to do; or
  - (b) to part, but not the whole, of the period for which the right is to subsist.

- (3) An assignment of design right is not effective unless it is in writing and signed by or on behalf of the assignor.
- (4) A licence granted by the owner of a design right is binding on every successor in title to the owner's interest in the right, except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the licence or a person deriving title from such a purchaser and references in this Law to doing anything with, or without, the licence of the design right owner shall be construed accordingly.

### **Prospective ownership of design right**

- 22.** (1) Where, by an agreement made in relation to a future design right, and signed by or on behalf of the prospective owner of the design right, the prospective owner purports to assign the future design right (wholly or partially) to another person, then if, on the right coming into existence, the assignee or another person claiming under the assignee would be entitled, as against all other persons, to require the right to be vested in the assignee, the right shall vest in, the said assignee, by virtue of this section.
- (2) In this section —
- (a) “future design right” means design right which will or may come into existence in respect of a future design or class of designs or on the occurrence of a future event; and
  - (b) “prospective owner” shall be construed accordingly and includes a person who is prospectively entitled to design right by virtue of such an agreement as is mentioned in subsection (1).
- (3) A licence granted by a prospective owner of design right is binding on every successor in title to the interest (or prospective interest) in the design right, except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the licence or a person deriving title from such a purchaser and references in this Law to doing anything with, or without, the licence of the design right owner shall be construed accordingly.

### **Assignment of right in registered design presumed to carry with it design right**

- 23.** Where a design consisting of a design in which design right subsists is registered under any law subsisting prior to the enactment of this Law and the proprietor of the registered design is also the design right owner, an assignment of the right in the registered design shall be taken to be also an assignment of the design right, unless a contrary intention appears.





**Exclusive licences**

- 24.** The licensee under an exclusive licence has the same rights against any successor in title who is bound by the licence as the licensee has against the person granting the licence.

**PART 3 - RIGHTS OF DESIGN RIGHT OWNER AND REMEDIES****Infringement of design right****Primary infringement of design right**

- 25.** (1) The owner of design right in a design has the exclusive right to reproduce the design for commercial purposes —
- (a) by making articles to that design; or
  - (b) by making a design document recording the design for the purpose of enabling such articles to be made.
- (2) Reproduction of a design by making articles to the design means copying the design so as to produce articles exactly or substantially to that design, and references in this Law to making articles to a design shall be construed accordingly.
- (3) Design right is infringed by a person who without the licence of the design right owner does, or authorizes another to do, anything which by virtue of this section is the exclusive right of the design right owner.
- (4) For the purposes of this section reproduction may be direct or indirect, and it is immaterial whether any intervening acts themselves infringe the design right.
- (5) This section has effect subject to the provisions of Part 4.

**Secondary infringement: importing or dealing with infringing article**

- 26.** (1) Design right is infringed by a person who without the licence of the design right owner —
- (a) imports into the Islands for commercial purposes;
  - (b) has in his or her possession for commercial purposes; or
  - (c) sells, lets for hire, or offers or exposes for sale or hire, in the course of a business,  
an article which is, and which the person knows or has reason to believe is, an infringing article.
- (2) This section has effect subject to the provisions of Part 4.

**Meaning of "infringing article"**

- 27.** (1) An article is an infringing article if the making of the article to that design was an infringement of design right in the design.
- (2) An article is also an infringing article if —
- (a) it has been or is proposed to be imported into the Islands; and
  - (b) the making of the article to that design in the Islands would have been an infringement of design right in the design or a breach of an exclusive licence agreement relating to the design.
- (3) Where it is shown that an article is made to a design in which design right subsists or has subsisted at any time, it shall be presumed until the contrary is proved that the article was made at a time when design right subsisted.
- (4) The expression “infringing article” —
- (a) in relation to a design, shall be construed in accordance with this section; and
  - (b) does not include a design document, notwithstanding that its making was or would have been an infringement of design right.

**Remedies for infringement****Rights and remedies of design right owner**

- 28.** (1) An infringement of design right is actionable by the design right owner.
- (2) In an action for infringement of design right all such relief by way of damages, injunctions, accounts or otherwise is available to the plaintiff as is available in respect of the infringement of any other property right.
- (3) The Grand Court may, in an action for infringement of design right, having regard to all the circumstances and in particular to —
- (a) the flagrancy of the infringement; and
  - (b) any benefit accruing to the defendant by reason of the infringement,
- award such additional damages as the justice of the case may require.
- (4) This section has effect subject to section 31.

**Order for delivery up**

- 29.** (1) Where a person —
- (a) has in his or her possession, custody or control for commercial purposes an infringing article; or
  - (b) has in his or her possession, custody or control anything specifically designed or adapted for making articles to a particular design, knowing



or having reason to believe that it has been or is to be used to make an infringing article,

the owner of the design right in the design in question may apply to the Grand Court for an order that the infringing article or other thing be delivered up to the owner or to such other person as the court may direct.

- (2) An application shall not be made after the end of the period specified in the subsections (3) and (4) and no order shall be made unless the court also makes, or it appears to the court that there are grounds for making, an order under section 30.
- (3) An application for an order under this section may not be made after the end of the period of six years from the date on which the article or thing in question was made, subject to subsection (4).
- (4) If during the whole or any part of the period in subsection (3) the design right owner —
  - (a) is under disability; or
  - (b) is prevented by fraud or concealment from discovering the facts entitling the owner to apply for an order,

an application may be made at any time before the end of the period of six years from the date on which the design right owner ceased to be under a disability or, as the case may be, could with reasonable diligence have discovered those facts.

- (5) In subsection (4), “disability” has the same meaning as in the *Disabilities (Solomon Webster) Law, 2016*.
- (6) A person to whom an infringing article or other thing is delivered up in pursuance of an order under this section shall, if an order under section 30 is not made, retain it pending the making of an order, or the decision not to make an order, under that section.
- (7) Nothing in this section affects any other power of the Grand Court.

### **Order as to disposal of infringing articles, etc.**

- 30.** (1) An application may be made to the Grand Court for an order that an infringing article or other thing delivered up in pursuance of an order under section 29 shall be —
  - (a) forfeited to the design right owner; or
  - (b) destroyed or otherwise dealt with as the court may think fit, or for a decision that no such order should be made.
- (2) In considering what order, if any, should be made, the court shall consider whether other remedies available in an action for infringement of design right

would be adequate to compensate the design right owner and to protect the right owner's interests.

- (3) Provision shall be made by rules of court as to the service of notice on persons having an interest in the article or other thing, and any such person is entitled —
- (a) to appear in proceedings for an order under this section, whether the person was served with notice or was not served with notice; and
  - (b) to appeal against any order made, whether the person appeared or did not appear,

and an order shall not take effect until the end of the period within which notice of an appeal may be given or, if before the end of that period notice of appeal is duly given, until the final determination or abandonment of the proceedings on the appeal.

- (4) Where there is more than one person interested in an article or other thing, the court shall make such order as it thinks just and may direct that the thing be sold, or otherwise dealt with, and the proceeds divided.
- (5) If the court decides that no order should be made under this section, the person in whose possession, custody or control the article or other thing was before being delivered up is entitled to its return.
- (6) References in this section to a person having an interest in an article or other thing include any person in whose favour an order could be made in respect of it under this section or under section 114 of Part 2 of the Schedule to the Copyright (Cayman Islands) Order 2015 SI 2015 No. 795 or section 52 of the *Trade Marks Law, 2016* which make similar provision in relation to infringement of copyright, rights in performances and trade marks.

### **Innocent infringement**

- 31.** (1) Where in an action for infringement of design right referred to in section 25 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 the defendant, but without prejudice to any other remedy to which the plaintiff may be entitled.
- (2) Where in an action for infringement of design right referred to in section 26 a defendant shows that the infringing article was innocently acquired by the defendant or a predecessor in title, the only remedy available against the defendant 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.



**Rights and remedies of exclusive licensee**

- 32.** (1) An exclusive licensee has, except against the design right owner, the same rights and remedies in respect of matters occurring after the grant of the licence as if the licence had been an assignment.
- (2) The rights and remedies of an exclusive licensee are concurrent with those of the design right owner and references in the relevant provisions of this Law to the design right owner shall be construed accordingly.
- (3) In an action brought by an exclusive licensee by virtue of this section a defendant may avail himself or herself of any defence which would have been available to the defendant if the action had been brought by the design right owner.

**Exercise of concurrent rights**

- 33.** (1) Where an action for infringement of design right brought by the design right owner or an exclusive licensee relates (wholly or partly) to an infringement in respect of which they have concurrent rights of action, the design right owner or the exclusive licensee may not, without the leave of the court, proceed with the action unless the other is either joined as a plaintiff or added as a defendant.
- (2) A design right owner or exclusive licensee who is added as a defendant in pursuance of subsection (1) is not liable for any costs in the action unless the design right owner or exclusive licensee takes part in the proceedings.
- (3) The provisions in subsection (1) and (2) do not affect the granting of interlocutory relief on the application of the design right owner or an exclusive licensee.
- (4) Where an action for infringement of design right is brought which relates (wholly or partly) to an infringement in respect of which the design right owner and an exclusive licensee have concurrent rights of action —
- (a) the court shall, in assessing damages, take into account —
- (i) the terms of the licence; and
- (ii) any pecuniary remedy already awarded or available to either of them in respect of the infringement;
- (b) no account of profits shall be directed if an award of damages has been made, or an account of profits has been directed, in favour of the other of them in respect of the infringement; and
- (c) the court shall, if an account of profits is directed, apportion the profits between them as the court considers just, subject to any agreement between them,
- and these provisions apply whether or not the design right owner and the exclusive licensee are both parties to the action.

- (5) The design right owner shall notify any exclusive licensee having concurrent rights before applying for an order under section 29 and the court may, on the application of the licensee, make such order under that section as it thinks fit having regard to the terms of the licence.

## **PART 4 - EXCEPTIONS TO RIGHTS OF DESIGN RIGHT OWNERS**

### **Infringement of copyright**

#### **Infringement of copyright**

- 34.** Where copyright subsists in a work which consists of or includes a design in which design right subsists, it is not an infringement of design right in the design to do anything which is an infringement of the copyright in that work.

### **Availability of licences as of right**

#### **Licences available in last five years of design right**

- 35.** (1) Any person is entitled as of right to a licence to do in the last five years of the design right term any act which would otherwise infringe the design right.
- (2) The term of the licence shall, in default of agreement, be settled by the Tribunal.
- (3) The Cabinet may by order exclude from the operation of subsection (1) designs of a description specified in the order or designs applied to articles of a description so specified if it appears necessary in order to —
- (a) comply with an international obligation of the United Kingdom which extends to the Islands; or
  - (b) secure or maintain reciprocal protection for Cayman Islands designs in other countries.

#### **Undertaking to take licence of right in infringement proceedings**

- 36.** (1) If in proceedings for infringement of design right in a design in respect of which a licence is available as of right under section 35 the defendant undertakes to take a licence on such terms as may be agreed or, in default of agreement, settled by the Tribunal under that section —
- (a) no injunction shall be granted against him or her;
  - (b) no order for delivery up shall be made under section 29; and



- (c) the amount recoverable against the defendant by way of damages or on an account of profits shall not exceed two times the amount which would have been payable by the defendant as licensee if such a licence on those terms had been granted before the earliest infringement.
- (2) An undertaking may be given at any time before final order in the proceedings without any admission of liability.
- (3) Nothing in this section affects the remedies available in respect of an infringement committed before licences as of right were available.

### **Crown use of designs**

- 37.** (1) A government department of the Cayman Islands, or a person authorized in writing by such a government department, may without the licence of the design right owner —
- (a) do anything for the purpose of supplying articles for the services of the Crown; or
  - (b) dispose of articles no longer required for the services of the Crown, and nothing done by virtue of this section infringes the design right.
- (2) References in this Law to “the services of the Crown” are to —
- (a) the defence of the Islands;
  - (b) foreign defence purposes; and
  - (c) health service purposes.
- (3) The reference to the supply of articles for “foreign defence purposes” is to their supply —
- (a) for the defence of a country outside of the Islands in pursuance of an agreement or arrangement to which the government of that country and the government of the United Kingdom are parties; or
  - (b) for use by armed forces operating in pursuance of a resolution of the United Nations or one of its organs.
- (4) The reference to the supply of articles for “health service purposes” is to the supply for the purpose of providing —
- (a) general pharmaceutical services;
  - (b) general medical services; or
  - (c) general dental services,
- that is, services of those kinds under the *Health Practice Law (2017 Revision)*.
- (5) The authority of a government department of the Cayman Islands, in respect of Crown use of a design, may be given to a person either before or after the use and whether or not the person is authorized, directly or indirectly, by the design right owner to do anything in relation to the design.

- (6) A person acquiring anything sold in the exercise of powers conferred by this section, and any other person claiming under the first mentioned person, may deal with it in the same manner as if the design right were held on behalf of the Crown.

### **Settlement of terms for Crown use**

- 38.** (1) Subject to subsection 3, where Crown use is made of a design, the department concerned shall —
- (a) notify the design right owner as soon as practicable; and
  - (b) give the design right owner such information as to the extent of the use as the design right owner may from time to time require,
- unless it appears to the department that it would be contrary to the public interest to do so or the identity of the design right owner cannot be ascertained on reasonable inquiry.
- (2) Crown use of a design shall be on such terms, either before or after the use, as are agreed between the department concerned and the design right owner with the approval of the Treasury or, in default of agreement, as determined by the Grand Court.
- (3) Where the identity of the design right owner cannot be ascertained on reasonable inquiry, the department concerned may apply to the Grand Court who may order that no royalty or other sum shall be payable in respect of Crown use of the design until the owner agrees terms with the department concerned or refers the matter to the court for determination.

### **Rights of third parties in case of Crown use**

- 39.** (1) The provisions of any licence, assignment or agreement made between the design right owner (or anyone deriving title from the design right owner or from whom he or she derives title) and any person other than a government department of the Islands are of no effect in relation to Crown use of a design, or any act incidental to Crown use, so far as they —
- (a) restrict or regulate anything done in relation to the design or the use of any model, document or other information relating to it; or
  - (b) provide for the making of payments in respect of or calculated by reference to such use,
- and the copying or issuing to the public of copies of any such model or document in connection with the thing done, or any such use, shall be deemed not to be an infringement of any copyright in the model or document.
- (2) Subsection (1) shall not be construed as authorising the disclosure of any such model, document or information in contravention of the licence, assignment or agreement.





- (3) Where an exclusive licence is in force in respect of the design —
- (a) if the licence was granted for royalties —
    - (i) any agreement between the design right owner and a government department of the Cayman Islands under section 38 requires the consent of the licensee; and
    - (ii) the licensee is entitled to recover from the design right owner such part of the payment for Crown use as may be agreed between them or, in default of agreement, determined by the Grand Court;
  - (b) if the licence was granted otherwise than for royalties —
    - (i) section 38 applies in relation to anything done which, but for section 37 and subsection (1), would be an infringement of the rights of the licensee with the substitution for references to the design right owner of references to the licensee; and
    - (ii) section 38 does not apply in relation to anything done by the licensee by virtue of an authority given under section 37.
- (4) Where the design right has been assigned to the design right owner in consideration of royalties —
- (a) section 38 applies in relation to Crown use of the design as if the references to the design right owner included the assignor, and any payment for Crown use shall be divided between them in such proportion as may be agreed or, in default of agreement, determined by the Grand Court; and
  - (b) section 38 applies in relation to any act incidental to Crown use as it applies in relation to Crown use of the design.
- (5) Where any model, document or other information relating to a design is used in connection with Crown use of the design, or any act incidental to Crown use, section 38 applies to the use of the model, document or other information with the substitution for the references to the design right owner of references to the person entitled to the benefit of any provision of an agreement rendered inoperative by subsection (1).
- (6) In this section —
- “act incidental to Crown use” means anything done for the services of the Crown to the order of a government department of the Islands by the design right owner in respect of a design;
  - “payment for Crown use” means such amount as is payable by the department concerned by virtue of section 38; and
  - “royalties” includes any benefit determined by reference to the use of the design.

**Crown use: compensation for loss of profit**

40. (1) Where Crown use is made of a design, the department concerned shall pay —
- (a) to the design right owner; or
  - (b) if there is an exclusive licence in force in respect of the design, to the exclusive licensee,  
compensation for any loss resulting from the right owner or the exclusive licensee not being awarded a contract to supply the articles made to the design.
- (2) Compensation is payable only to the extent that such a contract could have been fulfilled from the design right owner's or exclusive licensee's existing manufacturing capacity but is payable notwithstanding the existence of circumstances rendering him or her ineligible for the award of such a contract.
- (3) In determining the loss, regard shall be had to the profit which would have been made on such a contract and to the extent to which any manufacturing capacity was under-used.
- (4) No compensation is payable in respect of any failure to secure contracts for the supply of articles made to the design otherwise than for the services of the Crown.
- (5) The amount payable shall, if not agreed between the design right owner or licensee and the department concerned with the approval of the Treasury, be determined by the Grand Court on a reference under section 52 and it shall be in addition to any amount payable under section 38 or 39.

**Special provision for Crown use during public emergency**

41. (1) During a period of public emergency the powers exercisable in relation to a design by virtue of section 37 include power to do any act which would otherwise be an infringement of design right for any purpose which appears to the department concerned necessary or expedient —
- (a) for the efficient prosecution of any war in which Her Majesty may be engaged;
  - (b) for the maintenance of supplies and services essential to the life of the community;
  - (c) for securing a sufficiency of supplies and services essential to the well-being of the community;
  - (d) for promoting the productivity of industry, commerce and agriculture;
  - (e) for fostering and directing exports and reducing imports, or imports of any classes, from all or any countries and for redressing the balance of trade;



- (f) generally for ensuring that the whole resources of the community are available for use, and are used, in a manner best calculated to serve the interests of the community; or
  - (g) for assisting the relief of suffering and the restoration and distribution of essential supplies and services in any country outside the Islands which is in grave distress as the result of war.
- (2) References in this Law to the “services of the Crown” include, as respects a period of public emergency, the purposes set out in subsection (1) and references to “Crown use” include any act which would, apart from this section, be an infringement of design right.
- (3) In this section “period of public emergency” means a period beginning with such date as may be declared by order of the Governor to be the beginning and ending with such date as may be so declared to be the end of a period of public emergency.

### **Exception for private acts, experiments and teaching**

#### **42. Design right is not infringed by —**

- (a) an act which is done privately and for purposes which are not commercial;
- (b) an act which is done for experimental purposes; or
- (c) an act of reproduction for teaching purposes or for the purpose of making citations provided that —
  - (i) the act of reproduction is compatible with practice and does not unduly prejudice the normal exploitation of the design; and
  - (ii) mention is made of the source.

### **Exception for overseas ships and aircraft**

#### **43. Design right is not infringed by —**

- (a) the use of equipment on ships or aircraft which are registered in another country but which are temporarily in the Islands;
- (b) the importation into the Islands of spare parts or accessories for the purpose of repairing such ships or aircraft; or
- (c) the carrying out of repairs on such ships or aircraft.

### **Powers to provide for further exceptions**

#### **44. The Cabinet may by order provide that acts of a description specified in the order do not infringe design right if it appears necessary in order —**

- (a) to comply with an international obligation of the United Kingdom which extends to the Islands; or

- (b) to secure or maintain reciprocal protection for Cayman Islands designs in other countries.

## **PART 5 - JURISDICTION OF THE TRIBUNAL AND THE COURT**

### **Jurisdiction of the Tribunal**

#### **Design Rights Tribunal, jurisdiction, rules, etc.**

- 45.** (1) There shall be a Design Rights Tribunal, referred to as “the Tribunal” in this Law, for the Cayman Islands.
- (2) The Tribunal shall be constituted by in the same manner and by the same persons as the Tribunal constituted under the Copyright (Cayman Islands) Order, 2015 SI 2015 No 795 and shall determine matters within its jurisdiction in accordance with this Law.
- (3) The Cabinet may make rules for regulating proceedings before the Tribunal and the rules shall include, but are not limited to —
- (a) specifying the parties to any proceedings and enabling the Tribunal to make a party to the proceedings any person or organisation satisfying the Tribunal that they have a substantial interest in the matter;
  - (b) requiring the Tribunal to give the parties to proceedings an opportunity to state their case in writing or orally;
  - (c) prescribing any matters incidental to or consequential upon any appeal from the Tribunal in relation to an appeal to the court on a point of law;
  - (d) the appointment of advisers to assist the Tribunal in proceedings under this Law; and
  - (e) providing for the fees chargeable in respect of proceedings,
- and those rules may apply, in relation to the Tribunal, any of the provisions of the *Arbitration Law, 2012*.
- (4) Rules made under this section shall be subject to negative resolution.

#### **Costs, proof of orders**

- 46.** (1) Subject to any rules that may be made by the Rules Committee referred to in section 19 of the *Grand Court Law (2015 Revision)*, the Tribunal may order that the costs of a party to proceedings before it shall be paid by such other party as the Tribunal may direct and the Tribunal may tax or settle the amount of the costs, or direct in what manner they are to be taxed.
- (2) The Tribunal may award simple interest at such rate and for such period, beginning not earlier than the last five years of the design right term and



ending not later than the expiry of the design right term, as the Tribunal considers reasonable in the circumstances.

- (3) A document purporting to be a copy of an order of the Tribunal and to be certified by the chairman to be a true copy shall, in any proceedings, be sufficient evidence of the order unless the contrary is proved.

## **Appeals**

- 47.** (1) An appeal lies on any point of law arising from a decision of the Tribunal to the Grand Court.
- (2) Provision shall be made by rules under section 45 limiting the time within which an appeal may be brought.
  - (3) Provision may be made by rules under that section —
    - (a) for suspending, or authorising or requiring the Tribunal to suspend, the operation of orders of the Tribunal in cases where its decision is appealed against;
    - (b) for modifying in relation to an order of the Tribunal whose operation is suspended the operation of any provision of this Law as to the effect of the order; and
    - (c) for the publication of notices or the taking of other steps for securing that persons affected by the suspension of an order of the Tribunal will be informed of its suspension.

## **Jurisdiction to decide matters relating to design right**

- 48.** (1) A party to a dispute as to any of the following matters may refer the dispute to the Tribunal for its decision —
- (a) the subsistence of design right;
  - (b) the term of design right; or
  - (c) the identity of the person in whom design right first vested,
- and the Tribunal's decision on the reference is binding on the parties to the dispute.
- (2) No other court or tribunal shall decide any such matter except —
    - (a) on an appeal or reference from the Tribunal;
    - (b) in infringement or other proceedings in which the issue arises incidentally; or
    - (c) in proceedings brought with the agreement of the parties or the leave of the Tribunal.
  - (3) The Tribunal has jurisdiction to decide any incidental question of fact or law arising in the course of a reference under this section.

### **Application to settle terms of licence as of right**

- 49.** (1) A person requiring a licence which is available as of right by virtue of section 35 may apply to the Tribunal to settle the terms of the licence.
- (2) No application for the settlement of the terms of a licence available by virtue of section 35 may be made earlier than one year before the earliest date on which the licence may take effect under that section.
- (3) The terms of a licence settled by the Tribunal shall authorize the licensee to do everything which would be an infringement of the design right in the absence of a licence.
- (4) In settling the terms of a licence, the Tribunal shall have regard to such matters as may be prescribed by the Cabinet by order.
- (5) Where the terms of a licence are settled by the Tribunal, the licence has effect —
- (a) in the case of an application made before the earliest date on which the licence may take effect under section 35, from that date; and
- (b) in any other case, from the date on which the application to the Tribunal was made.

### **Settlement of terms where design right owner unknown**

- 50.** (1) This section applies where a person making an application under section 49 is unable, on reasonable inquiry, to discover the identity of the design right owner.
- (2) The Tribunal may, in settling the terms of the licence, order that the licence shall be free of any obligation as to royalties or other payments.
- (3) If an order under subsection (2) is made, the design right owner may apply to the Tribunal to vary the terms of the licence with effect from the date on which the application is made.
- (4) If the terms of a licence are settled by the Tribunal and it is subsequently established that a licence was not available as of right, the licensee shall not be liable in damages for, or for an account of profits in respect of, anything done before the licensee was aware of any claim by the design right owner that a licence was not available as of right.

## **References to the court**

### **Reference of design right matters**

- 51.** (1) In any proceedings before it under section 48, the Tribunal may, at any time, order the whole proceedings or any question or issue (whether of fact or law) to be referred, on such terms as it may direct, to the Grand Court.



- (2) The Tribunal shall make an order under subsection (1) if the parties to the proceedings agree that it should do so.
- (3) On a reference under this section the court may exercise any power available to the Tribunal by virtue of this Law as respects the matter referred to it and, following its determination, may refer any matter back to the Tribunal.

### **Reference of disputes relating to Crown use**

- 52.** (1) A dispute as to any matter which falls to be determined by the court in default of agreement under —
- (a) section 38;
  - (b) section 39; or
  - (c) section 40,
- may be referred by any party to the dispute to the Grand Court.
- (2) In determining a dispute between a government department of the Cayman Islands and any person as to the terms for Crown use of a design the court shall have regard to —
    - (a) any sums that the person or a person from whom he or she derives title has received or is entitled to receive, directly or indirectly, from any government department of the Cayman Islands in respect of the design; and
    - (b) whether that person or a person from whom he or she derives title has in the court's opinion, without reasonable cause, failed to comply with a request of any government department for the use of the design on reasonable terms.
  - (3) One of two or more joint owners of design right may, without the concurrence of the other owners, refer a dispute to the Grand Court under this section, but shall not do so unless the other owners are made parties and none of those other owners is liable for any costs unless the joint owner takes part in the proceedings.
  - (4) Where the consent of an exclusive licensee is required by section 39(3)(a)(i) to the settlement by agreement of the terms for Crown use of a design, a determination by the Grand Court of the amount of any payment to be made for such use is of no effect unless the licensee has been notified of the reference and given an opportunity to be heard.
  - (5) On the reference of a dispute regarding the amount recoverable, as referred to in section 39(3)(a)(ii), the Grand Court shall determine what is just having regard to any expenditure incurred by the licensee —
    - (a) in developing the design; or

- (b) in making payments to the design right owner in consideration of the licence (other than royalties or other payments determined by reference to the use of the design).

## PART 6 – GENERAL

### Offences

#### Falsification of register, etc.

- 53.** Any person who makes or causes to be made a false entry in the Register, or a writing falsely purporting to be a copy of such an entry, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false, commits an offence and is liable on summary conviction to a fine of ten thousand dollars or imprisonment for a term of six months, or to both.

#### Falsely representing a design right as registered

- 54.** (1) A person who —
- (a) falsely represents that a design applied to any article sold by that person is registered in the Register in respect of that article; or
  - (b) after a registered design right has expired, marks any article to which the design has been applied with the word “registered” or any word or words implying that there is a subsisting design right in respect of the article under this Law,
- commits an offence and is liable on summary conviction to a fine of ten thousand dollars.
- (2) For the purpose of this section, a person who sells an article having stamped, engraved or impressed thereon or otherwise applied thereto the word “registered”, or any other word expressing or implying that the design applied to the article is registered, is deemed to represent that the design applied to the article is registered as a design right in respect of that article.

### Actionable Threats

#### Threats of infringement proceedings

- 55.** (1) Where a person threatens another person with proceedings for infringement of design right, a person aggrieved by the threat may bring an action against the person who is making the threats.
- (2) If the plaintiff proves that the threats were made and that the plaintiff is a person aggrieved by the threats, the plaintiff is entitled to the relief claimed





unless the defendant shows that the acts in respect of which proceedings were threatened did constitute, or if done would have constituted, an infringement of the design right concerned.

- (3) Proceedings may not be brought under this section in respect of a threat to bring proceedings for an infringement alleged to consist of making or importing anything.
- (4) Mere notification that a design is protected by design right does not constitute a threat of proceedings for the purposes of this section.

### **Actionable threats**

- 56.** (1) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of —
- (a) making an article for disposal; or
  - (b) importing an article for disposal.
- (2) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of an act which, if done, would constitute an infringement of a kind mentioned in subsection (1)(a) or (b).
- (3) A threat of infringement proceedings is not actionable if the threat —
- (a) is made to a person who has done, or intends to do, an act mentioned in subsection (1)(a) or (b) in relation to an article; and
  - (b) is a threat of proceedings for an infringement alleged to consist of doing anything else in relation to that article.
- (4) A threat of infringement proceedings which is not an express threat is not actionable if it is contained in a permitted communication.

### **Permitted communications**

- 57.** (1) For the purposes of section 56(4), a communication containing a threat of infringement proceedings is a “permitted communication” if —
- (a) the communication, so far as it contains information that relates to the threat, is made for a permitted purpose;
  - (b) all of the information that relates to the threat is information that —
    - (i) is necessary for that purpose; and
    - (ii) the person making the communication reasonably believes is true.
- (2) Each of the following is a “permitted purpose” —
- (a) giving notice that design right subsists in a design;
  - (b) discovering whether, or by whom, design right in a design has been infringed by an act mentioned in section 56(1)(a) or (b); or

- (c) giving notice that a person has a right in or under the design right, where another person's awareness of the right is relevant to any proceedings that may be brought in respect of the design right in the design.
- (3) The court may, having regard to the nature of the purposes listed in subsection (2)(a) to (c), treat any other purpose as a "permitted purpose" if it considers that it is in the interests of justice to do so.
- (4) The following shall not be treated as a "permitted purpose" —
  - (a) requesting a person to cease doing, for commercial purposes, anything in relation to an article made to a design;
  - (b) requesting a person to deliver up or destroy an article made to a design; or
  - (c) requesting a person to give an undertaking relating to an article made to a design.
- (5) Where any of the following information is included in a communication made for a permitted purpose, it is information that is necessary for that purpose, that is —
  - (a) a statement that design right subsists in a design;
  - (b) details of the design, or of a right in or under the design right in the design, which —
    - (i) are accurate in all material respects; and
    - (ii) are not misleading in any material respect; and
  - (c) information enabling the identification of articles that are alleged to be infringing articles in relation to the design.

### Remedies and defences

- 58.** (1) Proceedings in respect of an actionable threat may be brought against the person who made the threat for —
- (a) a declaration that the threat is unjustified;
  - (b) an injunction against the continuance of the threat; or
  - (c) damages in respect of any loss sustained by the aggrieved person by reason of the threat.
- (2) It is a defence for the person who made the threat to show that the act in respect of which proceedings were threatened constitutes, or if done would constitute, an infringement of design right.
- (3) It is a defence for the person who made the threat to show that —
- (a) despite having taken reasonable steps, the person has not identified anyone who has done an act mentioned in section 56(1)(a) or (b) in relation to the article which is the subject of the threat; and



- (b) the person notified the recipient, before or at the time of making the threat, of the steps taken.

### **Professional advisers**

- 59.** (1) Proceedings in respect of an actionable threat may not be brought against a professional adviser, or any person vicariously liable for the actions of that professional adviser, if the conditions in subsection (3) are met.
- (2) In this section “professional adviser” means a person who, in relation to the making of the communication containing the threat is a legal practitioner under the *Legal Practitioners Law (2015 Revision)* or a registered agent.
- (3) The conditions are that —
- (a) in making the communication the professional adviser is acting on the instructions of another person; and
  - (b) when the communication is made the professional adviser identifies the person on whose instructions the adviser is acting.
- (4) This section does not affect any liability of the person on whose instructions the professional adviser is acting.
- (5) It is for a person asserting that subsection (1) applies to prove (if required) that at the material time —
- (a) the person concerned was acting as a professional adviser; and
  - (b) the conditions in subsection (3) were met.

### **Licensee under licence of right not to claim connection with design right owner**

- 60.** (1) A person who has a licence in respect of a design by virtue of section 35 shall not, without the consent of the design right owner, —
- (a) apply to goods which the person is marketing, or proposes to market, in reliance on that licence a trade description indicating that he or she is the licensee of the design right owner; or
  - (b) use any such trade description in an advertisement in relation to such goods.
- (2) A contravention of subsection (1) is actionable by the design right owner.
- (3) In this section —
- (a) “advertisement” includes a catalogue, a circular and a price list; and
  - (b) “trade description” has the same meaning as in the *Merchandise Marks Law (1997 Revision)*.

### **Countries enjoying reciprocal protection**

- 61.** (1) The Cabinet may, if it appears to it that the law of a country provides or will provide adequate protection for Cayman Islands designs, by order designate that country as one enjoying reciprocal protection under this Law.
- (2) If the law of a country under subsection (1) provides adequate protection only for certain classes of Cayman Islands designs, or only for designs applied to certain classes of article, any order designating that country shall contain provisions limiting, to a corresponding extent, the protection afforded by this Law in relation to designs connected with that country.

### **Requirement of signature: application in relation to body corporate**

- 62.** The requirement that an instrument be signed by or on behalf of a person is also satisfied in the case of a body corporate by the affixing of its seal in the following provisions —
- (a) section 21(3); and
  - (b) section 22(1).

### **Immunity**

- 63.** The Registrar shall not be liable in damages for anything done or omitted in the discharge or purported discharge of functions under this Law unless it is shown that the act or omission was in bad faith.

### **Regulations**

- 64.** The Cabinet may make regulations prescribing all matters that are necessary or convenient to be prescribed for giving effect to the purposes of this Law, including, but not limited to, regulations —
- (a) prescribing procedures for the conduct of business with the Registry;
  - (b) authorizing the Registrar to issue Practice Directions to registered agents for the conduct of the business of the Registry; and
  - (c) respecting applications for recognition as registered agents, including —
    - (i) any qualification to being recognized as such;
    - (ii) the payment of fees by applicants;
    - (iii) change of registered agent; and
    - (iv) the exemption from reapplying to be recognized where the person is a recognized registered agent for trade marks or patents.

### **Amendment of Schedule**

- 65.** The Cabinet may by order amend the Schedule.



## Repeal

66. The *Design Rights Registration Law, 2016* is repealed.

## Savings and transitional

67. (1) The Cabinet may make regulations containing provisions of a saving or transitional nature in relation to a design right.
- (2) Without prejudice to the generality of subsection (1), the regulations may provide for —
- (a) the application of provisions of this Law; or
  - (b) the continued application of the repealed Law,
- in connection with any matter specified in the regulations, such matter having commenced before the coming into force of this Law.
- (3) From the commencement date, existing design rights that were recorded under the repealed Law shall be transferred to the new Register and shall be considered as registered under this Law until the renewal date under the repealed Law except where steps are taken to cancel the design right.
- (4) Where prior to the commencement date a matter was pending before the Court or the Registrar for a decision, that matter shall continue to be dealt with under the repealed provisions, unless otherwise provided for in this Law.
- (5) For the purposes of the Law, a matter shall be considered as pending before the commencement date if the matter was —
- (a) before the Registrar but no written decision on the matter had been issued by the Registrar before the commencement date;
  - (b) the subject of a written decision issued by the Registrar under the repealed provisions before the commencement date but the decision was subject to appeal and the period for commencing the appeal had not expired at the commencement date;
  - (c) the subject of proceedings which were pending before a Court immediately before the commencement date; or
  - (d) the subject of an order made by a Court before the commencement date but the order was subject to appeal and the period for commencing the appeal had not expired at the commencement date.
- (6) For the purposes of this section, “design right” means a property right that is, immediately before the commencement of this Law, held in the United Kingdom that —
- (a) subsisted in an original design in accordance with Part III of the Copyright, Designs and Patents Act, 1988;
  - (b) was derived from registration of the right in the United Kingdom or the European Community; and



