

## UK High Court orders full trial in design rights dispute between I-Smart Technologies and Shenzhen Kaiyan

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UK LED device distributor I-Smart technologies' application for a summary judgment was rejected by the UK High Court on Friday. The dispute centers on design rights of LED devices involving Chinese device maker Kaiyan and UK distributor Currentbody.com. Judge Richard David Hacon ruled a full trial was necessary to rule on the arguments made by multiple parties in the case.

The UK High Court on Friday denied phototherapeutic device maker and distributor I-Smart Technologies' application for a summary judgment in a dispute over design rights of LED devices.

Judge Richard David Hacon ordered a full trial in the case, saying proceedings are necessary to decide whether I-Smart could claim UK registered design rights over the LED devices as the first marketer of the devices in the UK, despite not having created the original designs.

The dispute centers around LED face masks and neck bibs designed by Chinese manufacturer Shenzhen Kaiyan and distributed in the UK by I-Smart. Business relationships broke down in 2020 when Kaiyan stopped supplying the devices to I-Smart, and Currentbody.com started sourcing them directly from Kaiyan in 2022.

The case highlights the issue of the breach of confidentiality agreements and design rights in international manufacturing relationships for Small and Medium Enterprises. The case also examines the issue of whether a distributor has the right to register designs created by a manufacturer by virtue of being the first to market the goods in a foreign market.

Rejecting I-Smart's arguments for a summary judgment, Hacon said in his judgment that the meaning and effect of key clauses in a non-disclosure agreement, or NDA, between Kaiyan and I-Smart required detailed examination "by reference to the matrix of fact against which the NDA was settled."

I-Smart sued its UK distributor Currentbody in April 2023 for breach of a distribution agreement and design infringement.

Currentbody counterclaimed that I-Smart violated a non-disclosure agreement, or NDA, I-Smart signed with Shenzhen Kaiyan by registering the designs for face masks and neck bibs in the UK. The NDA was signed in August 2017 and expired after three years in August 2020, according to recitals of the NDA in the 15-page judgment.

Kaiyan sued I-Smart in December 2023, seeking a court order invalidating I-Smart's UK design registrations, restraining I-Smart from maintaining the infringement claim against Currentbody, and preventing I-Smart from bringing additional infringement claims.

Kaiyan had argued that the issue of the validity of the design registration UKRD 6091966 for the neck bib needed a full trial and said that its breach of confidence claim against I-Smart would proceed regardless of the outcome of the breach of NDA issue.

I-Smart had registered two designs for LED face masks in June 2020, UKRD 6091815 and UKRD 6091816 and one design for the neck bib, UKRD 6091966. The UK's Intellectual Property Office had declared UKRD 6091815 invalid in July 2022. I-Smart argued that the designs were generally known through public sales when they filed for design registrations in June 2020.

Countering I-Smart's argument, Currentbody had argued that the designs became public due to the joint actions of Kaiyan and I-Smart and a joint responsibility didn't exonerate I-Smart.

Hacon rejected I-Smart's argument that the designs were "generally known" through public sales when it filed for design registrations in June 2020. I-Smart had argued that a finding that the designs were generally known would have freed it from the NDA obligations according to clause 3(1) of the NDA.

The judge dismissed I-Smart's argument that sharing designs between its companies was solely for legitimate business

purposes. He backed Kaiyan's claim that the designs were also shared to claim and enforce intellectual property registrations.

"The fact that disclosure for pursuing the business plan crops up elsewhere in the pleadings, including Currentbody's pleading, does not alter Kaiyan's main complaint that one of the purposes was the one complained about: for filing, claiming and enforcing IP rights," Hacon said. Aspects of Kaiyan's allegations about breach of the NDA require a full examination at trial, he said.

The case will proceed to a Case Management Conference to determine if the connected cases should be tried together and potentially moved to the Patents Court as sought by I-Smart, given the complexity of the case.

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**Areas of Interest:** Intellectual Property

**Industries:** Consumer Products

**Geographies:** Europe, Northern Europe, United Kingdom

**Topics:**

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