

INDIRECT INFRINGEMENT AND REPAIRS - EUROPEAN PERSPECTIVE

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OVERVIEW

- Repairs
 - United Wire v Screen Repair Services
 - Schütz v Werit
- Indirect Infringement
 - Grimme v Scott
 - KCI v Smith & Nephew
 - Nestle v Dualit
 - Warner-Lambert v Actavis

REPAIRS

SECTION 60(1) UK PA 1977

- ...a person infringes a patent for an invention if, **but only if**, while the patent is in force, he does any of the following things in the United Kingdom in relation to the invention **without the consent of the proprietor**...,
 - a) where the invention is a product, he **makes**, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise

UNITED WIRE V SCREEN REPAIR

House of Lords, 2000

[2000] UKHL 42



SIFTING SCREENS

- Vibratory sifting screens – used to filter drilling “mud”
- Patent claims define sifting screen assembly with frame and two meshes held in frame at differing tensions
- Defendant obtains stripped frames and then affixes new meshes



DEFENCES

- Repairing does not constitute manufacture
- Implied licence to prolong life of assembly by repair
- Marketing of screens constitutes exhaustion of patent rights which a repair may infringe
 - No infringement found at first instance (implied licence to repair)

COURT OF APPEAL

- “..it is better to consider whether the acts...amount to **manufacture** of the product rather than whether they can be called repair”
- “...it will be necessary to take into account ...what was done by the defendant.”
- Held the defendants had **manufactured** the screen assembly
 - Held there was infringement



HOUSE OF LORDS

- “in an action for infringement by making, the notion of an implied licence to repair is superfluous... distracts attention from the question...whether the defendant has made the patented product”
- Product ceased to exist when meshes removed and frames stripped
 - “What remained was merely an important component, a skeleton or chassis from which a new screen could be made.”

SCHÜTZ V WERIT

Supreme Court, 2013

[2013] UKSC 16

INTERMEDIATE BULK CONTAINERS (ICB)

- Patent claims defined a pallet container with a
 - Flat pallet
 - Exchangeable inner plastic bottle
 - Inventive outer cage
- Werit sold plastic bottle for IBCs to Delta who fitted them to Schutz's cages and sold the "cross-bottled" IBCs in competition with Schütz



FIRST INSTANCE

- No infringement
- Delta were not making the IBC - the cage with the bottle removed embodied the **whole of the inventive concept** of the claim

COURT OF APPEAL

- Infringement
- Relied on United Wire decision and argued that it endorsed the “making” test but excluded any additional “whole inventive concept” test
- The IBC ceased to exist when the bottle was removed and putting a new bottle in the cage amounted to making

SUPREME COURT

- Said Court of Appeal right to apply United Wire but Judge had not appreciated that whether replacing a part of a patented article constitutes “making” is a question of **fact and degree**
- Said United Wire did not exclude consideration of inventive concept but that Judge at first instance had over simplified case

COMPARISON

SIFTING SCREEN MESH

- Integrally connected to retained part
- Related to inventive concept
- Sifting screen ceased to exist when mesh removed
- Replacement involved significant demolition

ICB BOTTLE

- Free standing item of property
- Did not relate to inventive concept
- ICB did not cease to exist when bottle removed
- No demolition involved in replacement



SUBSIDIARY PART


- Replacement of a subsidiary part does not involve “making” a new article – no infringement
- Subsidiary part
 - Physically easily replaceable
 - Relatively perishable (shorter life expectancy)
 - Free-standing item of property
 - Does not include or have a function closely connected to the inventive concept



DE – PALLET CONTAINER II

- Case X ZR97/11 – [2012]
- Do unrepaired products have commercial value?
- Consider “...end customer’s perception and understanding...”
- Referred back to lower court

INDIRECT INFRINGEMENT



SECTION 60(2) UK PA 1977

- ...a person...also infringes a patent for the invention if, while the patent is in force and without the consent of the proprietor, he supplies or offers to supply in the United Kingdom **a person other than a licensee** or other person entitled to work the invention
- with any of the means, **relating to an essential element of the invention, for putting the invention into effect**
- when he **knows**, or it is **obvious to a reasonable person in the circumstances**,
- that those means are suitable for putting and **are intended to put**, the invention into effect in the United Kingdom.

GRIMME V SCOTT

Court of Appeal 2010
[2010] EWCA Civ 1110

POTATO SEPARATORS

- Claims defined apparatus with a pair of rollers each having an **elastically deformable shell part**
- Scott's machines— one rubber roller and one steel roller in each pair
 - Scott sells replacement rubber rollers
 - Marketing material advocates replacement
- Indirect infringement found in first instance



APPEAL

- Scott argued:
 - Wrong to treat complete, non-infringing machine as “means” for putting the invention into effect
 - Dismissed – fact that machine has lawful use irrelevant
 - No evidence of any specific cases of steel roller being replaced
 - Dismissed – Section 60(2) does not require actual direct infringement – only relevant to damages

INTENTION

- Section 60(2) means ... **are intended to put**, the invention into effect...
- Whose intention?
 - Supplier? Direct customer? Ultimate user?
- How specific must the intention be?
 - Present, settled intention? Contingent future intention?
- When must the intention be formed?
 - Time of supply? Later?



DE - DECKENHEIZUNG

- [BGH X ZR 153/03]
- Formed intention not required
- Future intention of future buyer enough
- High degree of expectation required (from knowledge or obviousness)
- Usually exists where vendor or supplier proposes use



REQUIREMENTS OF KNOWLEDGE AND INTENTION

- Requirements met if “at the time of supply or offer of supply, the supplier knows or it is obvious in the circumstances that **ultimate users** will put the invention into effect.”
- Must be proved on balance of probabilities
- Future intent of future ultimate users enough
- “...likely to be the case where the supplier **proposes or recommends or even indicates** the possibility of such use in his promotional material.”

KCI LICENSING V SMITH & NEPHEW

Court of Appeal 2010
[2010] EWCA Civ 1260

NPWT CANISTER

- Claims defined canister for collecting fluid during Negative Pressure Wound Therapy (NPWT)
 - Canister has inlet tube with **clamp means** for preventing escape of liquid from container
- S&N sold canisters without clamp means and with no instruction or suggestion to clamp the tube





AT FIRST INSTANCE

- **Before** Grimme v Scott Appeal
- No indirect infringement found at first instance
 - Acknowledged that it was probable that clamping occurred/ obvious that it was likely to occur
 - No evidence that the medical institutions supplied as opposed to the medical personnel has purchased GO canisters with the intention that the canisters should be used in conjunction with a clamp on the inlet tube
 - Decision to clamp tube only made at time of actual use

ON APPEAL

- **After** Grimme v Scott Appeal
- Indirect infringement found
 - Reviewed knowledge and intention requirement of Grimme v Scott
 - “There is no requirement that the ultimate users must have decided to use the means to put the invention into effect at the time they first take possession of the means. The relevant intention may be formed at a later time. But the supplier must know (or it must be obvious to him in all the circumstances) that some ultimate users will indeed form that intention”.

NESTEC V DUALIT

High Court, 2013

[2013] EWHC 923

COFFEE CAPSULES

- Nestec's patent related to an extraction system for Nespresso machine – claims included capsule
- Dualit sold NX capsules – compatible with Nestec's Nespresso machines



DEFENCES

- Implied licence for Nespresso owners to use machine as they pleased – including using any compatible coffee capsules
- Capsules were not means relating to an essential element of the invention
- Capsules were not means suitable for putting invention into effect
- Capsules were staple commercial product

IMPLIED LICENCE

- Implied licence for owners of Nespresso machines to acquire and use third party compatible capsules
- Better analysed under exhaustion of rights – could not restrict Nespresso owners freedom to use machines in accordance with their normal function



MEANS RELATING TO AN ESSENTIAL ELEMENT

- Capsule did constitute means relating to an essential element
- German Courts – such means must contribute to implementing the technical teaching of the invention and not be of completely subordinate importance to that teaching (c.f. Dutch Courts)
- Capsule played a significant role in the way the invention worked – capsule is means relating to essential element



MEANS FOR PUTTING THE INVENTION INTO EFFECT

- Capsules not means for putting the invention into effect – Nespresso users did not “make” the extraction system
- Capsule was a subsidiary part (from *Schütz v Werit*)
 - Independent commercial existence of much lower value
 - Consumable
 - Did not embody inventive concept of the patent – machine can carry out inventive movement even when capsule not present



STAPLE COMMERCIAL PRODUCT

- Section 60(3) UK PA 1977
 - ...shall not apply to the supply or offer of a **staple commercial product** unless the supply or the offer is made for the purpose of inducing the person supplied, or as the case may be, the person to whom the offer is made to do an act which constitutes an infringement...
 - Northern Territory of Australia v Collins [2008] HCA 49
- Capsules not staple commercial product

APPEAL

- Nestec appealed
- Appeal abandoned following revocation of the Nestec patent during the EPO opposition (revoked for Article 123(3) – added subject matter)



GERMAN POSITION

- Had previously (2005) held that selling coffee pads for Senseo coffee machines was an indirect infringement
- Pipettensystem (2007 X ZR 38/06)
 - Considered if replaced part embodied invention
 - Considered economic interest protected by patent

DE - NESTEC V ETHICAL COFFEE COMPANY

- No indirect infringement
- Patentee's rights are exhausted by sale of machine
 - Consumers have right to use the invention and replacing used capsules does not involve remanufacture
 - Requires that technical effects of invention are manifested in replaced part

WARNER-LAMBERT V ACTAVIS

High Court, 2015

[2015] EWHC 72 – Application for interim injunction (refused) (January 2015)

[2015] EWHC 223 – Application to strike out claim for infringement (refused) (February 2015)

[2015] EWHC 485 – NHS guidance note (March 2015)



GENERIC PREGABALIN

- WL have patent with second medical use (Swiss-style) claims limited to treatment of pain
- Actavis in process of obtaining marketing authorisation of generic pregabalin **limited to epilepsy and anxiety**
- Product will be sold with **skinny labelling** only identifying two unpatented uses



DIRECT INFRINGEMENT

- “Use of pregabalin for the manufacture of a medicament [*suitable and intended*] for the treatment of pain”
- No serious question to be tried (no interim injunction)
- Has to be **subjective intention on the part of the manufacturer** (Actavis) that the medicament will be used for treating the specified condition

INDIRECT INFRINGEMENT

- WL did not pursue this claim – Judge held they were correct not to do so
- There can only be indirect infringement by Actavis if there is potential for direct infringement by the person supplied or by a user further down the chain of supply
- In this case, no wholesaler or pharmacist will use pregabalin to manufacture a medicament



EPC 2000 CLAIMS

- Judge explicitly commented that anything he said would not necessarily apply to EPC 2000 second medical use claims
- EPC 2000 – “Pregabalin for treating pain”
- Expect different outcome?



NL - NOVARTIS V SUN PHARMACEUTICALS

- Court of Appeal – case file no. 200.1 50.713/01
- Use of zoledronic acid for the manufacture of a medicament for the treatment of osteoporosis
- Marketed for Paget's disease
- Indirect infringement found
- Dutch courts treated claims as product claims

SUMMARY - REPAIR

- Consider if defendant is “making” product
 - Does inventive product cease to exist?
- Consideration of implied licence has no part to play
 - Repair, by definition, is not “making”
- Subsidiary parts can be replaced without infringement

SUMMARY – INDIRECT INFRINGEMENT

- Enough if it is inherently probable that some ultimate users will infringe
- Supplying subsidiary part not infringement
- Outcome for EPC2000 second medical use claims unknown

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UNIFIED PATENT COURT AGREEMENT

- Article 26
 - A patent shall confer on its proprietor the right to prevent any third party not having the proprietor's consent from supplying or offering to supply, within the territory of the Contracting Member States in which that patent has effect, any person other than a party entitled to exploit the patented invention, with means, relating to an essential element of that invention, for putting it into effect therein, when the third party knows, or should have known, that those means are suitable and intended for putting that invention into effect.