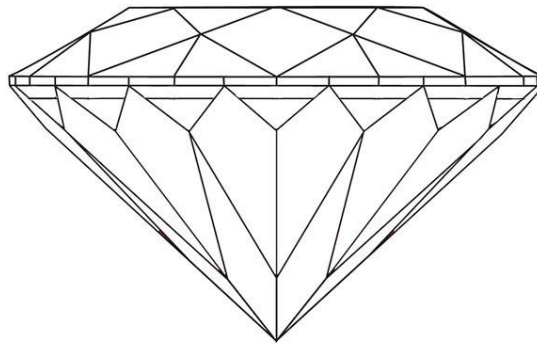


O/265/21

REGISTERED DESIGNS ACT 1949 (AS AMENDED)

**IN THE MATTER OF REGISTERED DESIGN NO. 6065216
IN THE NAME OF SCHMUEL COHEN
IN RESPECT OF THE FOLLOWING DESIGN:**

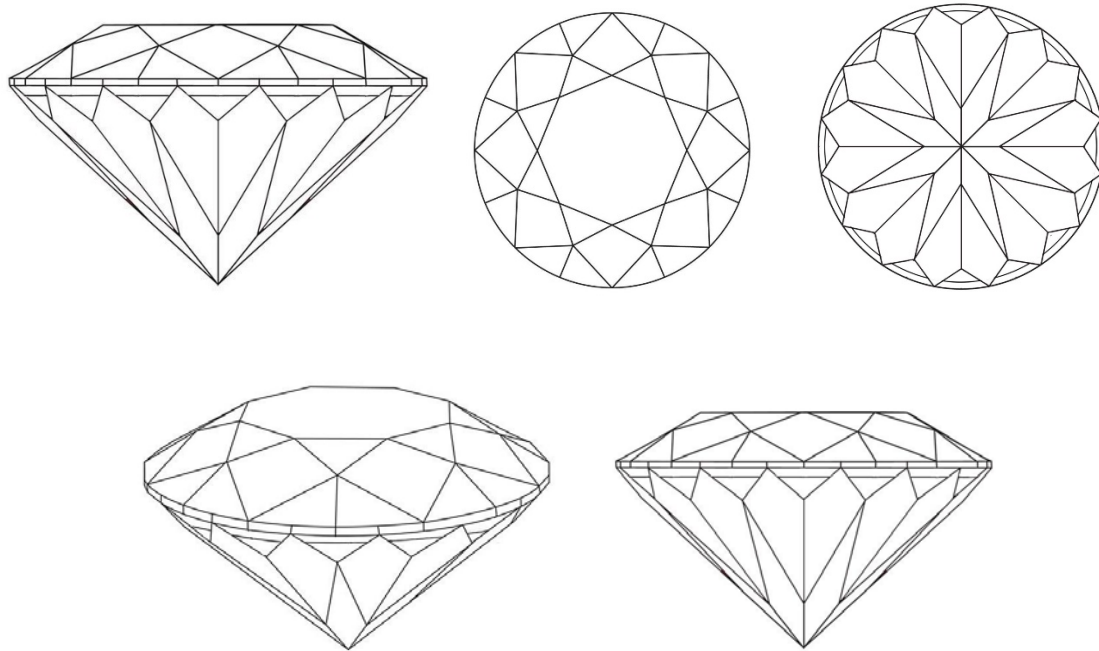


AND

**A REQUEST TO INVALIDATE (NO. 70/19)
BY UTOPIA DIAMONDS LTD**

Background and pleadings

1. The registered design the subject of these proceedings was filed by Schmucl Cohen (the proprietor) on 11 July 2019. The registered design is described as a 'Diamond' and is depicted as follows:



2. On 10 December 2019, Utopia Diamonds Ltd (the applicant) applied for the registration of the design to be declared invalid. The application is based on sections 1B¹ and 11ZA(2) of the Registered Designs Act 1949 (the Act). S.1B relates to the requirement that designs must be novel in comparison to others that have been made available to the public and must possess individual character. Section 11ZA(2) of the Act, concerns ownership of the contested design.

3. I shall not detail here all the grounds initially advanced. Several of them were abandoned in the applicant's skeleton argument filed prior to a hearing that took place before me on 19 and 20 January 2021. At this hearing, the proprietor was represented by Mr Jonathan Moss QC, instructed by Hensel Henson Ltd. The applicant was represented by Mr Richard Davis Michael, instructed by Withers & Rogers LLP.

¹ This is relevant in invalidation proceedings due to the provisions of 11ZA which gives the grounds for invalidation of a registered design.

3. The skeleton argument outlined the applicant's case as follows:

“3. The RD is alleged to be invalid on one or more of the following grounds:

(1) It lacks individual character over an earlier design (which can conveniently be termed the Version 1 Design [referred to throughout these proceedings as the 'V design'.]) which was made publicly available by either (i) the publication of Thai design registration 174784 on 16 March 2018 [Annex B]; and/or (ii) the offer for sale and sale of a diamond made to the design by Goldsmiths jewellers in November 2017. [Amended Statement of Case §2(a) and (d)].

(2) It lacks novelty and/or individual character over the same design (which can conveniently be termed the Version 2 Design [referred to throughout these proceedings as the H design.]) which was made publicly available by the offer for sale and sale of a diamond made to the design by Goldsmiths jewellers in May 2019. [Amended Statement of Case §2(c)].

(3) Under 11ZA(2) since Mr Cohen is not the proprietor of the design and the true proprietor (the Applicant herein) objects. [Amended Statement of Case §3].

4. It concluded, *“In order to assist in the proportionate determination of this dispute the remaining grounds set out in the Amended Statement of Case are not pursued”*.

5. The proprietor had denied all the claims originally advanced in its counterstatement. In his skeleton argument Mr Moss provides the following summary of the defence:

“2. In summary, the Application for Invalidity must fail because:

a. The Registered Design is both novel and has individual character over the prior art now relied upon by Utopia Diamonds (as they have

significantly limited the prior art they rely upon in the run up to this hearing).

b. The Registered Design is owned by the true proprietor and the claims of Utopia Diamonds to Mr Jamgotchian being the author lack credibility, and furthermore, are simply not backed up by the evidence. The burden is, of course, on Utopia Diamonds to prove they are the true proprietor and they get nowhere near discharging that burden.”

Evidence and submissions

6. Both parties filed evidence, written submissions and, as I have already noted, a skeleton argument. I thank both sides’ counsel for their helpful transcript references filed after the hearing.

Applicant’s evidence in chief

Witness statement of Amanda Louise Parsons

7. Ms Parsons is the head of merchandising (jewellery) at Watches of Switzerland.² Her statement is dated 5 March 2020. She provides details of purchases made by her company from the applicant.

First witness statement of Victor Jamgotchian and exhibits VKJ1-VKJ7

8. Mr Jamgotchian is the applicant’s managing director and production manager. His statement is dated 5 March 2020. Mr Jamgotchian’s evidence concerns sales made to Goldsmiths by the applicant.

Proprietor’s evidence in chief

First witness statement of Shmuel Cohen and exhibits SC1-SC16

9. Mr Cohen is the proprietor of the contested design and the owner of Utopia Jewellery. His statement is dated 30 July 2020. He outlines the relationship between

² Watches of Switzerland is responsible for sales made under the Goldsmiths brand.

the parties, describes his experience in the diamond and jewellery industries and gives a detailed account of his creation of the V and H diamond designs.

First witness statement of Meir Benita and exhibits MB1-MB8

10. Mr Benita is the production manager at DS Jewellery Ltd. His witness statement is dated 30 July 2020. He also sets out the parties' relationship and gives details of his own experience in the relevant industries. Mr Benita also provides information on the background to the creation of the V and H diamonds.

Applicant's evidence in reply

Second witness statement of Victor Jamgotchian and exhibits VKJ8-VKJ11

11. Mr Jamgotchian's second statement outlines the business relationship between the parties and provides details about a meeting which occurred on 3 March 2019 at Mr Shilon's factory. He also disputes the contents of Mr Cohen's and Mr Benita's first witness statements. His second statement is dated 5 November 2020.

Witness statement of Joseph Shilon and exhibits JS1-JS3.

12. Mr Shilon is president and CEO of the applicant. His witness statement is dated 3 November 2020. Mr Shilon provides details of his relationship with Mr Cohen, details of the meeting at his factory on 3 March 2019 and he disputes Mr Cohen's and Mr Benita's witness statements, including Mr Cohen's expertise in the industry.

Witness statement of James Smyth Crichton

13. Mr Smyth Crichton was head of merchandising at Watches of Switzerland Company Limited in 2010/2011. His witness statement is dated 5 November 2020.

14. The following six witness statements are provided by some of the diamond polishers and cutters who work for the applicant. Their evidence relates to a meeting held at Mr Shilon's factory on 3 March 2019. They are:

Witness statement of Anchalee Nakprot

15. The witness is responsible for bruting³ office control at the applicant company. The witness statement is dated 5 November 2020.

Witness statement of Atit Suttaduk

16. Atit Suttaduk works for the applicant and is responsible for sharpening the plate for diamond polishing. The witness statement is dated 5 November 2020.

Witness statement of Natthawut Srikhamsao

17. Natthawut Srikhamsao works for the applicant and is a diamond polisher. The witness statement is dated 5 November 2020.

Witness statement of Orawan Somsarn

18. Orawan Somsarn works for the applicant and is a supervisor in the diamond department. The witness statement is dated 5 November 2020.

Witness statement of Panatya Haedpanat

19. Panatya Haedpanat works for the applicant and is responsible for star polishing diamonds. The witness statement is dated 5 November 2020.

Witness statement of Rewadee Janhom

20. Rewadee Janhom works for the applicant and is responsible for polishing diamonds. The witness statement is dated 5 November 2020.

Proprietor's additional evidence in reply

Second witness statement of Shmuel Cohen and exhibits SC17-SC29

21. Mr Cohen's second statement is dated 17 December 2020. In this statement Mr Cohen disputes Mr Shilon's view of his expertise in the diamond industry and challenges the statements made by the applicant's witnesses.

³ 'Bruting' is the first step in diamond cutting.

Second witness statement of Meir Benita

22. Mr Benita's second statement is dated 18 December 2020. In this statement Mr Benita provides his view of the meeting which occurred at Mr Shilon's factory on 3 March 2019.

23. I do not intend to produce a detailed evidence summary here. Some of the evidence goes to matters not pursued by the applicant and some is not relevant to the matters to be decided. I will refer to the evidence when necessary throughout this decision.

Cross examination

24. Mr Joseph Shilon (president and CEO of the applicant), Mr Victor Jamgotchian (the applicant's managing director and production manager), Mr Shmuel Cohen (the proprietor) and Mr Meir Benita (production manager at DS Jewellery Ltd.), attended the hearing for cross examination on certain aspects of their evidence.

25. Cross-examination of the witnesses lasted for a day and a half. Mr Shilon and Mr Jamgotchian gave evidence in English. Mr Cohen and Mr Benita were cross-examined via a translator. The hearing took place over a video platform due to the current pandemic and the location of the witnesses. I found Mr Shilon to be an evasive witness who avoided answering a number of questions throughout the cross-examination by Mr Moss. Mr Jamgotchian was a witness who tried to answer questions where he had the knowledge to do so. Mr Cohen was a very frustrated and annoyed witness. This is understandable to the extent that he believes Mr Shilon cost him an enormous amount of money. He answered most of the questions put to him but was evasive at times. Mr Benita was a believable witness.

Important points to bear in mind

26. There are several matters which require clarification before I proceed to the merits of the applicant's case:

a. The relationships between the witnesses in this case are complex. In brief they are that Mr Shilon is the applicant's president and CEO. Mr Jamgotchian has worked for Mr Shilon for many years, including in his first companies in Canada. Mr Cohen and Mr Shilon have worked together at the applicant company and UJ, though the nature of this relationship is disputed. Mr Cohen was the de facto head of the applicant in 2017-2018. Mr Benita works closely with Mr Cohen and was the applicant's managing director from February 2009 until 28 February 2019. He now works with Mr Cohen.

b. It is clear from the witness statements and from cross-examination that Mr Shilon and Mr Cohen have a hostile relationship. Where possible I have attempted to remove comments where one party has criticised the other in terms of their business conduct, expertise and abilities, where it is simply personal opinion and does not go to the facts of the case.

c. It is necessary to note that the majority of the applicant's evidence was filed as evidence in reply and not as evidence in chief. This led to my allowing the proprietor to file additional evidence in order to address points raised by the applicant for the first time in its reply evidence.

Whether the Design is New and Has Individual Character

27. Section 1B of the Act is as follows:

“(1) A design shall be protected by a right in a registered design to the extent that the design is new and has individual character.

(2) For the purposes of subsection (1) above, a design is new if no identical design or no design whose features differ only in immaterial details has been made available to the public before the relevant date.

(3) For the purposes of subsection (1) above, a design has individual character if the overall impression it produces on the informed user differs

from the overall impression produced on such a user by any design which has been made available to the public before the relevant date.

(4) In determining the extent to which a design has individual character, the degree of freedom of the author in creating the design shall be taken into account.

(5) For the purposes of this section, a design has been made available to the public before the relevant date if –

(a) it has been published (whether following registration or otherwise), exhibited, used in trade or otherwise disclosed before that date; and

(b) the disclosure does not fall within subsection (6) below.

(6) A disclosure falls within this subsection if –

(a) it could not reasonably have become known before the relevant date in the normal course of business to persons carrying on business in the European Economic Area and specialising in the sector concerned;

(b) it was made to a person other than the designer, or any successor in title of his, under conditions of confidentiality (whether express or implied);

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

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

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

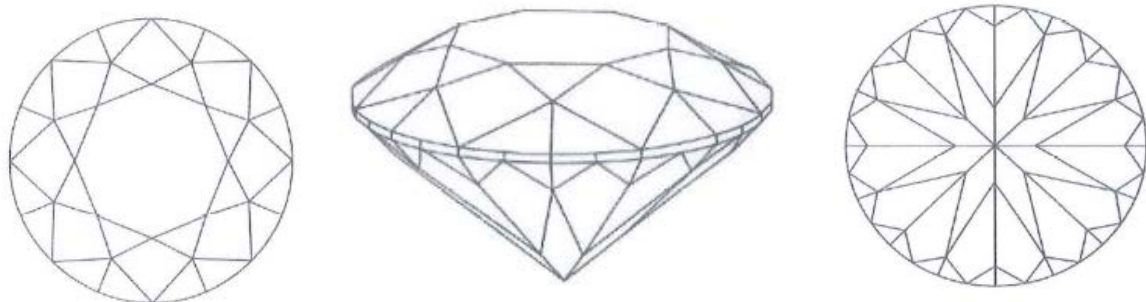
(7) In subsections (2), (3), (5) and (6) above ‘the relevant date’ means the date on which the application for the registration of the design was made or is treated by virtue of section 3B(2), (3) or (5) or 14(2) of this Act as having been made...”

Relevant date

28. The relevant date is the date of application for registration of the contested design: 11 July 2019. I note that the UK has now left the EU, however, at the date of application for the contested design UK Registered Design Law was harmonised with Community law and it is that which applies to this case.

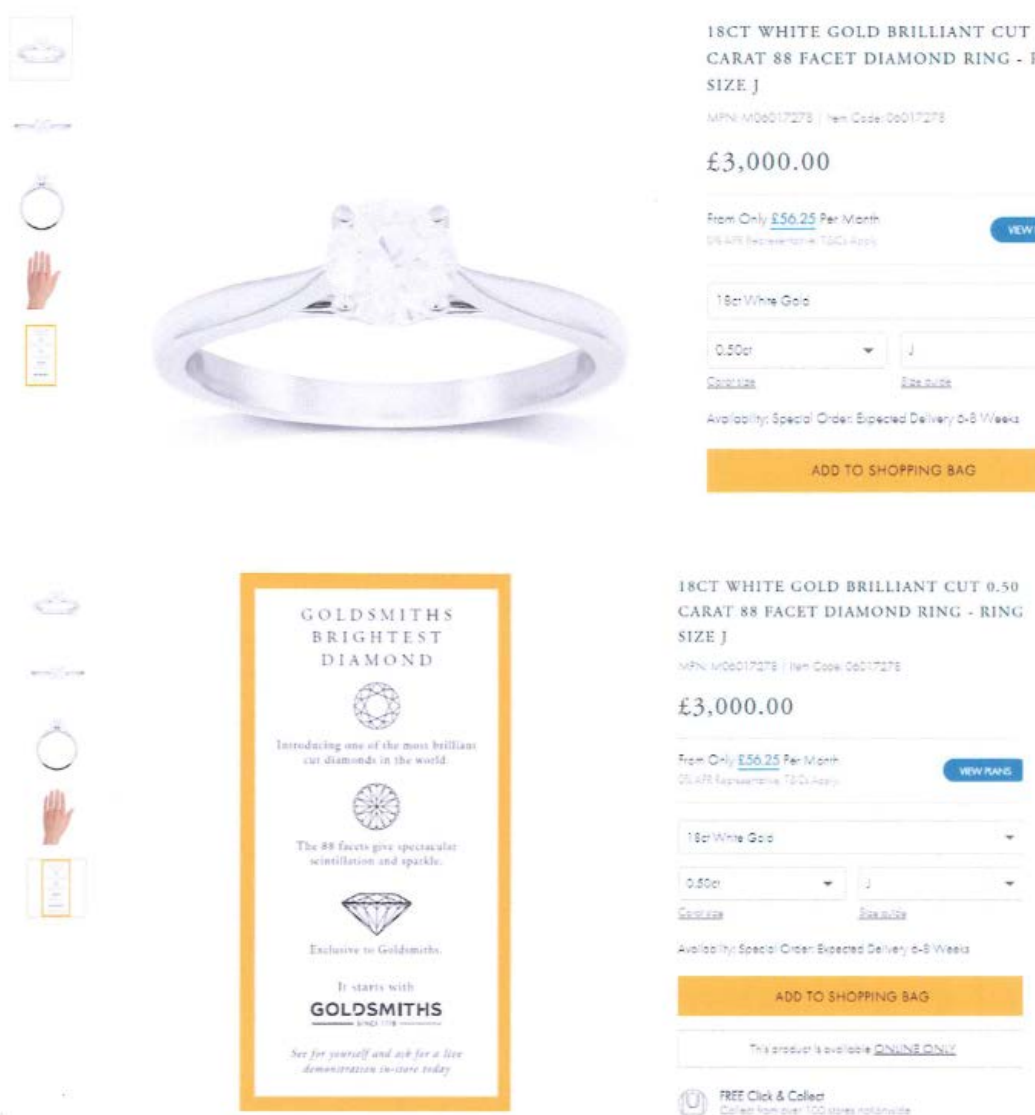
The prior art

29. The contested designs must be compared with designs that have been made available to the public before the relevant date (11 July 2019), unless those designs have been disclosed in one of the ways set out in section 1B(6) of the Act. Following the limitation of its claim, the applicant relies on three examples of prior art. The first of these is a design registration number 174784 filed in Thailand and dated 16 March 2018. The proprietor accepts that this is prior art. This registration is referred to as the ‘V design’ by the proprietor and I will refer to it as such throughout this decision. The representations of the design are shown as follows:



30. The second item of prior art relied on by the applicant is a sale to Goldsmiths in November 2017. It is described as, ‘18CT White Gold Brilliant Cut 0.50 Carat 88 Facet Diamond Ring, SKU no. 0601278’. The applicant claims that the diamond in this ring was cut to the same design as that shown in Thai registration 174784, shown in the previous paragraph. It submits that “...one of that product was sold at Goldsmiths jewellers Trafford Centre, Manchester, on 6 November 2017.”

31. The images provided are as follows:⁴



32. At the hearing Mr Moss made the following submission for the proprietor with regard to the second prior art claim made by the applicant:

⁴ See Annex E attached to the applicant’s amended statement of case.

“The second that [it] has relied upon is the sale to Goldsmiths in November 2017 and that is the one at paragraph 2D on the grounds of invalidity. We deny that they have reached the burden of proving whether that sale was actually of the V design, but in any event, and I believe my learned friend will probably agree with me on this, that disclosure of November 2017 would be no different to the actual V design which is prior art. So, a sale of the V design by Goldsmiths is neither here nor there because if the V design is individual character destroying then it is.”

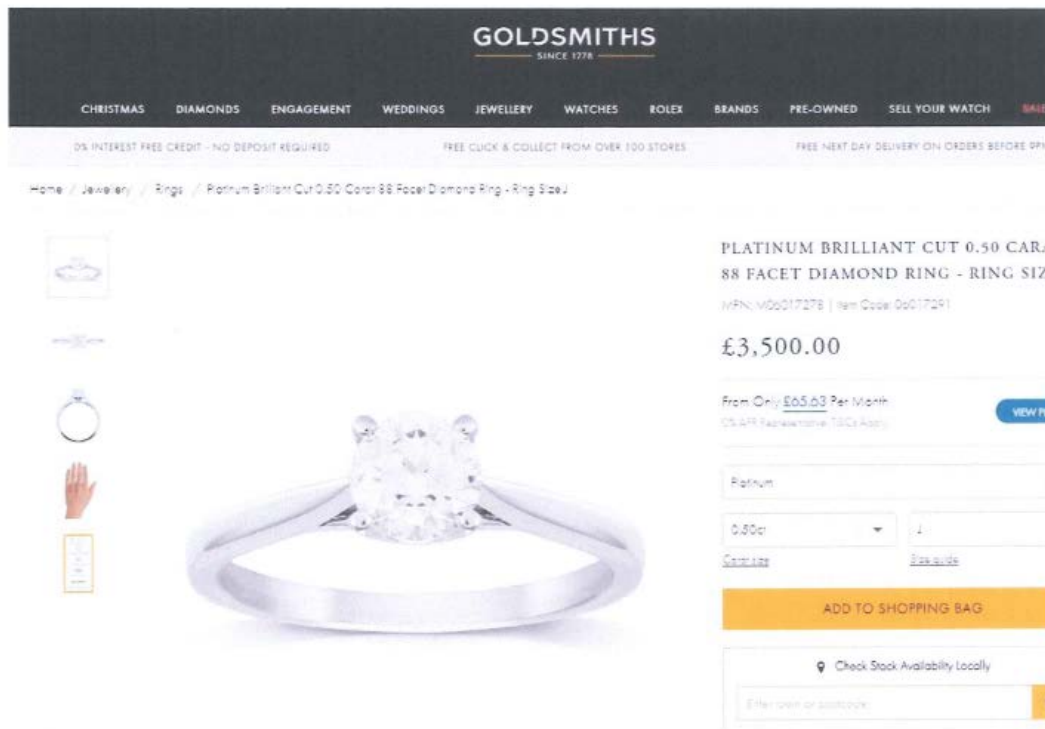
33. It is not clear to me from the images provided on the Goldsmiths website which of the many cuts of diamond was used for the stone in the item displayed. Mr Moss accepted that Goldsmiths were selling the diamond referred to as the V design in November 2017.⁵ However, as he rightly pointed out, the Thai registered design itself is relied upon and is clearly shown in evidence. It pre-dates the contested registration and as such is an accurate example of the prior art relied upon by the applicant.

34. The third example of prior art relied on by the applicant is another sale to Goldsmiths said to be of the ‘H design’. The H design is how the proprietor refers to the design shown in the contested registration and that is how I will refer to it throughout this decision. It is described as, "Platinum Brilliant Cut 0.50 Carat 88 Carat Diamond Ring", SKU no. 06017291, by Goldsmiths the jewellers. *“One of that product was sold at Goldsmiths jewellers' Paradise Street (Liverpool) branch on 30 May 2019.”*

35. The image provided is as follows:⁶

⁵ See transcript page 262, lines 16-18.

⁶ See Annex D attached to the applicant’s statement of case.



36. It is claimed by the applicant that the diamond in this ring is the same as that shown in the registered design which is contested in these proceedings. For the purposes of cross-examination it was Mr Jamgotchian who gave evidence on this point. He supplied, attached to his witness statement, a copy of a purchase order dated 30 January 2019 and a related invoice, which he states shows the sale of seven pieces of jewellery which include the H design diamond (the contested design).⁷

37. Mr Moss made valiant attempts to cross examine Mr Jamgotchian in order to identify which design was used to cut the diamonds referred to in the third prior art claim made by the applicant. Mr Moss was told that Mr Jamgotchian was not the correct person to answer questions about the invoices and it was in fact Steve Reale who was responsible. I note that Mr Reale had not previously been mentioned in any of the evidence, pleadings or submissions in this case. He appears to be in a marketing role for Mr Shilon's companies.

⁷ See VKJ1 and VKJ2.

38. I cannot clearly see the shape of the diamond which the applicant claims is prior art. I was not satisfied from the answers given during cross-examination that it does in fact depict the contested design and I will say no more about it.

39. A further issue arises from the claimed sale of the H design by the applicant to Goldsmiths. In closing, Mr Moss summarised his position with regard to the applicant's abusive disclosure of the H design. He said:

“The alternative case that has been advanced on the H design disclosure is that if it was the H design sold to Goldsmiths then it was an abuse of disclosure. Mr. Davis says this is not pleaded. We accept that it is not pleaded explicitly. We say it does not need to be pleaded explicitly, because the test for disclosure implicitly includes all the elements of disclosure. We say in any event the entire issue of abuse would stand or fall with the proprietorship issue and there is nothing new that would need to be put in, in terms of evidence. If they are not the true proprietor then it was disclosed abusively. As such this part stands, we say. If you think it needs to be separately pleaded we would ask for a simple amendment to that effect, but we say it is unnecessary. In any event, we do not really need to get anywhere near that because the evidence on what was sold on that date is so bad that it does not get them home anyway.”

40. I have found that there is no evidence to show which design was provided to Goldsmiths by the applicant and so the issue of disclosure of the H design by selling seven items of jewellery in early 2019 falls away. I need say no more about it.

41. The applicant may rely on its registered Thai design (the 'V' design) shown at paragraph 26 as the prior art in this case.

Scope of protection

42. It is important to note that it is the representations of the designs that show what is protected. In *Magmatic Ltd v PMS International Ltd*,⁸ Lord Neuberger (with whom the rest of the Supreme Court agreed) held that:

“30...As Lewison J put it in *Procter & Gamble Co v Reckitt Benckiser (UK) Ltd [2007] FSR 13*, para 48, ‘[t]he registration holder is entitled to choose the level of generality at which his design is to be considered. If he chooses too general a level, his design may be invalidated by the prior art. If he chooses too specific a level he may not be protected against similar designs’. So, when it comes to deciding the extent of protection afforded by a particular Community Registered Design, the question must ultimately depend on the proper interpretation of the registration in issue, and in particular of the images included in that registration.”

43. The contested design and the prior art are design registrations. In *Procter & Gamble Company v Reckitt Benckiser (UK) Limited*,⁹ the Court of Appeal determined that, where the representations were black-line-on-white illustrations showing a plain undecorated spray can, the registration was ‘evidently’ for shape and that a comparison should be limited to the respective shapes only.¹⁰

44. There was legal argument in Mr Shilon’s first witness statement which suggested that the design registrations were line drawings and therefore meant that the registration was for a shape which should be considered opaque. It was clear under cross-examination that Mr Shilon had not drafted this part of his witness statement. He clearly had no knowledge of the debates in design law concerning the scope of line drawings. Furthermore, under cross-examination he stated that diamonds are clear and light reflective. His views as expressed in his statement were sensibly not pursued by counsel. On the same point, in closing, Mr Moss referred me to section 1.2 of the Registered Designs Act which states:

⁸ [2016] UKCS 12

⁹ [2007] EWCA Civ 936

¹⁰ Paragraph 40.

"In this act design means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation."

45. Mr Moss concluded that when one is considering a registered design one has to bear in mind that those are all the things that can be included, which includes materials. A diamond is obviously known to reflect light and that is something that the informed user would take into consideration. I agree, the design is described as a diamond and the informed user will be familiar with the essential characteristics of diamonds.

Does the contested design have novelty and individual character?

46. According to section 1B(2) of the Act, a design has novelty if no identical design or no design differing only in immaterial details has been made available to the public before the relevant date. In *Shnuggle Limited v Munchkin, Inc & Anor*,¹¹ HHJ Melissa Clarke, sitting as a Judge of the High Court, said, at paragraph 26:

“‘Immaterial details’ means ‘only minor and trivial in nature, not affecting overall appearance’. This is an objective test. The design must be considered as a whole. It will be new if some part of it differs from any earlier design in some material respect, even if some or all of the design features, if considered individually, would not be.”

47. The applicant submits that the differences between the contested design and its earlier Thai registered design are immaterial. The proprietor submits that the designs are not identical and the differences are more than immaterial.

48. Section 1B(3) states that a design has individual character when it produces a different overall impression on the informed user than that produced by any design

¹¹ [2019] EWHC 3149 (IPEC)

made available to the public before the relevant date. In *Ball Beverage Packaging Europe Ltd v EUIPO*,¹² the General Court (GC) said:

“78...According to the case-law, the individual character of a design results from an overall impression of difference or lack of ‘d  j   vu’, from the point of view of an informed user, in relation to any previous presence in the design corpus, without taking account of any differences that are insufficiently significant to affect that overall impression, even though they may be more than insignificant details, but taking account of differences that are sufficiently marked so as to produce dissimilar overall impressions (judgments of 7 November 2013, *Budziewska v OHIM – Puma (Bounding feline)*, T-666/11, not published, EU:T:2013:584, paragraph 29, and of 29 October 2015, *Roca Sanitario v OHIM – Villeroy & Boch (Single control handle faucet)*, T-334/14, not published, EU:T:2015:817, paragraph 16).”

49. In *Cantel Medical (UK) Limited v ARC Medical Design Limited*,¹³ HHJ Hacon (sitting as a Judge of the Patents Court) provided a helpful summary of the correct approach to assessing individual character as follows:

“181. I here adapt the four stages prescribed by the General Court in *H&M Hennes* for assessing the individual character of a Community design to the comparison of an RCD with an accused design, adding other matters relevant to the present case. The court must:

(1) Decide the sector to which the products in which the designs are intended to be incorporated or to which they are intended to be applied belong;

(2) Identify the informed user and having done so decide

(a) the degree of the informed user’s awareness of the prior art and

¹² Case T-9/15

¹³ [2018] EWHC 345 (Pat)

(b) the level of attention paid by the informed user in the comparison, direct if possible, of the designs;

(3) Decide the designer's degree of freedom in developing his design;

(4) Assess the outcome of the comparison between the RCD and the contested design, taking into account

(a) the sector in question,

(b) the designer's degree of freedom, and

(c) the overall impressions produced by the designs on the informed user, who will have in mind any earlier design which has been made available to the public.

182. To this I would add:

(5) Features of the designs which are solely dictated by technical function are to be ignored in the comparison.

(6) The informed user may in some cases discriminate between elements of the respective designs, attaching different degrees of importance to similarities or differences. This can depend on the practical significance of the relevant part of the product, the extent to which it would be seen in use, or on other matters.”

50. In *Samsung Electronics (UK) Ltd v Apple Inc*,¹⁴ HHJ Birss QC (as he then was), sitting as a Deputy Judge of the Patents Court, gave the following description of the informed user:

¹⁴ [2012] EWHC 1882 (Pat).

“33. ... The identity and attributes of the informed user have been discussed by the Court of Justice of the European Union in *PepsiCo v Grupo Promer* (C-281/10 P) [2012] FSR 5 at paragraphs 53 to 59 and also in *Grupo Promer v OHIM* [2010] EDCR 7, (in the General Court from which *PepsiCo* was an appeal) and in *Shenzhen Taiden v OHIM*, case T-153/08, 22 June 2010.

34. Samsung submitted that the following summary characterises the informed user. I accept it and have added cross-references to the cases mentioned:

i) he (or she) is a user of the product in which the design is intended to be incorporated, not a designer, technical expert, manufacturer or seller (*PepsiCo* paragraph 54 referring to *Grupo Promer* paragraph 62, *Shenzhen* paragraph 46);

ii) however, unlike the average consumer of trade mark law, he is particularly observant (*PepsiCo* paragraph 53);

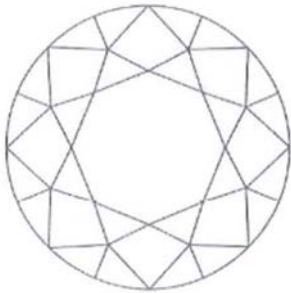
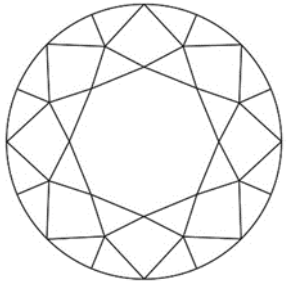
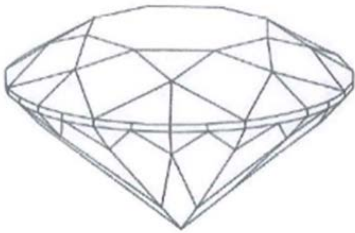
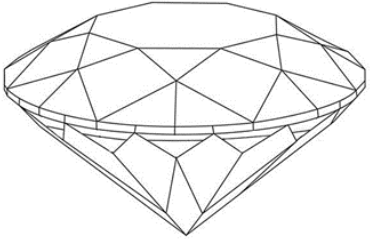
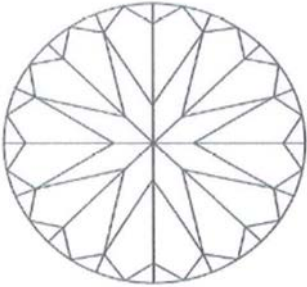
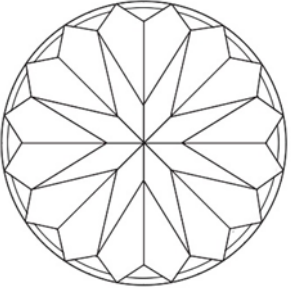
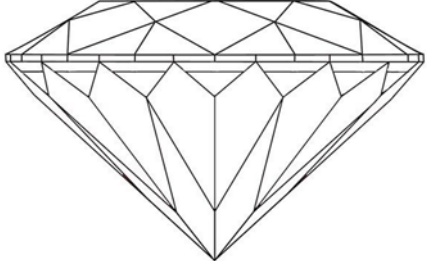
iii) he has knowledge of the design corpus and of the design features normally included in the designs existing in the sector concerned (*PepsiCo* paragraph 59 and also paragraph 54 referring to *Grupo Promer* paragraph 62);

iv) he is interested in the products concerned and shows a relatively high degree of attention when he uses them (*PepsiCo* paragraph 59);

v) he conducts a direct comparison of the designs in issue unless there are specific circumstances or the devices have certain characteristics which make it impractical or uncommon to do so (*PepsiCo* paragraph 55).

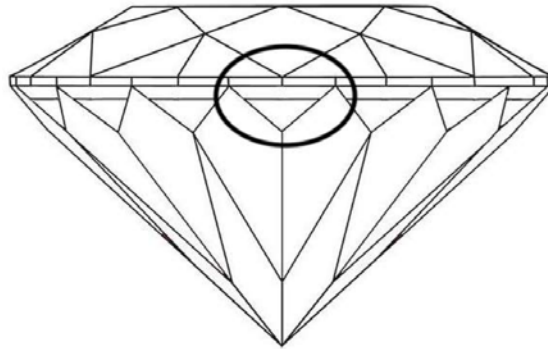
35. I would add that the informed user neither (a) merely perceives the designs as a whole and does not analyse details, nor (b) observes in detail minimal differences which may exist (*PepsiCo* paragraph 59).”

51. The competing designs are as follows:

The applicant's earlier design	The proprietor's registered design
	
	
	 

52. In its skeleton argument the proprietor highlights with a circle the area which in its view shows the difference between the two designs. That this is the area where differences occur is not contested. It is the extent to which any differences are material that is the root of the issue.

53. The proprietor's drawing is as follows:



54. It describes the differences in the following terms:

“34. In the V Design the circled area has a vertical cut running through that area, the effect of which is to significantly change the visual appearance of the design. This is because the informed user would know that, to put it simply, a diamond cut a different way is going to look different to another diamond. Furthermore, the H Design above has a more pronounced horizontal girdle. This arises due to the way in which these two designs are polished (one vertically, one horizontally).”

55. The applicant highlights the following:

“65. Identifying the features of the design, perhaps the following can be identified:

(1) a top surface (the table) having a circular circumferential outer boundary (at the girdle) and extending upwards to an octagonal straight sided inner boundary (defining a flat surface);

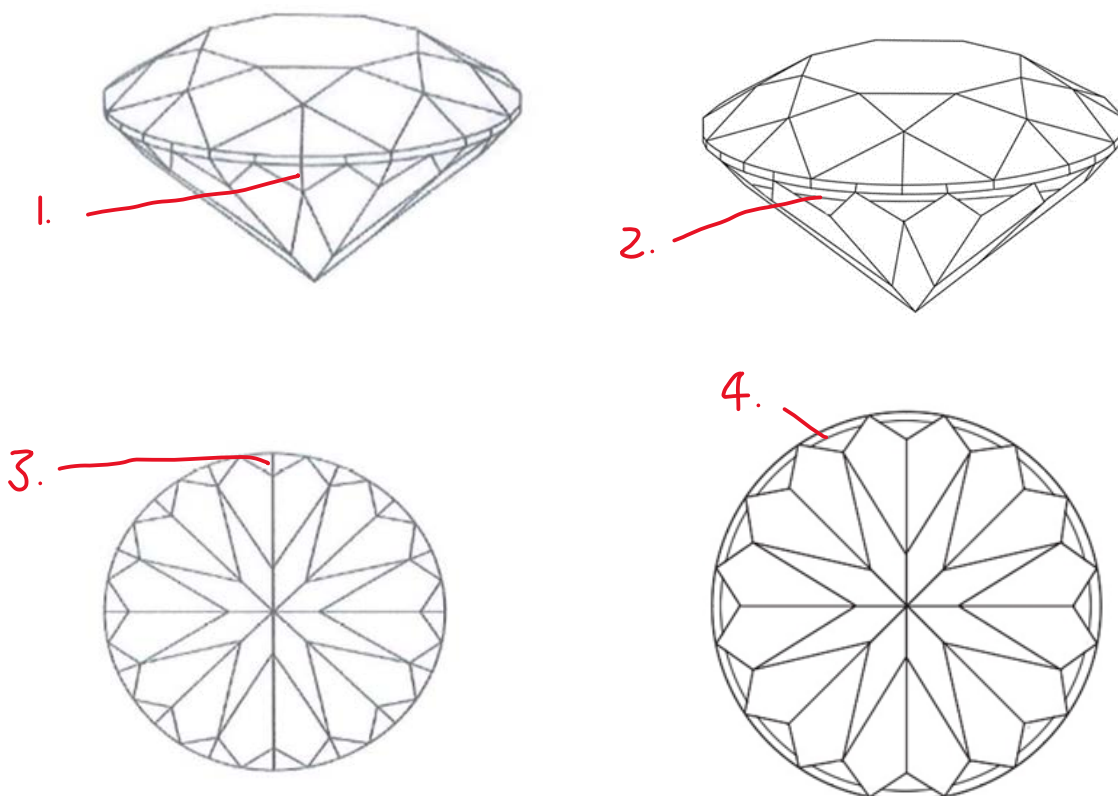
(2) the area of the top surface between the inner and outer boundaries comprising of (and working from the inner to the

outer) a symmetrical arrangement of 8 identical triangular faces, 8 identical quadrangular faces and 8 pairs of triangular faces;

(3) a bottom (pavilion) surface extending from a point to the girdle and (working from the point to the girdle) having 8 identical quadrangles (creating a star like impression), 8 pairs of further quadrangles extending to the girdle and 16 triangular surfaces (interspersed between those quadrangles at the girdle);

(4) these 16 triangular surfaces being subdivided horizontally (circumferentially) just below the girdle).”

56. It concludes that the designs differ only at point (4). Points (1)-(3) are identical.



57. The differences between these designs are evident at the points highlighted above. The points I have marked ‘1’ and ‘2’ show the vertical cut in the earlier design (1.) and the horizontal cut in the contested design (2.). The next two images are, I was

told at the hearing, a view from the bottom of the stone. The points marked 3 and 4 show a vertical cut in the earlier design, which due to the angle of the image radiates outwards (3.) and a cut made horizontally on the same face of the stone in the contested design (4.) which has the effect of an extra circular outline in the second drawing. From that view the outside line of cuts form a different shape at the outer edges. The side view also shows the difference towards the widest point of the stone where one is cut vertically and the other horizontally. There is no dispute that in the design drawings both diamond designs look the same when viewed from above.

58. In my view, the differences are not immaterial. The sixteen cuts made towards the widest point of the diamond are vertical in the earlier Thai registered V design and are horizontal in the contested design. I find that the existence of the earlier design does not defeat the contested design's claim to novelty and I will go on to consider the question of individual character.

59. Individual character must be assessed through the eyes of the informed user.

60. With regard to the informed user, Mr Davis for the applicant submits in his skeleton argument:

"62. None of the witnesses address the identification of the informed user but there may well be no dispute between the parties. Cohen 1st §50 refers to 'customers buying diamonds' and this is, we submit, good enough.

63. Cohen 1st §50 also refers to 'jewellers and other experts in the field'. These are very clearly not an informed user (as being too distinguishing)."

61. In his skeleton argument for the proprietor, Mr Moss submits that:

"31. The informed user in the present case would be someone with a knowledge of diamonds, and consequently, knowledge of how differences in cut can lead to quite different results when viewed. A simple change in cut and polish can lead to quite different impressions when a diamond is viewed."

62. The informed user for these designs is not a customer buying diamonds where those diamonds are mounted in pieces of jewellery. In such a case the design of the particular cut is, at least in part, hidden from view. The informed user will be someone who is at least familiar to some degree with unmounted stones since it is the shape of the diamond itself which is the contested design and the earlier registered design in this case. The informed user will be aware of the features of diamonds and of the design corpus.

63. Mr Davis submitted, on behalf of the applicant:

“64. As for the design corpus, Cohen 1st §46 states that ‘these [i.e. the versions 1 [V design] and 2[H design]] are not the only 88-facet designs on the market.’ Judicial notice may be taken of the fact that there are many other cuts of diamond out there (some are annexed to the statement of case) and it is submitted that the design corpus is gem jewellery, perhaps diamond jewellery. Again, there may be little dispute on this.”

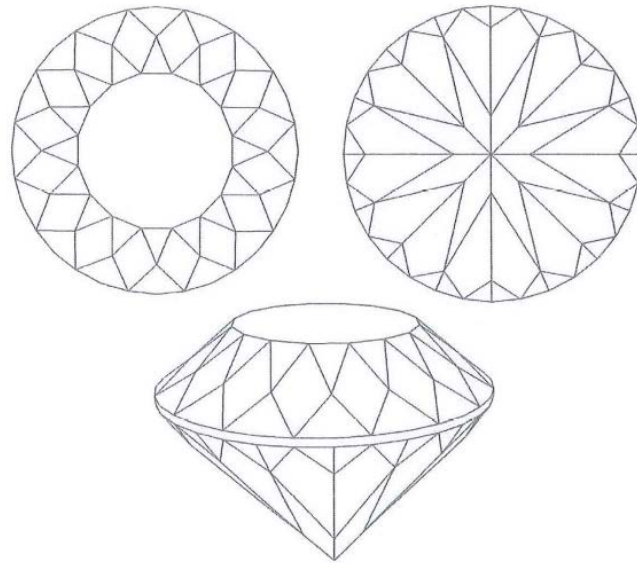
64. In closing Mr Moss submitted:¹⁵

“Furthermore, design freedom is often looked at through the prism of what is in the design corpus. The design corpus that you have before you today is incredibly limited actually. The only real evidence of design corpus is in the application for invalidity and it is effectively the annexes of the other designs, that they relied on originally. All of those are identically shaped, in the sense that they have the bottom like this and the top part to it with the girdle in the middle. It is not as if we have any squares, or anything of that sort. There is no evidence of that. Because the design freedom is limited, the informed user will pick up on smaller differences because there is still little room to manoeuvre. So design freedom is a relevant factor.”

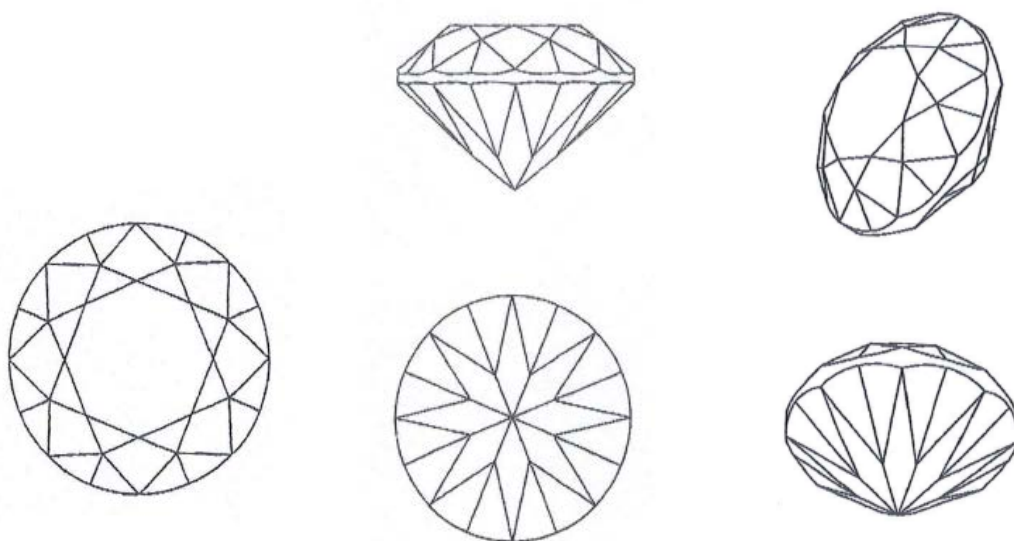
¹⁵ See the transcript (day two) page 272 line 13 onwards.

65. The designs referred to by Mr Davis and Mr Moss as attached to the applicant's initial statement of case are registered designs which the applicant included but then chose not to rely on as prior art. For the purpose of the design corpus, they are as follows:

66. Thai design 145492 – published 4 February 2016.¹⁶



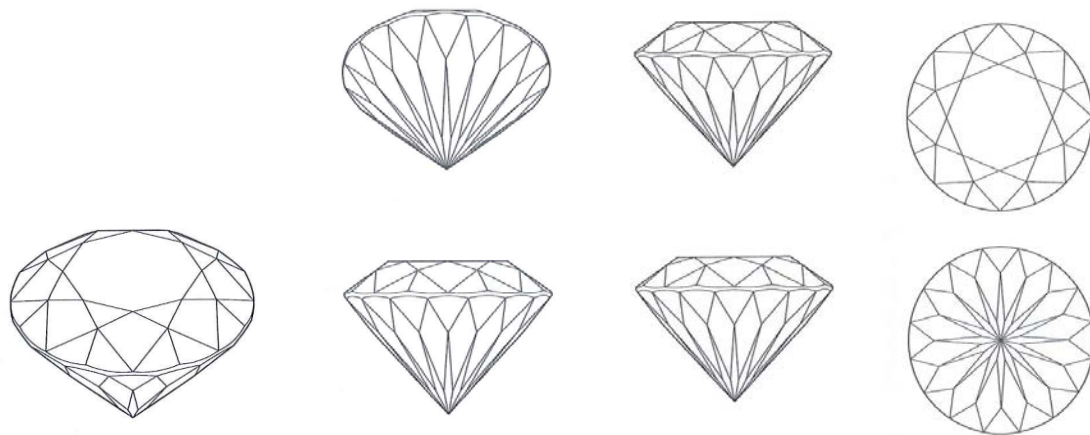
67. EU registered design 001137558-0001 – published 23 May 2009.¹⁷



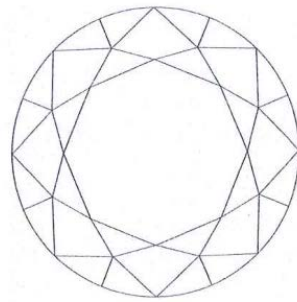
¹⁶ See annex C attached to the applicant's amended statement of case.

¹⁷ See annex F attached to the applicant's amended statement of case.

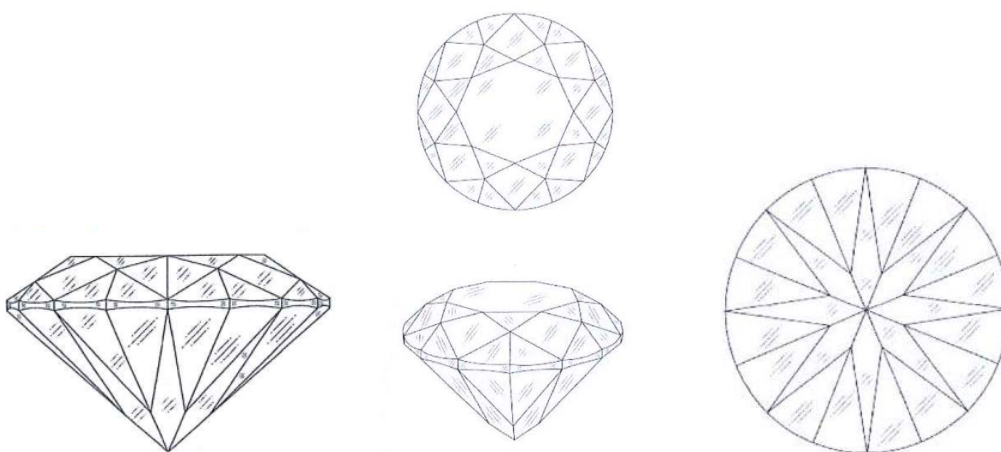
68. EU registered design 002395608-0001 – published 30 January 2014.¹⁸



69. International design 090061-0001 – published 15 April 2016.¹⁹



70. UK design 049001 – published 29 November 2019.²⁰



¹⁸ See annex G attached to the applicant's amended statement of case.

¹⁹ See annex H attached to the applicant's amended statement of case.

²⁰ See annex I attached to the applicant's amended statement of case.

71. I note that the examples provided by the applicant in its original statement of case all appear round when viewed from above. This is not surprising as they were originally intended to be relied on as novelty defeating prior art so they are unlikely to show the full extent of the design corpus. I am not prepared to take the nature of the design corpus on judicial notice as a notorious fact, as Mr Davis suggests. However, from the evidence which I heard from both sides over two days during this hearing, I am prepared to accept that the informed user, who has a knowledge of diamonds, would be aware that there are variations in cut between different diamonds, including different overall shapes, such as, for example, squares. The design corpus is not 'gem jewellery' or 'diamond jewellery', as suggested by Mr Davis. There is nothing in the contested design or the earlier design to indicate what a final piece of jewellery incorporating the particular diamonds may look like and as I said earlier, it is the representations of the designs which provide the scope of protection. The design corpus is diamonds.

72. In terms of design freedom, there are some restrictions when one considers the practical elements of the design. Mr Cohen gave a helpful explanation of the process of designing a diamond and pointed out that one of the factors in designing it is to minimise loss of the original stone. In addition, diamonds of the sort shown in the contested design are normally intended to be mounted into a piece of jewellery. To some extent the shape, particularly the lower part of the stone, is dictated by that purpose. However, there is still some freedom in the overall shape chosen. Clearly, there is more design freedom in terms of how the diamond is cut into to give it its light reflecting qualities.

73. In my view, the informed user of diamonds would know that differences in the cut of a diamond will alter the overall impression of that diamond. In this case, the differences between horizontal and vertical cuts which I have identified above are sufficient for me to find that the proprietor's design did have individual character in comparison with the applicant's earlier Thai registration for the V design at the date on which it was applied for. I will now consider the applicant's ground relating to ownership of the contested design.

Ownership of the Registered Design

74. Section 11ZA(2) of the Act states that:

“The registration of a design may be declared invalid on the ground of the registered proprietor not being the proprietor of the design and the proprietor of the design objecting.”

75. Section 2 of the Act deals with the proprietorship of designs and states as follows:

“(1) The author of a design shall be treated for the purposes of this Act as the original proprietor of the design, subject to the following provisions.

(1A) [...]

(1B) Where a design is created by an employee in the course of his employment, his employer shall be treated as the original proprietor of the design.

(2) Where a design becomes vested, whether by assignment, transmission or operation of law, in any person other than the original proprietor, either alone or jointly with the original proprietor, that other person, or as the case may be the original proprietor and that other person, shall be treated for the purposes of this Act as the proprietor of the design.

(3) In this Act the ‘author’ of a design means the person who creates it.

(4) [...]

76. The applicant must therefore show that it is the proprietor of the contested design.

Background to the ownership dispute

77. There are numerous companies involved in this case and the relationship between the parties is a complex one. I will begin by outlining the basic facts. Mr Davis provided a helpful summary at paragraphs 6-24 of his skeleton argument. Mr Moss confirmed that he agreed with the majority of the high-level facts outlined in that summary, save for two paragraphs. The areas of agreement are as follows:

- Utopia Jewellery (hereinafter UJ) was set up by Mr Shilon in 1999 with Mr Cohen (the proprietor) involved in it from the beginning.
- Utopia Diamonds (hereinafter UD) (the applicant) was set up in 2009 by Mr Shilon. From 2010 to February 2019 Mr Benita was the managing director.
- Both companies had a parent company, JSN Canada which was controlled by Mr Shilon.
- JSN Canada went bankrupt in 2016. Mr Shilon sold UJ to Mr Cohen for \$1. Mr Cohen developed this business and assumed the debts and liabilities of UJ in the process.
- UJ is based in Bangkok. UD is based in Chiang-Mai.
- During 2017-2018 Mr Cohen was de facto controller of UD.
- In approximately 2017, an 88 facet diamond ring was produced by UD and UJ. UD cut the diamond, UJ set the stone and shipped it to the UK where the ring was sold by Goldsmiths. This stone is cut to the design which I have referred to as the V design in this decision.
- A design for this cut was applied for in September 2017 at the Thai Patent Office. UD is the proprietor with Mr Benita listed as the designer.²¹

²¹ On 25 December 2018 Mr Cohen filed an assignment to change the ownership from UD to himself.

- In mid-2018 Mr Cohen and Mr Shilon had what is described as ‘a major falling out’. A large part of the dispute appears to be the ownership of UD. It is the proprietor’s submission that Mr Shilon orally agreed to transfer UD to Mr Cohen once Mr Shilon exited his personal bankruptcy but that Mr Shilon reneged on that deal. When Mr Shilon exited his personal bankruptcy in early 2019 he continued to treat UD as his own company. Mr Shilon’s account is that UD was put into Mr Cohen’s trust so that it could be returned to him when he exited his personal bankruptcy.
- UJ ceased trading in December 2018.
- Mr Jamgotchiam had worked at UJ since 2001. He left in December 2018 (when UJ ceased trading) and moved to a senior role at UD. Mr Benita left UD in February 2019.
- In order to fulfil orders UD changed from being a solely diamond production facility to include end-product jewellery production when UJ ceased trading.
- A meeting took place at the UD factory on 3 March 2019. What took place at that meeting is disputed.

Preliminary issues

Business dealings

78. Both sides submit that I need not come to any conclusions regarding the business dealings between the parties. This is entirely correct and any reference to the parties’ prior dealings are included simply to explain how the parties are known to each other and to provide the context for their current relationship.

The Thai assignment

79. The applicant has made claims regarding the proprietor’s assignment of a Thai registration for the V design. The complaint is not made in respect of the act of assigning the design, it concerns the construction of Thai law with regard to necessary consideration. Since it is not relevant to these proceedings I will say no more about it.

Similarly, the proprietor made references to the applicant's conduct during its bankruptcy concerning declaration of assets. Again, this is not relevant to the matter to be decided and I will say no more about it.

The year taken to register the assignment

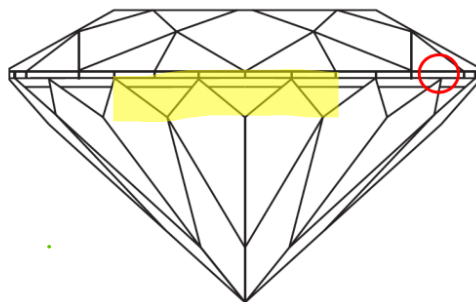
80. In his closing statement Mr Davies was critical of the proprietor for failing to explain the wait of one year between the assignment being made of the V design from UD to Mr Cohen and the registration of that assignment. The applicant submits that the reason was to hide it from the other director of UD who was Mr. Shilon.²²

81. The proprietor submits that there is no timescale in which one has to register an assignment and that other things got in the way. Whatever the reason for the delay, Mr Shilon accepted under cross examination that Mr Cohen is the owner of the V design, so nothing turns on this and I will say no more about it.

Errors in the drawings and the earlier Thai design owned by the applicant

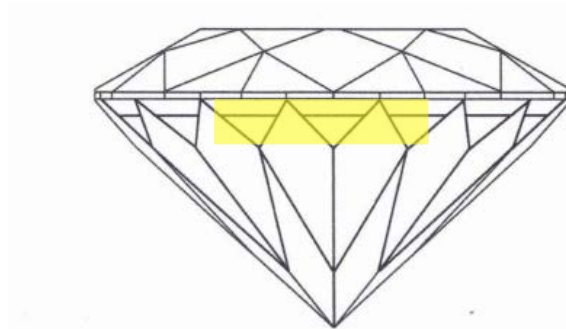
82. In paragraphs 19-20 of Mr Jamgotchian's Second Witness Statement, he states that Mrs Tan Yosphan sent drawings to Mr Benita, and states that those drawings must have been used in the registration of the H Design in the UK because "*there is an error in the first drawing (the side view of the design) which is repeated in the corresponding view of the [H Design registration]*" shown at Exhibit VKJ11.

83. The drawing provided by Mr Jamgotchian has a red circle where the error is said to appear. It is shown as follows:

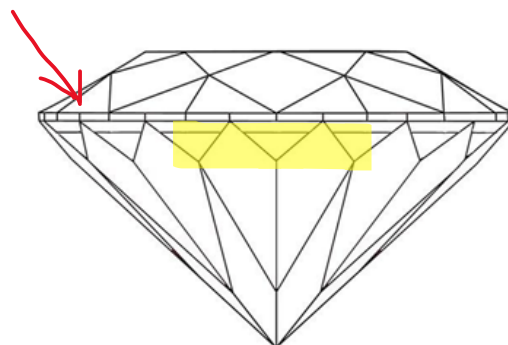


²² See the transcript (day two) page 230, from line 22.

84. The applicant has an application for the H design at the Thai Patent Office dated 31 May 2019 as part of unpublished Thai registered design application no.1902002130. It repeats the same error. Mr Jamgotchian is named as the author of that design. It appears as follows:



85. Whilst the contested UK registered design does repeat the error, it also corrects the same error on the left side of the stone (which I have marked with a red arrow). It cannot be said to be identical.



86. In addition, when comparing these three drawings, the space between the top edge of the diamond and the horizontal cuts is wider in both the Thai design and the UK contested design than it is on Mr Jamgotchian's drawing. I have highlighted the relevant areas.

87. I do not find the existence of the applicant's Thai design to be satisfactory in and of itself to settle the proprietorship dispute in this case. The proprietor claims to have finalised the H design in February or March 2017. The applicant claims to have finalised the design in March 2019. Both of these claims pre-date all of the registrations for the H design by either party. In addition, the drawings are very similar and unless one accepts that both parties have made the same error independently, then one must

accept that one party has had access to the other party's drawings. I must consider all of the evidence before me in order to determine who is the true proprietor of the contested design.

Canadian insolvency proceedings

88. The applicant seeks to rely on Canadian insolvency proceedings concerning Mr Cohen's ownership of jewellery design moulds. The document put in evidence is, according to the proprietor, the skeleton argument of the official receiver in the proceedings. The evidence does not include a final decision and it is not clear to me why this is relevant here. The issue involved jewellery design and not diamonds, relates to a different jurisdiction and appears to be only one party's view on the matter. I will say no more about this evidence.

The applicant's claim to proprietorship

89. The applicant's initial case is that it sold diamonds made to the contested design to Goldsmiths. Mr Shilon also states that the diamond design sold to Goldsmiths was changed from the V design to the H design in early 2019. The designs were ordered in January 2019 and were delivered in April 2019. Secondly, the applicant's claim, added in its evidence in reply, is that the contested design was created at Mr Shilon's factory on 3 March 2019.²³ It is submitted that this is proved by design drawings and an email sent to Mr Benita, following the meeting at Mr Shilon's factory on 3 March 2019, to which the new design was attached. Mr Shilon further submits that Mr Cohen does not have the necessary skill or experience to design diamonds.

Sales of the H design to Goldsmiths

90. The applicant claims that sales placed in January 2019 by Goldsmiths for seven rings were supplied with diamonds cut to the contested design.

²³ I will discuss the various accounts of this meeting in more detail below.

91. The first exhibit attached to Mr Jamgotchian's first witness statement is a redacted purchase order from Watches of Switzerland for seven pieces of jewellery. The order is dated 30 January 2019.²⁴

92. The second exhibit is a redacted invoice relating to the same order.²⁵

93. Mr Jamgotchian submits that these items of jewellery contained, in each case, a diamond cut to the contested H design shown in the unpublished Thai registered design application No.1902002130.²⁶ This is the contested design referred to as the H design.

94. Mr Shilon says in his first witness statement:

58. In paragraph 54(b) Mr Cohen refers to "orders made in January 2019". As stated in paragraph 5 of Mr Jamgotchian's Witness Statement the orders were **placed** in January 2019 and not made then; the orders were made in time for delivery to Watches of Switzerland Company Limited's distribution centre on 30 April 2019, as stated in paragraph 6 of Amanda Parsons' Witness Statement.

95. During cross-examination Mr Moss asked Mr Jamgotchian about the sales made to Goldsmiths:

"Q. You accept that this order, purchase order is dated January 2019, correct?

A. Purchase order January '19, yes.

Q. But you have not shown Goldsmiths any documentation of the new design in January 2019, have you?

²⁴ See exhibit VKJ1.

²⁵ See exhibit VKJ2.

²⁶ See exhibit VKJ3.

A. But this is not my property, this is all depends on the sales and the team over in the UK. I am the one only to [do] the production here.

Q. You have given evidence here as to what that order covered, so I am asking you questions about the evidence that you have given. Were Goldsmiths aware in January 2019 that there was a plan to change the V design to the H design?

A. I am assuming but I am not sure about that. You have to ask the sales team. It is not in my field to know if the Goldsmiths knows or not.

Q. So are you not the correct person to give evidence on the sales to Goldsmiths?

A. Not the sales, production only.

Q. But you have put in evidence as to what was covered by those sales. Are you saying you were not aware of what those sales covered?

A. Sales covered that means what I produce now. What sales they have over there is their end, not my end.

Q. So you do not know what they actually received?

A. I know what I produced but what they receive I do not know. I am sure they -- if this is the product they received this product."

96. As I have already noted, under cross-examination Mr Shilon and Mr Jamgotchian refer to Mr Steve Reale who is said to be in control of marketing at UD. It is claimed that Mr Reale would know which designs were supplied to Goldsmiths and would have the documents to show that Goldsmiths knew of the change of design from the 88 facet V design to the contested 88 facet H design.

97. Mr Reale has not provided a witness statement or evidence in these proceedings.

The meeting at Mr Shilon's factory on 3 March 2019

98. Accounts of this meeting vary considerably. Mr Shilon's account of the meeting seems to indicate that the contested H design had already been created by the time Mr Benita was invited back to the factory. Mr Shilon states:

48. In paragraphs 42-45 Mr Cohen makes statements about the "Ownership of the H Design". These statements are not true. The "H Design" was an extension and improved version of the "V Design" in my opinion, which was another cut developed by Mr Benita. At the beginning of March 2019 when I visited Utopia Diamonds Ltd. I called Mr Benita...Mr Benita came on Sunday 3 March 2019 as he promised and worked with me, Mr Jamgotchian, Mrs Orawan Somsarn, Miss Anchalee Nakprot, Mrs Rewadee Janhom, Mrs Panatya Haedpanat, Mr Atit Suttaduk and Mr Natthawut Srikhamsao to train them on the new "H Design" cut. This resulted in the design drawing shown in Exhibit VKJ4, dated 4 March 2019. After the training, production of the improved design began for full production.

49...Mr Benita came back on the Wednesday 6 March 2019, to work with the IT team to draw the rendering.

50. I instructed that Mr Jamgotchian should be named as the author of Thai design application No. 1902002130 shown in Annex J of the Request for Invalidation since he led the team at Utopia Diamonds Ltd. which developed the improved cut."

99. Mr Jamgotchian gives his account of the meeting in his second witness statement:

"13...Mr Shilon appointed me Plant Managing Director at Utopia Diamonds Ltd.. When Mr Benita abruptly announced in February 2019 he would leave, Mr Shilon said I would now be the lead also in Design. We were working on the new cut for the 88-facet diamond. I worked with the experts in my

department. Mostly Mr Shilon directed the design remotely and he asked Mr Benita his opinion on the cut, that is why Mr Benita came back to the factory in March as I now describe.

16. When Mr Benita saw the progress we had made with the cut he was impressed that me and the team already achieved good results with Mr Shilon's vision and he only really needed to add his thoughts, he said it looked great. It was me, Mr Shilon and the cutters that did the labour on that date, Mr Benita observed our work. Then he asked if we can send him the drawings later once we were done that day, so he can approve it for registering quality, which made sense based on his experience in registering earlier design applications.

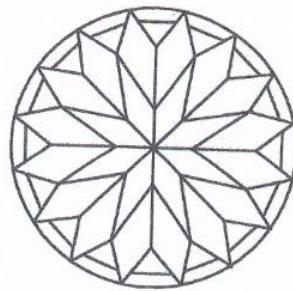
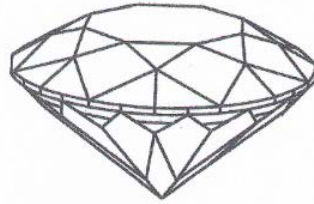
17. After the day in the factory on Sunday 3 March 2019 Mr Benita said it was even better than the original, Mr Shilon approved and I finished with the design and cutting team. Once complete I began, with my colleague Mrs Preechaya Yosphan, the process to register the design. As Mr Shilon did with Mr Benita, he gave me the designer role as leader of the team, to complete and register the design in Thailand, which I did. There is no way that Mr Cohen would have been aware of this.”

100. Exhibit VKJ4 referred to by Mr Shilon appears as follows:²⁷

²⁷ This exhibit was attached to Mr Jamgotchian's first witness statement dated 5 March 2020.

March 4th 19

New 88 round final approval



Joseph


Victor


101. Mr Benita provides his view of the meeting which took place on 3 March 2019 in his second witness statement:

“6...In Mr Jamgotchian’s Witness Statement (at paragraph 16), he states that ‘it was me, Mr Shilon and the cutters that did the labour on that date, Mr Benita observed our work’. Because I am said only to be an observer, Mr Jamgotchian was said to be given the designer role because he was leader of the team. But in other parts of the statements, I am said to be teaching team members how to make the cut. In Mr Shilon’s Witness Statement at paragraph 48, for example, he says that I was at the factory on 3 March 2019 to ‘train [the employees] on the new ‘H Design’ cut’. That is a more accurate reflection of why I was there, but as I explain below my visit did not involve the H Design.”

7. In early 2019, Mr Cohen asked me to go back to the factory of the Applicant for Invalidity to get my belongings and to help Mr Shilon with a new cut, for which he had sketches that he would show me...out of respect for Mr Cohen, I followed Mr Cohen's instructions and went to the factory on Sunday 3 March 2019.

8. When I arrived at the factory, Mr Shilon told me about some minor changes he wanted to make to a cutting, which was not either the V Design or the H Design, and he did not have the sketches that Mr Cohen told me Mr Shilon had said he had. I showed him that there were a number of problems with his idea, and that it would not work...Mr Shilon insisted that I should try to cut a stone to the design anyway. Mr Cohen told me to follow his instructions, so I did. But I was not able to create the design, because it did not work – as I had predicted. It had terrible light performance... Mr Shilon was shocked, because he needed something to sell, and he knew he could not sell Mr Cohen's designs, because they were not his. He had promised Mr Reale that they would have a new design to sell. I told Mr Shilon to talk to Mr Cohen to work something out.

9. Because Mr Shilon was desperate to have a cut ready for Mr Reale, he asked me to help him with a princess cut design that was a completely different design from the 88-facet designs. I agreed to help Mr Shilon because Mr Cohen had made it clear he wanted me to help him...

10. To modify the designs, employees' help was required. They needed to be instructed, and so I instructed employees on how to copy and cut the way I did. Once I had shown them how to cut the round cut of the design Mr Shilon wanted to create, it was clear that the light performance was so poor that it could not be sold. I then taught the employees how to cut the princess design that Mr Shilon modified. It was clear that this princess cut design would never create the lustre, brightness and light performance of the 88-facet designs designed by Mr Cohen. I do not know if Mr Shilon has used the design we created that day, although he is still selling Mr Cohen's princess and round cut 88-facet V Design to Goldsmiths to this day.

11. I then left the factory as soon as I could...

The email sent to Mr Benita and drawings of the H design

102. Mr Shilon's and Mr Jamgotchian's evidence, which they state proves that the contested H design was created at the meeting at Mr Shilon's factory on 3 March 2019, is that an email was sent by the general manager of the applicant to Mr Benita following the meeting. It is said that the new H design was attached to that email.

103. Mr Benita states that he did not receive the email referred to by the applicant. It is not clear which email address was used to send the email to Mr Benita. Since the email shows only his name, it is an entry in a person's email directory and does not indicate where the email was sent. Mr Jamgotchian was sure, under cross-examination that it was sent to Mr Benita's UD address. Mr Benita left UD in February 2019. The email was sent in March 2019.

104. The email appears as follows:²⁸

Michael Jaeger

From: Preechaya Yosphan <tan@utopia-diamonds.com>
Sent: 18 March 2019 03:16
To: Meir Benita
Cc: Victor Jamgotchian
Subject: new patent
Attachments: saluto3d2019.pdf; Princess3d2019.pdf

Dear Khun KIKO,

Please re-check my patent 3d drawing.

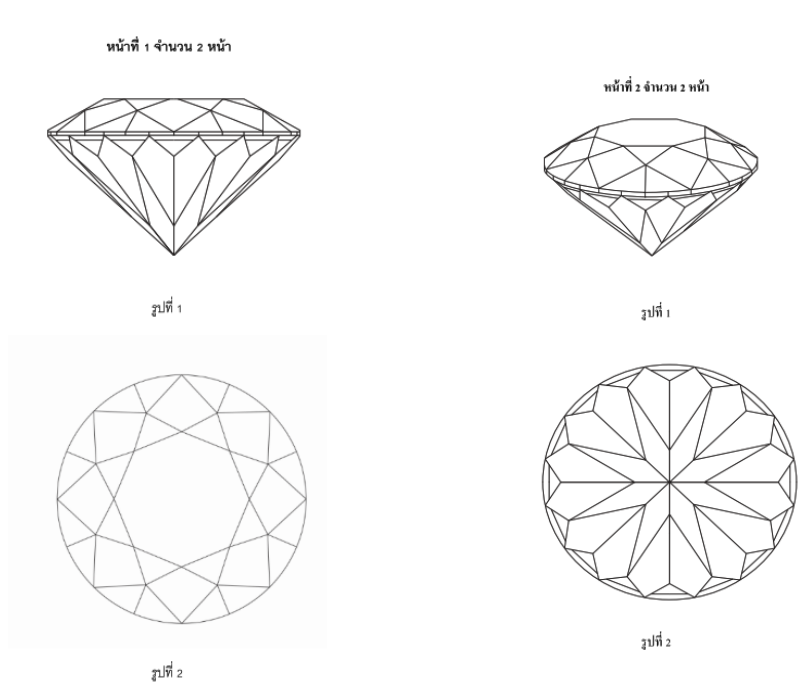
--

Regards,
Tan

UTOPIA DIAMONDS LTD.
100 Moo 8 Sanpafai-Baanthi Rd.,
Baanklang, Muang Lamphun,
Lamphun 51000, Thailand

²⁸ The name Kiko in the email refers to Mr Benita.

105. The second attachment is said to relate to a square, princess cut diamond and is not provided. The first attachment is provided at VKJ10 and is shown as follows:



106. During cross-examination Mr Jamgotchian stated that it was the drawing dated 4 March 2019 and signed by Mr Shilon and himself that was sent to Mr Benita on 18 March 2019.²⁹ When asked by Mr Moss for clarity concerning the documents that were attached to the email Mr Jamgotchian stated that the signed drawing and the two page drawing at VKJ10 were sent.³⁰ When questioned about the fact that one of the attachments is named 'princes3d2019' Mr Jamgotchian said that the princess cut was not sent in that email.

107. Mr Shilon was asked about CAD drawings which were created and sent to Mr Benita, following the meeting at the factory on 3 March 2019. He is referring to the drawings attached to the email at VKJ9.

“Q. So that is the only CAD drawing that exist[s], are you saying?”

²⁹ Described as VKJ4 at paragraph x above.

³⁰ See pages 122-124 of the transcript (day one).

A. Yes, Kiko [Mr Benita] and myself and Victor were there. Kiko [Mr Benita] helped our CAD designer to design design. Once we had the final version Victor was able to, next day to cut the way he was trained and I liked it, I signed off, and then we sent to Kiko [Mr Benita] to approve it. Obviously we never heard back from him afterwards, and now we know the reason why, but yes it existed, yes.”³¹

108. Mr Shilon was asked if the CAD drawings still existed and he confirmed they did. When asked by Mr Moss why an email had been put in evidence rather than CAD drawings themselves, Mr Shilon did not answer the question, despite the question being asked a number of times.

109. Under cross-examination Mr Jamgotchian referred to the original sketches of the H design. He was asked if those drawings still existed:

“A. No, it was a piece of paper sitting drinking coffee and manually Mr. Shilon and me, we come up with some idea how to do what to do. These papers, you do not keep those one. It is a scratch paper, it is a scrap, so we throw it. But the designer, we explained to him what we need and he did – not designer, the computer guy, next day. But the workers, they understand what we want. Even Mr. Benita explained to the worker about the piece of paper, how you want to cut, which side he wants to cut.”³²

The applicant’s claims regarding the designer of the contested design

110. In his first witness statement Mr Jamgotchian states:

“8. The design shown in exhibit VKJ3 is a diamond having 88 facets. I am the author of that design, as stated in that document. I recorded the design in the document shown in exhibit VKJ4, which was signed off on 4 March 2019.”

³¹ See pages 54, line 24 of the transcript (day one).

³² See page 110 of the transcript (day one), beginning at line 19.

111. In paragraph 48 of his first witness statement, Mr Shilon states:

“...The “H Design” was an extension and improved version of the “V Design” in my opinion, which was another cut developed by Mr Benita.”

112. In his second statement, referring to the 3 March 2019 meeting at Mr Shilon’s factory, Mr Jamgotchian stated:

“16. When Mr Benita saw the progress we had made with the cut he was impressed that me and the team already achieved good results with Mr Shilon’s vision and he only really needed to add his thoughts, he said it looked great. It was me, Mr Shilon and the cutters that did the labour on that date, Mr Benita observed our work...”

113. Mr Shilon says of Mr Cohen:

“17. In paragraph 4 [of his first witness statement] Mr Cohen states that he has ‘designed diamonds for the last 20 years’, that he is ‘a diamond expert’ and that since 2016 he creates ‘designs for diamonds’. As stated above in paragraphs 5 and 6, I have known Mr Cohen for the last 20 years and I am not aware of any diamond designs that he has produced. I also do not believe that he has the skills or experience to design a diamond cut, in particular the design shown in UK Registered Design No. 6065216...”

114. And he says:

“19. In paragraph 8 Mr Cohen begins to ‘explain the specific process behind my creation of the design for the 88-facet diamond’. At the outset I must state categorically that Mr Cohen did not create the design of any 88-facet diamonds...”

115. However, under cross-examination Mr Shilon accepted that Mr Cohen owned the rights in the V design for an 88 facet diamond:

“Q...I just want to check what I understand from that paragraph 25(4) [of Mr Davis’ skeleton argument], that your story is that your motivation for designing what you termed the Version 2 [the H design] was to get away from the Version 1 [the V design]; is that correct?”

A. To improve the Version 1, yes.

Q. Part of your motivation was you were aware Mr. Cohen was the owner of the intellectual property rights in Version 1; is that correct?

A. At the moment my knowledge was, yes, he owned the cut, yes.”³³

116. The fact that Mr Cohen was the designer of the V design is supported by the transcript (translated from Hebrew) of a heated meeting in February 2019 between Mr Shilon and Mr Cohen. The meeting went on for five hours and was recorded by Mr Cohen without Mr Shilon’s knowledge. Both parties accept that part of the transcript of the recording can be admitted in these proceedings. During the conversation the parties discuss 88 facet diamonds. Mr Cohen repeatedly claims to be the creator of the V design. Mr Shilon does not dispute it but clearly wants to come to an arrangement which would enable him to sell it, since it is the diamond being sold to Goldsmiths. For example:

“SHMUEL: I understand, but the 88 is something that I created, it’s not yours.

JOSEPH: No problem, I don’t want to interfere with your [business]. You sell whatever you want – [but] let me also sell.”

117. And later in the transcript:

“SHMUEL: I created the 88 by myself and Kiko only polished it – I told him exactly what to do and how I want it [to be], I built the viewer, its mine.

³³ See page 52 of the transcript (day one), lines 8-11.

JOSEPH: [that's] right... I need to sell it to Goldsmith... I already started selling. I don't have anything else.”

The applicant's defence

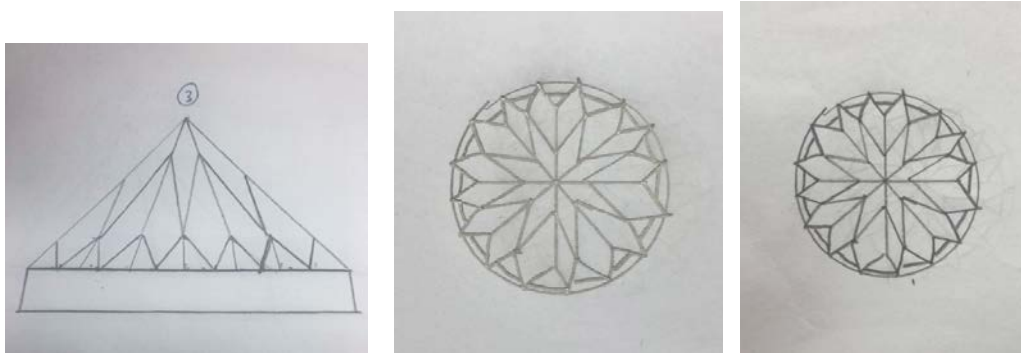
118. Mr Cohen describes his experience in the diamond industry as follows:

“4. I have been a senior figure in the diamond industry for around 30 years and have designed diamonds for the last 20 years. My work is not exclusively in diamond design: I am also a diamond expert, as well as an expert in gemstones such as sapphires and rubies. I also work to purchase stones for the purposes of the production of jewellery, and innovation. As detailed below in paragraphs 8-27, I have been the owner, as well as the Managing Director of UJ, since it was transferred to me in 2016. As part of that role, I create designs for diamonds, buying polished and rough diamonds of a value of USD 40 million per annum, as well as innovating other designs.”

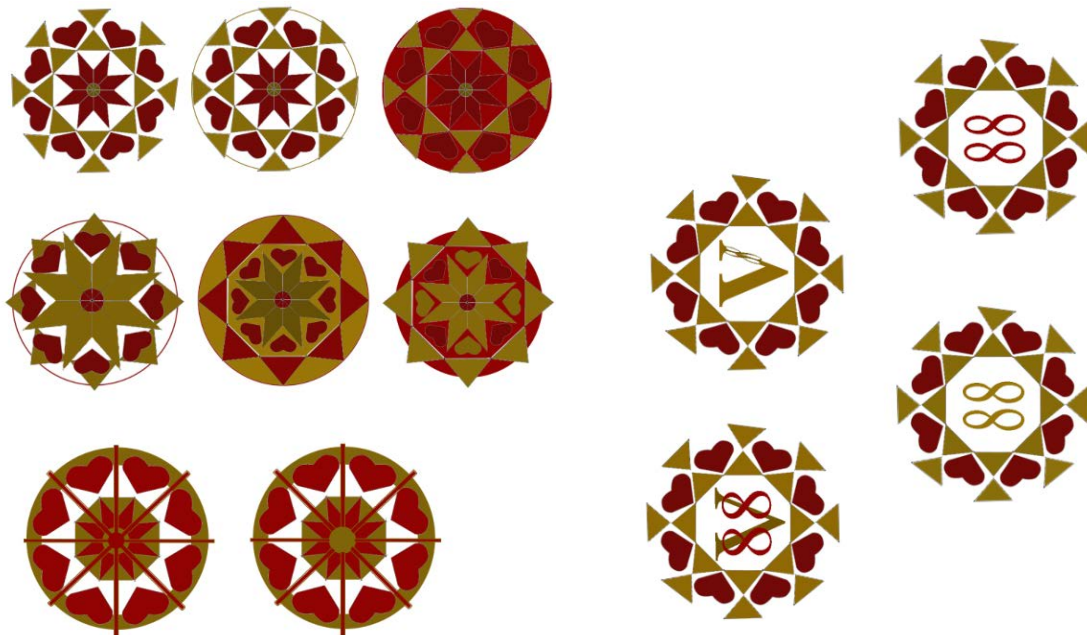
119. In his first witness statement, Mr Cohen provided his explanation of how the V and H designs were created:

“31. I had actually begun sketching ideas for 88-facet diamonds at least as early as 27 January 2015 (see Exhibit SC2). I made the designs from scratch, with a focus on creating something that would have the visual elements of brilliance, fire and scintillation, but which could also be made efficiently, minimising waste – as described in paragraphs 5-7 above. The sketches were of two distinct designs – which I refer to in this Witness Statement as the “V Design” and the “H Design” (the latter of which was later registered in the UK under the Registered Design, and is the subject of this application for invalidity) because of the use of a vertical cut in the former and a horizontal cut in the latter...”

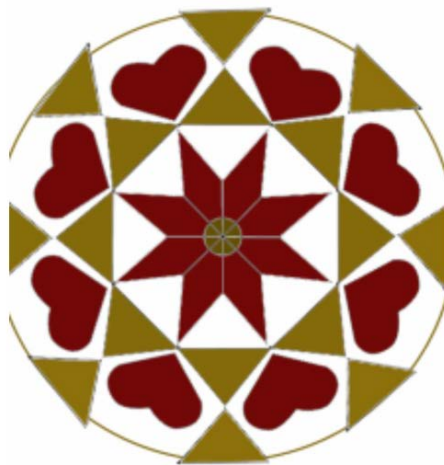
120. Exhibit SC2 referred to by Mr Cohen is photographs of three pencil drawings, shown as follows:



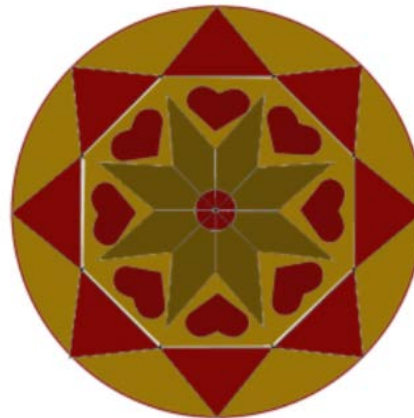
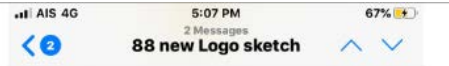
121. Mr Cohen states that on 5 May 2015, he sent initial logo sketches for an 88-facet stone to Mr Benita which he says were to accompany his initial design sketches. These are provided as follows:³⁴



³⁴ See exhibit SC3.



88round Sam.pdf - Google Drive



88round Sam.pdf - Google Drive

122. Under cross-examination Mr Cohen confirmed that the drawings in SC2 are schematic drawings for the polishers and are not his designs. He reiterated that SC3 are his design drawings and that they date from 2015.³⁵

“Q... In your witness statement you say these were what you sketched in January 2015. During cross- examination you now said that is not so, and that was a typo in 31. When did you draw these drawings? Simple question.

A. I repeat, the drawings on SC3, these are my ideas, my designs, two cut rings that I had designed for, one for a man, one for a woman, and I started working on those back in 2015.”

123. Mr Cohen explained the appearance of the drawings at SC3 in response to a question from Mr Davis, for the applicant:³⁶

³⁵ See the transcript (day one) page 143, beginning at line 15.

³⁶ See the transcript (day one) page 147, beginning at line 18.

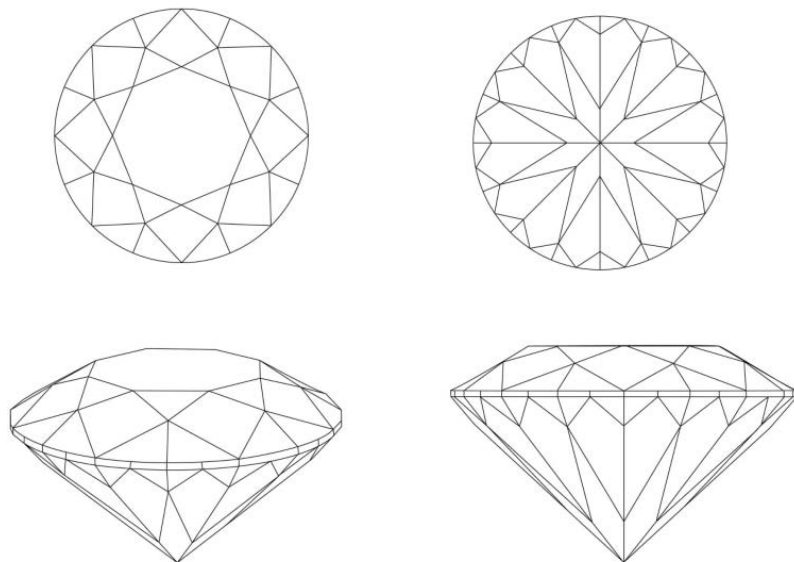
“Q. It involved, on your story, a lot more design after this. You cannot just make a diamond to do this. If I gave these to an ordinary person, a diamond cutter or a diamond professional, they could not make a diamond from these, could they?”

A. These are merely graphic designs. What I wanted in the process is to design the 88 facet diamond that will look in a certain way to the final customer who actually comes and purchases the diamond. What you see here is just a graphic design.”

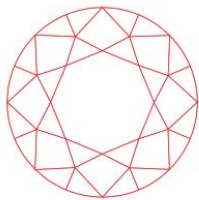
124. Mr Cohen states:

“34. In February 2017, whilst effectively in control of both UJ and the Applicant for Invalidity, I sat with a CAD technician employed by UJ and made further changes to both the V Design and the H Design.”

125. Mr Cohen states that SC4 contain those CAD drawings. They are as follows:



Passion 88



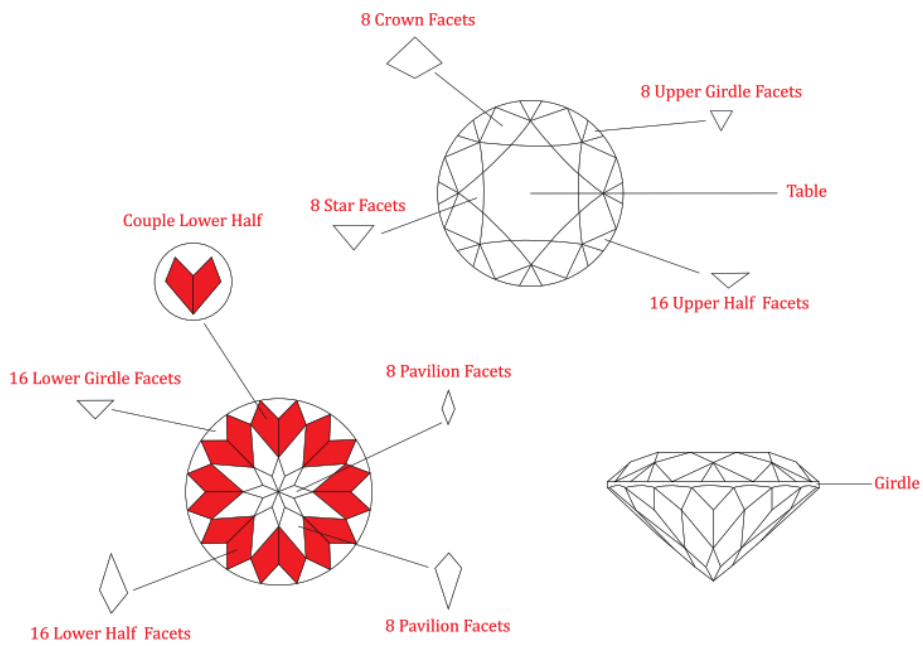
Top View

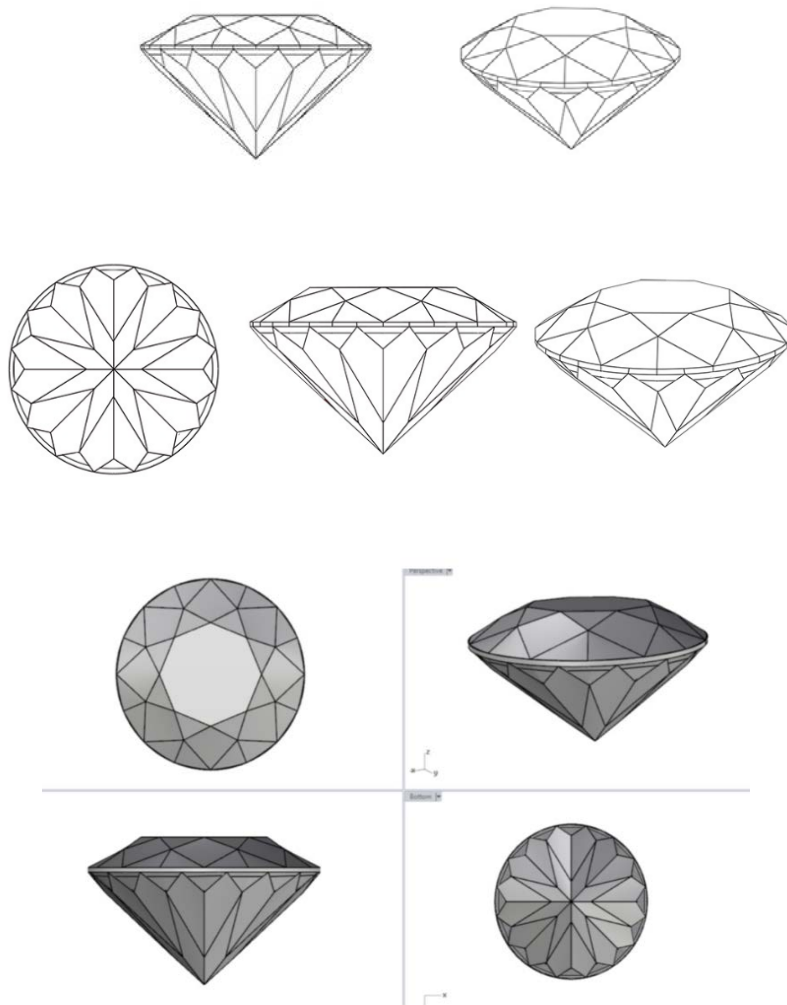


Side View



Bottom View





126. Mr Cohen reiterated that he started working on the CAD designs in February or March 2017. Following further questioning regarding the CAD file Mr Cohen stated that he sent the file to his lawyers and it is in the evidence. He restated the dates as follows:

“A. I invented the V design and the H design in 2015, that is when I started thinking about those I wanted to reach five particular phases and it was implemented, I implemented it in 2017.”³⁷

127. Later in his first witness statement Mr Cohen provides his explanation of the different decisions he made concerning the V and H designs:

³⁷ See the transcript (day one) page 155, line 15.

“35. As described at paragraph 25 above, I am the owner and in control of a specialist diamond laboratory called GGI, and have been working with GGI for over 10 years. On 23 August 2017, I had GGI start using its specialist equipment such as the CFIRE machine to make precise changes to the cut and polishing of both designs. As described at paragraph 7 above, in addition to using the CFIRE machine, I designed a new software program to enable GGI to measure and appreciate the new cuts. UJ paid for all of this design and development work.

*36. On 11 September 2017, I instructed Mr Benita to make an application at the Intellectual Property Office in Thailand (the “**Thai IPO**”) to register the V Design in the name of the Applicant for Invalidity (see Annex A to the Applicant for Invalidity’s Amended Statement of Case). The reason I instructed Mr Benita to do this was because the Applicant for Invalidity was at that time effectively under my control, and because I was travelling a great deal and was often out of the country. The reason we applied to register the design of the V Design at that time was because my understanding was that Goldsmiths had a policy whereby they would not accept any order for products made to designs that were not registered. Because it was my belief that Goldsmiths would never order or hold stock in designs which are not registered, we needed to register the design quickly, to be able to supply the products to Goldsmiths on 28 September 2017 in time for their Christmas order.*

38. At this stage, it became clear that, through viewing the prototypes of the two designs through my viewer, the V Design had better light performance and brightness. The V Design’s ‘brightness’ was 100% of what it could be, whereas the H Design’s brightness was only 90%. For that reason, in February 2018 I made the decision not to pursue marketing of the H Design, and it was held back and kept in my system, with copies of the drawings held on my behalf and for my benefit by Mr Benita in his desk drawer, on the basis that it might later be offered to another retailer. Neither the H Design nor the prototype diamond made to its design was ever shared by me with anyone except Mr Benita. It was only in March 2019 at the very

earliest that anyone even within the Applicant for Invalidity could have been made aware of the H Design, when Mr Jamgotchian took over from Mr Benita as Managing Director of the Applicant for Invalidity and took control of his desk.

39. In November 2017, I spoke to Mr Benita – then Managing Director of the Applicant for Invalidity, who at the time was effectively my employee – to request that he move the right in the V Design to my personal name. On 24 December 2017, Mr Benita assigned the right in the V Design to my name.³⁸ To ensure that the Thai IPO’s register reflected this assignment, I then filed a request on 25 December 2018 to update the registered proprietor of the 88-facet diamond to my name.³⁹ This is why his name appears as the “inventor” on the Certificate of Registration – not because Mr Benita himself had created the V Design. We received confirmation of this assignment, and the update of the registered proprietor was granted, with the certificate issued on 19 December 2019...⁴⁰ I continue to own all these rights personally...

41. Goldsmiths went on to order products set with diamonds cut to this V Design in January 2019 and had product delivered in April 2019.

42. As discussed at paragraph 38, I had previously made the decision to hold off on pursuing the H Design commercially. Aside from Mr Benita and myself, no one was aware of the existence of the H Design, which had been left in a drawer in Mr Benita’s desk at the premises of the Applicant for Invalidity until at the earliest March 2019, when Mr Jamgotchian took over from Mr Benita as Managing Director of the Applicant for Invalidity. I still have the original prototype of the H Design.”

128. In his first statement Mr Benita outlined the background to his working with Mr Cohen and provided the background to the creation of the V and H designs:

³⁸ See exhibits SC7 and SC8.

³⁹ See exhibit SC9.

⁴⁰ See exhibits SC10-SC14 for copies of those documents and English translations.

“18. Throughout 2017 and 2018, when Mr Cohen was the owner of UJ and, under his agreement with Mr Shilon, the owner of the Applicant for Invalidity in all but formal shareholding, I was the Managing Director of the Applicant for Invalidity...

19. Throughout that period, I worked with Mr Cohen to build the Applicant for Invalidity into a business dealing in jewellery making, as well as diamond cutting and polishing. Until July 2017, the Applicant for Invalidity was not even operating – Mr Cohen paid compensation to 150 people, and kept the remaining 50 diamond polishers on the payroll in the hopes that the Applicant for Invalidity would start operating again...Mr Cohen ran and operated the Applicant for Invalidity and UJ together, using the same bank accounts.

20. As another way to help with the financial recovery of UJ and the Applicant for Invalidity, Mr Cohen also wanted to create an 88-facet diamond, particularly to be attractive to the Chinese market. Mr Cohen told me about this sometime in 2015. He told me that he had sketched some designs for two different 88-facet diamond designs in 2015 and continued to work on them throughout the period. Together, we expanded the 88-facet diamond department by keeping a team dedicated to producing 88-facet diamonds. The factory was made into a specialised factory that only produced 88-facet stones in order to target the Chinese/Asian market. We did not have any interest in any other design at that time.”

My conclusions from the evidence

129. The case made by the applicant in its initial witness statements and evidence concentrated only on sales it had made to Goldsmiths which were ordered in January 2019 and delivered in April 2019. These are said to be items of jewellery which include the contested H design.

130. There was no mention in any of the applicant's evidence of a man called Steve Reale who is said to be responsible for marketing for the applicant. At the hearing Mr Shilon and Mr Jamgotchian claimed that Mr Reale has emails and documents which show that Goldsmiths knew there was a change of design in early 2019 and that the diamonds would change from the V design to the contested H design. Mr Reale did not provide evidence and consequently was not available for cross examination.

131. It was not until Mr Cohen and Mr Benita filed their primary evidence that the applicant filed evidence relating to the meeting at Mr Shilon's factory on 3 March 2019.

132. With regard to the true identity of the designer of the contested H design, Mr Shilon has variously claimed that he and Mr Jamgotchian, Mr Jamgotchian alone and Mr Benita alone were the creators of the contested design. The only point on which Mr Shilon has remained consistent is that Mr Cohen is not the designer or true proprietor.

133. On the status of Mr Cohen, Mr Shilon began in his second witness statement by claiming that Mr Cohen had not to his knowledge ever designed any diamonds. He also suggested that Mr Cohen did not have the necessary skills to do so. Under cross examination Mr Shilon accepted that the intellectual property rights in the V design belong to Mr Cohen as its creator.

134. In the applicant's skeleton argument and in cross-examination Mr Shilon and Mr Jamgotchian claimed that the meeting at the factory on 3 March 2019 was called in order to design a diamond that was different from the V design. They say, to design a better product which would be quicker to manufacture.

135. I have no doubt that the meeting was called in order to try to create a new diamond design. The transcript of the recorded conversation between Mr Shilon and Mr Cohen shows that Mr Shilon did not dispute Mr Cohen's ownership of the V design but was keen to have a diamond to sell to Goldsmiths. Mr Cohen was challenged during cross-examination over his recording of this meeting and was very forthright in his explanation. He believes he was cheated in business by Mr Shilon and considered it reasonable in the circumstances. Much criticism has been made of Mr Shilon's initial

claim that the 88 facet diamonds were not discussed at the recorded meeting. Mr Shilon later accepted they had been. It was a five-hour meeting and was clearly very heated. The transcript of that part of the conversation is in evidence, its inclusion not being contested by the applicant. Nothing turns on Mr Shilon's claim that he forgot the full content of the meeting and I will allow him the benefit of the doubt.

136. Mr Benita, who was at the meeting on 3 March 2019 at Mr Shilon's factory states that the H design was not the subject of that meeting and submits that the designs he was asked to work on at that meeting were ultimately unsuccessful. I found Mr Benita to be a believable witness who was consistent on this point in his evidence and I find his version of events to be more persuasive.

137. Having listened to two days of cross-examination of people intimately involved in the diamond and jewellery businesses, I find it unlikely that a new diamond could be designed, finalised, cutters and polishers instructed and the diamond produced to final finished standard in a little more than one day.

138. The email said to have been sent to Mr Benita after the meeting purports to show that the final design emerging from the 3 March meeting was the contested design. This evidence did not stand up to cross examination and having heard the questions asked of the applicant's witnesses I cannot be sure what was attached to the email.

139. The only document filed by the applicant which appears to be dated is VKJ4 which is a picture of the diamond design with a date hand-written on the top. Mr Shilon was adamant that the CAD drawings still exist and yet no meta data, prints, preparatory sketches or other information has been provided. There is no evidence of email discussion about the new design or emails that Mr Reale is said to have which would show the new design being discussed with Goldsmiths. I accept that as both parties have said, theirs is a business which operates by word of mouth, more than most. It is clear that much of the parties' business is carried out via WhatsApp and that records do not survive very long. I also accept that paper sketches may not survive and may be disposed of. But, I do not accept that there would not be a single document to show the existence of the new design being discussed, or drawings being made to give to the diamond cutters.

140. Mr Cohen and Mr Benita have not waived from their position that Mr Cohen began thinking about new designs for 88 facet diamonds in 2015. They agree that they began developing these designs in 2017. Mr Cohen was heavily criticised during Mr Davis's closing submissions during which Mr Davis concluded that none of Mr Cohen's evidence survived cross-examination. I disagree. Mr Cohen accepted that SC2 was not created by him. He also accepted, as he confirmed in his second witness statement, that the drawings making up SC3 were taken from several sources and were not all created at the same time.⁴¹ What did not change was Mr Cohen's assertion that the design drawings for the H design were created by him in February or March 2017. His version of how the designs were arrived at and the timeframe in which that occurred has not altered.

141. Much has been said, particularly during the hearing, concerning the applicant's access to the proprietor's drawings. Mr Cohen was asked how the applicant could have registered its Thai design if the design belonged to Mr Cohen. Mr Cohen's best guess was that it was left in Mr Benita's desk when he left the company. Mr Davis spent time cross-examining Mr Benita who submitted that the drawing in his draw was most likely a hand drawing of the pedestal of a diamond. Mr Davis submits that this defeats Mr Cohen's evidence. I do not believe the situation is quite so black and white. Mr Cohen made a best guess. Mr Benita's evidence shows that was probably not particularly likely. The parties have at times been closely related. If, as Mr Cohen submits, designs for a range of 88 facet diamonds had been worked on since as early as 2015, it is not difficult to see that any of the four witnesses in this case could have been privy to some of the sketches and designs for the H design diamond. Mr Cohen was acting head of the applicant in 2017 and 2018.

142. Mr Moss concluded that the applicant has not discharged the burden on it to show that it is the proprietor of the contested design. Mr Davis urged me not to rely on the burden of proof but to make a finding as to who is the proprietor of the design.

⁴¹ See Mr Cohen's second witness statement, paragraph 17.

143. In short, both sides have not been particularly successful when it comes to supporting their accounts with documentary evidence. But, it is Mr Shilon who has changed his version of events several times, while Mr Cohen has kept to his version of events from the beginning. Having said all of this, who I believe at this point is not the test I have to apply in order to reach a conclusion in this matter. The burden is on the applicant to show it is the true proprietor of the design. For all of the reasons already advanced, I find the applicant has not shown that it is the proprietor of the contested design and the application under 11ZA(2) fails.

COSTS

144. At the conclusion of the hearing both sides asked that a decision on costs not be issued at the point when this decision is handed down as they wanted the opportunity to make separate submissions on costs. I agreed. The parties have four weeks from the date of this decision to file their submissions. I will then issue a costs decision and set the appeal period.

Dated this 15th day of April 2021

AI Skilton

For the Registrar,

The Comptroller-General