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Unregistered design rights: amendment to definition of design clarified

Summary

The High Court has held that the narrowing of the definition of the UK unregistered design right applied to infringements after 1 October 2014, but did not extinguish rights of action for infringements accrued before that date.

Background

Until 1 October 2014, section 213 of the Copyright, Patents and Designs Act 1988 (CDPA) (section 213) defined "design" as the design of any aspect of the shape or configuration, whether internal or external, of the whole or part of an article.

Section 1(1) of the Intellectual Property Act 2014 amended section 213(2) by deleting the words "any aspect of" with effect from 1 October 2014 (the amendment).

In *DKH Retail Ltd v H Young (Operations) Ltd*, the High Court held that the effect of the amendment was that a claim to an unregistered design right could no longer be extended to designs other than those specifically embodied in all or part of an article and that there could be no more unregistered design rights in abstract designs ([2014] EWHC 4034). It was agreed by the parties that the amendment was fully retrospective, so that an act that would have infringed before 1 October 2014 might retrospectively cease to infringe.

In *Whitby Specialist Vehicles Ltd v Yorkshire Specialist Vehicles Ltd* and *Action Storage Systems Ltd v G-Force Europe.com Ltd*, the High Court and Intellectual Property Enterprise Court expressed doubt over the approach in *DKH Retail*, but did not decide the point ([2014] EWHC 4242 (Pat); [2016] EWHC 3151 (IPEC)).

Practice Direction 51N provides that the Shorter Trial Scheme will not normally be suitable for: cases including an allegation of fraud or dishonesty; cases which are likely to require extensive disclosure; cases where extensive witness or expert evidence is relied on; or cases which raise multiple issues (see feature article "Streamlined litigation: piloting towards shorter and flexible trials", www.practicallaw.com/5-620-0509).

Facts

N and D designed and sold kitchens. N claimed that D's Shaker range infringed N's unregistered design rights in its Chichester range. N also claimed D infringed its Community registered design.

All of the designs predated the amendment; however the alleged infringements took place both before and after 1 October 2014. N's Chichester range featured beading and moulding which was absent from D's Shaker range.

N argued that the beading and moulding should be excluded from consideration because the amendment removed the requirement to consider "any aspect of" the shape or configuration. N also argued that the amendment was retrospective so applied in respect of infringements which took place before 1 October 2014.

Decision

The court held that the amendment was not fully retrospective as it did not extinguish accrued rights of action for infringements which occurred before 1 October 2014. However, it held that the amendment did apply to claims in respect of acts of infringement committed after that date.

It would be unusual for a statutory provision to extinguish accrued causes of action in respect of acts that were unlawful under the law in force when they were committed, and clear statutory language would be required to achieve this.

The court had to determine whether the beading and moulding were "parts" or "aspects" of the design. It held that aspects of a design include disembodied features that are merely recognisable or discernible, whereas parts of a design are concrete parts that can be identified as such. The beading and moulding were concrete parts of the designs, created separately and then applied to the Chichester cabinets. As they were parts, and the CDPA permits designs for parts of articles, N was entitled to exclude those features from consideration.

D's kitchen units did not infringe any of N's unregistered design rights. N's Community registered design was valid but also not infringed.

Comment

This decision has helpfully settled the uncertainty over the point at which the amendment is to apply. It also provides useful guidance on the distinction between "part of an article" and an "aspect of an article" which is crucial to understanding the impact of the amendment. Interestingly, the claim was heard under the Shorter Trial Scheme. The court noted that unregistered design claims require proof of copying and that, if this gives rise to extensive disclosure, significant cross-examination or attacks on credibility, a case may not be suitable for the Shorter Trial Scheme. However, even where multiple designs are in issue, and multiple features considered, this does not necessarily mean that the case is unsuitable for the Shorter Trial Scheme provided that the case is controlled from an early stage by robust case management.

Case: Neptune (Europe) Ltd v Devol Kitchens Ltd [2017] EWHC 2172 (Pat).

Patents: tort of causing loss by unlawful means

Summary

The High Court has struck out a claim for economic loss caused by unlawful means in relation to an allegedly improperly obtained patent.

Background

Liability for causing loss by unlawful means occurs where there is intentional causing of loss by unlawfully interfering in the freedom of a third party to deal with the claimant.

The tort of unlawful means comprises three elements: the use of unlawful means towards a third party; which is actionable by that third party, or would be if they suffered loss; and intention to injure the claimant (*OBG Ltd and others v Allan and others*, www.practicallaw.com/6-364-4986). For example, where the defendant has intimidated a third party by threats to prevent that person making a contract with the claimant, the third party may have a cause of action against the defendant but may not wish to sue. The claimant has no cause of action against the defendant except in economic tort for causing loss by unlawful means.

Facts

S's original patents for a pharmaceutical used to treat hypertension had expired, but it had a European patent covering an allegedly new form of the drug. This was opposed, but the opposition was dismissed by the European Patent Office (EPO).

A generic drugs manufacturer, A, decided to manufacture and sell the drug, having been advised that S's patent was invalid. A obtained marketing authorisation and began to sell the drug. S sued A for patent infringement and was granted an interim injunction.

The High Court held that the patent was invalid because it lacked novelty, or was obvious over an earlier patent, and the injunction was discharged. S appealed. The Court of Appeal dismissed S's appeal.

Various health authorities and the Health Secretary (together, H) issued separate proceedings against S for breach of competition law and the tort of causing loss by unlawful means, namely deception.

H argued that S's patent application contained express and implied fraudulent misrepresentations that the claimed form of the drug was novel and not obvious. S had relied on these misrepresentations to contest the opposition proceedings and to obtain interim relief.

S applied to strike out the claim based on the tort of causing loss by unlawful means on the basis that it disclosed no cause of action. S argued that the requirements for the tort had not been made out, in particular the first element of the tort under *OBG v Allen*.

Decision

The court struck out the claim.

Although under the European Patent Convention or in the UK there was no doctrine of fraud on the patent office, as there is in the US, for the purpose of the strike-out application the court assumed that the allegation of deceit was made out.

"Unlawful means" consists of acts intended to cause loss to the claimant by interfering with the freedom of a third party in a way which is unlawful as against that third party and which is intended to cause loss to the claimant (*OBG v Allen*). It does not include acts which may be unlawful against a third party but do not affect his freedom to deal with the claimant. Here, the third parties were the EPO and the High Court, and there was no question of interference with their freedom to deal with H, or with anyone else, so this requirement had not been met.

If H was correct, given the broad interpretation of the element of intention adopted in *OBG v Allan*, the right to claim against S would cover not only H but also all potential generic competitors, any private medical expenses insurer who paid higher prices for reimbursement of the cost of the drug and all foreign health authorities and insurers in European states designated under the patent. This would not confine the tort within a narrow ambit.

A patent is created by statute prescribing rights and remedies in accordance with the legislative assessment of public policy. If those who suffer economic loss because a patent has been obtained by dishonest or reckless misrepresentations as to novelty or obviousness could use the unlawful means tort at common law to claim damages, that would circumvent the legislative balance. So, any remedy has to be under competition law.

The unlawful means claim also raised the question whether the second element of the tort was satisfied: actionability by the third party. Even assuming that S made the alleged fraudulent misrepresentations to the EPO and the High Court, it was difficult to see how either could be said to have a cause of action in deceit against S, or that they would have had a cause of action if they suffered damage.

Comment

This interim decision follows the approach of *OBG v Allan* by limiting the scope of common law economic torts, and leaving the regulation of competition to specific legislation. The case will now proceed only on competition law grounds.

Any other approach would have a chilling effect on patent applicants where there was a question over the patentability of the invention arising, as here, from facts known to the applicant which could not readily have been discovered by the patent examiner. The risk of having a patent invalidated and having to pay damages and costs to a competitor unsuccessfully sued for infringement can be assessed by the patent owner before taking action. However, the risk of being liable for the losses of a wide range of third parties who might suffer some form of economic loss from the existence of the patent would in most cases be unquantifiable.

Case: Secretary for State for Health and another v Servier Laboratories Ltd and others [2017] EWHC 2006 (Ch).



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