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Patents: infringement by equivalents and prosecution history estoppel

Summary

The Supreme Court has held that a patent was directly infringed and reformulated the law relating to infringement by immaterial variants.

Background

Direct infringement under section 60(1) of the Patents Act 1977 must be interpreted in accordance with Article 69(1) of the European Patent Convention 2000 (EPC) (Article 69). This means that the extent of the protection of a European patent is not limited by the wording used in the claims: any element which is equivalent to those specified in the claims may be taken into account (Articles 1 and 2, Protocol, EPC) (the Protocol).

If an allegedly infringing element fell outside the primary, literal or a contextual meaning of a descriptive word or phrase in the claim (a variant), the court should ask the following questions in order to determine whether the variant still infringed:

- Does the variant have a material effect on the way the invention works? If yes, the variant is outside the claim.
- If not, would the fact that the variant had no material effect have been obvious at the date of publication of the patent to a reader skilled in the art? If no, the variant is outside the claim.
- If yes, would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention? If yes, the variant is outside the claim (*Improver Corp v Remington Consumer Products Ltd* [1990]).

The Improver questions are only guidelines for applying purposive construction to equivalents (*Kirin-Amgen Inc v Hoechst Marion Roussel Ltd*, www.practicallaw.com/5-103-2470).

Facts

A wished to enter the market, on expiry of L's basic patent for pemetrexed, with a generic product. L also owned a patent for the use of pemetrexed disodium in combination with vitamin B12, which would not expire until June 2021 (the patent).

A sought declarations of non-infringement (DNIs) of the French, German, Spanish and UK designations of the patent. A did not challenge the validity of the patent in these proceedings. The High Court granted the DNIs (www.practicallaw.com/4-572-1394). L appealed.

The Court of Appeal allowed the appeal (www.practicallaw.com/5-617-5350). L appealed and A cross-appealed.

Decision

The court allowed L's appeal. It held that the claims of L's patent were directly infringed.

The only type of pemetrexed compound to which the patent's claims expressly extended was pemetrexed disodium, while A's products contained different pemetrexed salts. So the Protocol was crucial to extend the scope of patent protection to A's products. According to the Protocol, the scope of protection was not limited by the literal meaning of the claims. No precise guidance was given in Article 2 about equivalents or how they should be taken into account.

Infringement required addressing two issues through the eyes of the notional addressee of the patent in suit (the person skilled in the relevant art):

- Did the variant infringe any of the claims as a matter of normal interpretation?
- Did the variant nonetheless infringe because it varied from the invention in a way or ways which was or were immaterial?

If the answer to either issue was "yes", there was an infringement; otherwise, there was not. This approach complied with the Protocol, as the second issue raised the principle of equivalents, but limited its ambit to those variants which contained immaterial variations from the invention. In *Kirin-Amgen*, the court had treated the two issues as a single question of interpretation. This was wrong in principle. The first issue raised a question of interpretation, whereas the second issue raised a question which would normally have to be answered by reference to the facts and expert evidence.

The *Improver* questions provided helpful assistance, but required reformulation. The second *Improver* question imposed too high a burden on the patentee to ask whether it would have been obvious to the notional addressee that the variant would have no material effect on the way in which the invention worked, because that required the addressee to figure out whether the variant would work. The question was better expressed as asking whether, on being told what the variant did, the notional addressee would consider it obvious that it achieved substantially the same result in substantially the same way as the invention. The reformulated second question should also apply to variants relying on developments occurring since the priority date, even though the notional addressee was treated as considering the second question as at the priority date.

The court reformulated the three *Improver* questions as follows:

- Notwithstanding that it was not within the literal meaning of the relevant claims of the patent, did the variant achieve substantially the same result in substantially the same way as the invention, that is, the inventive concept revealed by the patent?
- Would it have been obvious to the person skilled in the art, reading the patent at the priority date, but knowing that the variant achieved substantially the same result as the invention, that it did so in substantially the same way as the invention?
- Would such a reader of the patent have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claims of the patent was an essential requirement of the invention?

To establish infringement where there was no literal infringement, the answer to the first two questions must be "yes" and the answer to the third question "no".

Applying these reformulated questions, the court found that A's products directly infringed the patent. The contents of the prosecution file did not justify departing from the conclusion that there was direct infringement. There was also direct infringement in France, Italy and Spain.

The prosecution file would only be relevant where:

- The point at issue was truly unclear if interpretation was confined to the specification and claims of the patent, and the file unambiguously resolved the point.
- It would be against the public interest to ignore the file, for example where the patentee had expressly said that the patent, if granted, would not cover the variant which he now claimed to be infringed.

Although no longer relevant, the court upheld the Court of Appeal's determination that A would be liable to L for indirect infringement in the UK with respect to its products if A knew, or it was obvious in the circumstances, that ultimate users would dilute in saline. This conclusion would apply equally to France, Italy, and Spain.

Comment

The court was influenced by the approaches adopted by other EPC contracting states. Germany, France, Italy, Spain and the Netherlands all provide protection for infringement by an element which falls outside the meaning of a claim feature, but is considered to be equivalent to that feature: non-literal infringement. Until this decision, UK courts took a different approach and provided protection for equivalents based solely on the court's approach to claim construction. In particular, UK courts would consider when construing the claim whether the skilled person in the art would, at the priority date, have understood the patentee to have intended the claim element to extend to cover the alleged infringement.

The reformulation of the Improver questions, in particular the second question which has been given a wider interpretation, has expanded the scope of protection for patents and may make it easier for patentees to argue successfully for direct infringement. However, answering the second question, whether the variant nonetheless infringes because it varies from the invention in a way or ways which are immaterial, now raises questions which will likely have to be answered with expert evidence, potentially increasing costs and uncertainty as to the scope of patent protection.

Case: Actavis UK Ltd and others v Eli Lilly and Company [2017] UKSC 48.

Trade marks: co-existence and infringement

Summary

The European Court of Justice (ECJ) has ruled that infringement of a sign in another EU member state cannot be based only on peaceful co-existence in Ireland and the UK, but must be made on a global assessment of all relevant factors.

Background

A registered trade mark owner of an EU trade mark (EUTM) has the right to prevent unauthorised third parties from using, in the course of trade, an:

- Identical or similar sign for identical or similar goods or services to those for which the EUTM is registered, where there exists a likelihood of confusion or association on the part of the public (*Article 9(1)(b), EUTM Regulation (207/2009/EC)*) (Article 9(1)(b)).
- Identical or similar sign to the EUTM where the EUTM has a reputation in the EU, and where the use of the sign is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or repute of the EUTM (Article 9(1)(c), EUTM Regulation) (Article 9(1)(c)).

Although the scope of EU trade marks is pan-European, if national trade mark courts find that infringement is limited to a single member state or to part of the EU, they must limit the territorial scope of prohibition orders (*DHL Express France SAS v Chronopost SA C-235/09*).

Facts

O, which owned the registered EU word mark KERRYGOLD and two figurative EU trade marks, sought a declaration that the import and distribution of margarines in Spain under T's word mark KERRYMAID, registered in Ireland and the UK but used on an unregistered basis in Spain, was an infringement of the KERRYGOLD marks under Article 9(1)(b) and (c) of the EUTM Regulation. T claimed that the sign used by it in Spain was not similar to the KERRYGOLD marks and could not give rise to a likelihood of confusion under Article 9(1)(b) since the element "Kerry", an Irish county, was an indication of geographical origin. The marks had peacefully co-existed for some years in Ireland and the UK, but not in Spain.

The Spanish court dismissed the infringement action. It held that the peaceful co-existence between the KERRYGOLD EU trade marks and the KERRYMAID mark in Ireland and the UK should, in view of the unitary character of the EU trade mark, lead to the conclusion that there was no likelihood of confusion between those marks throughout the entire area of the EU. O appealed.

The Spanish court referred the matter to the ECJ for a preliminary ruling.

Decision

The ECJ held that the peaceful co-existence of marks in two member states did not rule out a likelihood of confusion in other member states of the EU. Infringement of an EU trade mark did not require a likelihood of confusion to exist in all EU member states; the owner could sue for infringement in respect of acts committed in one or several states. Where an EU trade marks court held that a mark had been infringed in one country, it had to prevent the marketing of the infringing goods in all EU member states other than those where it had found that there was no likelihood of confusion (as was the case, in the Spanish proceedings, in Ireland and the UK). In respect of those states where there was no consent or acquiescence, the court had to make the global assessment of likelihood of confusion in the usual way.

The court could base its assessment of likelihood of confusion in the country of infringement on geographical, demographic and economic circumstances prevailing in other member states, but only to the extent that those circumstances were not significantly different between the two countries.

Where market conditions or other circumstances did not significantly differ from one part of the EU to another, those factors could be taken into account when assessing infringement in another member state, or

indeed in all other member states of the EU. Account had to be taken of T's overall presentation of its product, how it distinguished its sign from O's mark, and any efforts made by T to ensure that consumers distinguished its products from those of other traders. Although the referring court could take into account these matters as they appeared from evidence relating to the UK and Ireland, it had to ensure that there was no significant difference between the market conditions and sociocultural climate there, and those prevailing in Spain. It was possible that T's conduct, and the standard of honest practices in industrial and commercial matters, would have to be analysed differently in the UK and Ireland, where the word "Kerry" was likely to be understood as a geographical indication, and Spain, where it was not.

The fact that a mark and a later sign have co-existed within the EU does not constitute due cause legitimising the use of the sign. Case law had established that if a mark had a reputation in a substantial part of the EU, that reputation was deemed to extend to the entire EU. However, that mark could be infringed in a single member state; there was no need to prove infringement in all member states. Here, it was clear that T had due cause for its use of its sign in the UK and Ireland, as O had acquiesced in those countries. This did not mean, however, that the Spanish court had to accept acquiescence in those countries as constituting due cause for using the sign in Spain.

Comment

Although the EUTM has a unitary character, it is possible for the owner to consent to the use of a similar mark or sign in specific territories, or, for example, to licence use of the mark itself. This decision confirms that consent or acquiescence in one member state cannot be determinative of whether infringement has occurred in other member states, and in this regard it is consistent with *DHL v Chronopost*.

Case: Ornuo Co-operative Ltd v Tindale & Stanton Ltd C-93/16.



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