

# National Patent Litigation—United Kingdom

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## I. Available Relief

**T**he courts have a number of reliefs available to remedy patent infringement. These are:

- Injunctions to restrain further patent infringement. A finding of actual infringement is normally considered by the court to be enough to evidence a threat of further infringement.
- Damages. The court may also award interest on damages. Damages are awarded so as to put the patentee in the position they would have been in but for the infringement, so long as the loss that is alleged was foreseeable and caused by the infringement.
- An account of profits, as an alternative to damages. The successful claimant may choose between damages or an account of profits.
- An order for delivery up or destruction of the infringing articles. The claimant may choose between these remedies.
- An order for the circulation or dissemination of the court's judgment. This is done at the expense of the unsuccessful party.

## II. Fact-finding and Preservation of Evidence

### Evidence Preservation

If a party is concerned that evidence such as infringing articles may be destroyed or concealed then they may apply for a search order. Search orders are most common in IP cases. If a search order is granted it allows a party's solicitors to enter the other party's property in order to search for and seize the property specified in the order.

Search orders are draconian in nature, given that they breach, albeit justifiably, private property rights. There are therefore safeguards in place to protect the interests of the party who is the subject of the order. A court, before granting a search order, will need to be satisfied that:

- The applicant has an extremely strong prima facie case. A prima facie case must be extremely strong since otherwise the injustice done to the respondent by the execution of the search order would not be justifiable.
- Any potential or actual damage would be very serious for the applicant.
- There is clear evidence that the respondent has

in their possession an incriminating document or incriminating goods.

- There is a real possibility that the defendants may destroy such material before an application is made on notice.
- The harm likely to be caused by the execution of the search order will be in proportion to the legitimate object of the order.

The applicant also has a duty to make full and frank disclosure, as is the norm in applications made without notice to the other party. A search order application should always be made without notice since to act otherwise would be to defeat the object of the order.

A claimant may apply for a search order at any stage of proceedings, including before issue of the claim. A defendant may only apply after filing an acknowledgment of service or defence. In either case, the application should be made as soon as possible.

### Fact-finding

Fact-finding in UK patent litigation is most often achieved through disclosure. Relevant documents are disclosed in a disclosure statement to the other side, who may then inspect all documents which are not privileged. Under standard disclosure parties must disclose all documents on which they wish to rely or which undermine or support their case. However, standard disclosure is no longer the default in patent cases. Rather, disclosure will usually be restricted to those issues in relation to which the disclosure would have real probative value, thus justifying the cost of the disclosure exercise. Essentially this involves a judge, on considering disclosure directions, conducting a cost-benefit analysis.

Parties are required to conduct a reasonable search, taking into account the number of documents which may be involved, the nature and complexity of proceedings, ease and expense of document retrieval, and the significance of any document which is likely to be

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found. The underlying principle is proportionality. Disclosure is also limited to documents which are, or have been, in a party's control.

If a party fails to disclose a document, or allow its inspection, then they may not rely on it in proceedings unless the court gives permission. The duty of disclosure is one which continues throughout proceedings.

In proceedings in the Intellectual Property Enterprise Court (IPEC), the normal expectation is that disclosure will not be ordered. If parties wish for disclosure to be conducted they will have to make out a case that it would be appropriate. Again, if an order for disclosure is granted by the court it is likely to be restricted to only some of the issues in dispute.

### III. Strategic Options

#### 1. Warning/Notice Letters

Warnings in the UK must be carefully drafted so as to not constitute an unjustifiable threat. A threat is a communication which threatens proceedings for patent infringement, with the exception of certain kinds of primary infringement. A threat is unjustifiable unless the person making the threat proves that the act complained of was patent infringement and the patent is not subsequently held to be invalid in a relevant respect.

Merely providing information about a patent would not constitute a threat. It is also permissible to make enquiries to ascertain if there has been primary infringement, alongside any necessary assertions about the patent. Otherwise there is a danger that a person aggrieved by the threat could bring proceedings.

A successful claimant in a threats action may obtain a declaration that the threats were unjustifiable, an injunction against the continuance of threats, or damages to remedy any loss caused by the threats.

#### 2. Preliminary Relief

Preliminary (interim) injunctions are available. The court has jurisdiction to grant an interim injunction where it is just and convenient to do so. Case law has determined that an interim injunction will be granted by the court if the conditions as laid down in the case of *American Cyanamid* are satisfied. These conditions are:

- There is a serious issue to be tried. This is not usually a serious hurdle for an applicant to overcome. They need only show that they have an arguable case which is not frivolous or vexatious.
- Damages would not be an adequate remedy for the applicant. This means that merely showing loss of sales is not ordinarily enough, since such loss may be remedied financially. The applicant must instead demonstrate some kind of intangible or unquantifiable harm which has been or may be caused. In the context of patent cases an interim injunction will commonly be granted in cases

where a generic product will be launched on to the market. This is because such a launch would permanently depress the patentee's sales to an extent which would be unquantifiable.

- The applicant gives a cross-undertaking in damages.
- Where there is any doubt as to the adequacy of damages available to either party or both, the court will go on to consider the "balance of convenience." Factors which the court will use to determine whether the balance of convenience lies with granting or dismissing the application for an interim injunction will vary from case to case. If all matters seem balanced, the court will attempt to preserve the status quo.

In urgent cases an application for an interim injunction may be made without notice. If making a without notice application the applicant has a duty of full and frank disclosure.

#### 3. Main Proceedings

The Case Management Conference (CMC) is the stage of English patent proceedings at which a judge will give directions relating to case management and the trial. This is therefore a point at which a party may make strategic applications to ensure that the main proceedings take the form most favourable to their case.

In terms of argumentation, a strategic option for an alleged infringer during main proceedings is to make the type of argument known as a patent "squeeze." In a typical "squeeze," which is a by-product of the UK's non-bifurcated system, an alleged infringer will use the patentee's arguments on novelty, which will often narrow the interpretation of the patent claims, to support their arguments that the patent has not been infringed. Alternatively, an alleged infringer may argue that if a claim is wide enough to cover their alleged infringement it is wide enough to cover the prior art.

#### 4. Claim Amendments during Pending Proceedings

Patent claims may be amended during infringement or invalidity proceedings. The patentee must make an application by way of application notice, which must be served on all parties and the comptroller within seven days of it being filed. The notice must give details of the amendment, why it is being sought, and whether the applicant will claim that the patent claims prior to amendment were valid.

The comptroller will, unless the court orders otherwise, advertise the application. A person may, during this time, inform the court of their opposition, which the court may take into account when determining the application.

The court has a discretion as to whether to allow an amendment, taking into account relevant principles of the EPC. There are certain amendments which a court

will not allow in any circumstances. Amendments are not permissible if they would extend protection or result in the specification disclosing added matter.

### 5. Protective Letters

Unlike some other European jurisdictions, there is no provision in the English patent litigation system for the filing of protective letters.

### 6. Declaratory Actions for Non-Infringement

In the UK a person may request a declaration of non-infringement under Section 71 Patents Act 1977 or the court's inherent jurisdiction.

Under statute, someone who is doing an act or intending to do a certain act may seek a declaration from the court that the act would not infringe a specified UK patent. Section 71 therefore covers hypothetical acts. The party seeking a declaration must set out particulars of the act and the relevant patent. They must also first write to the patent proprietor, seeking acknowledgement to the effect of the declaration sought. If the proprietor refuses to give acknowledgement, the applicant may seek a declaration.

In order to be granted a declaration under the court's jurisdiction the applicant must show that the declaration would serve a useful purpose. Normally they must show they have a real commercial interest in knowing whether an act would infringe.

### 7. Enforcement Prior to Grant

Section 69 Patents Act 1977, which has as equivalent an effect as is practicable to corresponding provisions of the EPC, gives the right to bring proceedings for infringement which occurred after publication of the patent but prior to grant. This is subject to two restrictions. The first is that proceedings cannot be brought until after grant. The second is that the claimant must show that the allegedly infringing act would have infringed not only the patent as granted but also the, potentially different, claims as stated in the published application.

When awarding damages for infringement prior to grant the court has a discretion to reduce damages if it thinks this would be appropriate. Damages are likely to be reduced if it would not have been reasonable to expect, considering the claims as published, a patent to be granted. An account of profits is also an available remedy for pre-grant infringement.

### 8. Customs Seizure

Infringing goods, or goods merely suspected of infringing a patent, can be subject to border measures. However, customs authorities cannot take any action with respect to non-commercial goods found in passengers' personal luggage.

Customs authorities may detain goods or suspend their release either on request by the rights-holder or

of their own initiative. The goods will be detained for 10 working days, or three working days if they are perishable. During this period, in order for the goods to be destroyed:

- The rights-holder must state their conviction that the goods infringe their patent and agree that the goods be destroyed.
- The goods-holder must consent to the destruction of the goods. A failure to reply may also be deemed to be consent.

If the holder of the goods does not agree to their destruction then the goods must be released after the 10-day period, unless infringement proceedings have been initiated.

## IV. Procedural Aspects

### 1. Court System and Specialisation

Claims under the Patents Act 1977 must be brought in specialist courts. These consist of the Patents Court, which is part of the Chancery division, and the IPEC. In both courts claims are heard by judges with many years' experience of intellectual property law from their time in practice as barristers. Some will also have a technical or scientific background, though not necessarily a background which is relevant to the patent in suit.

Appeals (see below) may be brought in the Court of Appeal or, exceptionally, the Supreme Court. The court system is hierarchical, with decisions of the Supreme Court being binding on all lower courts, and decisions of the Court of Appeal being binding on the Patents Court and the IPEC.

The idea behind having two specialist lower courts is that the IPEC will generally deal with more straightforward cases of lower monetary value (cases brought in the IPEC must have a value less than £500,000). Cost recovery in the IPEC is also capped at £50,000 for proceedings concerning the final issue of liability and £25,000 for proceedings concerning damages or account of profits. This provides parties with a more cost-effective way of bringing their less complex patent claims, thus incentivising enforcement of patents by SMEs.

### 2. Bifurcation

England does not have a bifurcated patent litigation system. If both validity and infringement are raised, the court will, in the vast majority of cases, deal with both issues simultaneously in one trial. In fact, it is relatively common in English patent proceedings for an alleged infringer to dispute patent validity by way of defence and counterclaim.

English judges have noted that they find it desirable for infringement and validity issues to be tried together since otherwise patentees may attempt to argue for

a broad construction of their patent in infringement proceedings but a narrow interpretation in validity proceedings. Trying these issues together thus forces the patentee to adopt a consistent interpretation.

### 3. Who Can Sue

A claim may be brought by:

- A patent proprietor. If there are multiple owners then a claim may be brought by just one of them without the need for the consent of their co-owners. However, in that scenario the co-owners must be joined as defendants to the action, although they would not be liable for costs unless they took part in the proceedings.
- An exclusive licensee, after the licence has been granted and subject to its conditions. If an exclusive licensee brings a claim but the patentee does not consent to being joined as a claimant then they must be joined as a defendant, although they would not be liable for costs unless they took part in proceedings.

### 4. Who Can be Sued

Any person, or their servants or agents, who has allegedly committed an infringing act may be sued.

It is possible to join parties as joint tortfeasors if they acted together to infringe a patent. However, innocent parties, such as carriers who have merely become mixed up in infringement cannot be joined as parties to proceedings. If a claimant alleges that there has been joint tortfeasance they must set out the facts on which they wish to rely in support of that allegation.

Directors of limited companies may in certain circumstances be liable for infringing acts committed by their company. In order for a director to be liable it must be shown that the company acted as the director's agent or that the nature of their involvement was such that they could be considered joint tortfeasors. Again, the claimant must set out the facts supporting the allegation of joint tortfeasance.

### 5. Admissibility of Evidence

The court has a broad discretion to give directions controlling what evidence may be adduced at trial. It may give directions as to the issues which require evidence, the nature of that evidence, and the way in which that evidence will be placed before the court. This can result in cross-examination being limited or the exclusion of evidence that may otherwise be admissible. In particular, the court will carefully control expert evidence in order to streamline a case.

Expert evidence is particularly important when deciding the question of whether an invention is obvious over the prior art. The primary evidence on obviousness will be given by an expert in the field concerned. Secondary evidence, which may include the inven-

tion's commercial success and evidence on whether there was a long-standing unmet need for the patent, may also be considered by the court. However, the amount of weight, if any, to be given to secondary evidence depends on the facts of each case.

Claim construction is a matter of law for the courts alone to decide (for details of how claims are construed, see below). Therefore, expert evidence on claim construction is inadmissible. However, there are exceptions to this general rule. As the court must construe the claims through the eyes of the person skilled in the art, evidence which helps the court to read a claim from this perspective is admissible. For example, an expert may give evidence on the common general knowledge or the meaning of technical terms as construed by those skilled in the art. An expert may also give evidence on the patent's teaching. The important distinction is between the factual background to the claims and the meaning of the claims themselves. An expert may give evidence on the former but not the latter.

### 6. Structure of the Proceedings

Proceedings in English courts are adversarial, unlike proceedings in many European jurisdictions. Before trial steps are taken, in particular at the CMC, to determine the issues between the parties and how a trial can best be structured to resolve these issues.

Prior to trial a party will serve their pleadings, witness statements including expert reports, and skeleton argument. The time for serving each document is determined by the Civil Procedure Rules (CPR). While these documents are important to the proceedings, the claim will not be determined on the papers alone. An exception is in the IPEC in the event that both parties agree to a trial on the papers.

At trial a witness's statement will ordinarily stand as their evidence in chief. Therefore, witnesses will not give oral evidence in chief at trial. However, witnesses will be cross-examined by the other side's barrister. Oral cross-examination of experts is a crucial part of English patent proceedings. Cross-examination need not be confined to the contents of the witness's statement; they may be questioned on any document, fact or issue which arises in the case. At the conclusion of cross-examination the barrister representing the party who called that witness has the option of re-examining the witness, though there is no obligation that they do so.

Unless the court orders otherwise, the party bearing the onus of proof will make their case first. The court will first hear arguments on claim construction and validity. Arguments will then be made relating to any allegedly infringing acts in issue and whether these are within the scope of any valid claims. Finally, the

court will consider what remedies would be appropriate. Quantum/costs are then ordinarily considered in a separate hearing after judgment.

Trial length can vary and may be from a few days to several weeks.

### 7. Timing including Preparation

Deadlines for each stage of proceedings are set by the CPR. Parties can, in certain circumstances, agree an extension of time to complete a particular action. Again, the circumstances under which they can do this are set out in the CPR.

Deadlines for taking certain steps can also be extended after the trial timetable has been set at the CMC. This may require the court's permission. An extension will not be granted if it would threaten timings such as the trial date.

There is the option in patent trials to request a streamlined procedure. If the streamlined procedure is used, the trial is fixed to be heard within approximately six months of the order for a streamlined trial being made. Thus, a trial can take place within eight months of proceedings being commenced. Even without streamlining, there is an expectation that a case be heard within 12 months of issue.

### 8. Costs and Cost Reimbursement

Cost recovery is capped in the IPEC (see above) but not in the Patent Court. In a typical Patent Court trial, costs may range between £800,000 and several million pounds. The amount of costs incurred will depend upon the complexity of proceedings, with factors going to cost including trial length, the issues in dispute, and the number of witnesses required.

Under the CPR the general principle is that the losing party will pay the winner's costs, in a proportion that takes into account how successful the winning party was at trial. A party who has been successful on all issues raised is likely to be reimbursed in the region of 70 percent of their costs.

When determining what type of costs order to make the court will also take into account factors such as parties' conduct, money paid into court, and any offers to settle which have been made. When considering a party's conduct the court will consider whether it was reasonable for a party to raise, pursue or contest a particular issue, as well as the manner in which the party contested that issue. For example, a successful party who exaggerated their claim or unreasonably pursued a point they knew to be weak, is likely to receive a lower proportion of their costs.

Costs will be awarded, at the court's discretion, on either the standard basis or the indemnity basis. Costs will not be allowed if they were unreasonably incurred or are unreasonable in amount. If costs are assessed

on the standard basis they must also have been proportionate. Any doubts as to proportionality or reasonableness of costs when assessed on the standard basis will be resolved in favour of the paying party. For indemnity costs, any doubts as to reasonableness will be resolved in favour of the receiving party.

### 9. Enforcement of Decisions

Enforcement of money judgments is the sole responsibility of the judgment creditor. A judgment creditor has the following methods of enforcement open to them:

- A writ of control or warrant of control. A writ of control allows a High Court Enforcement Officer to take control of the judgment debtor's goods and auction them to the value of the judgment debt. Goods which are exempt from the order include items which are reasonably required to meet the debtor's domestic needs.
- A third-party debt order. If a judgment debtor is owed money by a third party, the judgment creditor may apply for an order that the third party pay the judgment creditor. This is a particularly useful method of enforcement since a third-party debt order may be made against a bank, who would then have to pay the judgment creditor from any of the judgment debtor's bank accounts which are in credit.
- A charging order, stop order or stop notice. The most common of these is a charging order over land. This gives the judgment creditor the equivalent to a mortgage, subject to other existing mortgages and charges, over the judgment debtor's land.
- The appointment of a receiver.

The judgment creditor not only has a choice as to method of enforcement, but also may choose to use more than one method at the same time.

Deliberate breach of an injunction is a contempt of court and can result in committal, a fine, or sequestration of goods. The possibility of incurring these severe penalties incentivises parties to comply with their obligations. In order to be enforceable via any of these methods there must be a "penal notice" on the face of the injunction. This puts the party subject to the injunction on notice as to the consequences of breach.

### 10. Appeal

Decisions of the Patent Court may be appealed to the Court of Appeal. An order of the IPEC may be appealed to the High Court if it is an interim order or the Court of Appeal if it is a final order. Decisions of the Court of Appeal may be appealed to the Supreme Court, although it is very rare for this to happen in patent matters.

Permission of the court is required before an appeal may be brought. An appellant's notice seeking per-

mission to appeal must be filed no later than 21 days after the date of the decision of the lower court. A court may grant an appeal to the Court of Appeal only where the appeal would have a real prospect of success or there is some other compelling reason for the appeal to be heard. Appeals will only be heard by the Supreme Court if they raise an arguable point of law of general public importance which ought to be heard by the Supreme Court at that time.

Appeals take the form of a review, not a rehearing. This means that it is rare for new evidence to be considered. For new evidence to be heard on appeal it must be shown that the evidence could not, with reasonable diligence, have been obtained at trial, that it would have an important influence on the case, and that it is credible.

The court hearing the appeal will rarely depart from the findings of fact made at first instance. This is because appeals are reviews on points of law and therefore the judge at first instance is often best placed to determine factual matters in dispute. An appeal judge would have to give good reasons for substituting their own finding of fact for that of the trial judge.

## 11. Service Abroad

The UK is a contracting state of the Brussels Convention, as recast in the Judgment Regulations, and the Lugano Convention. Therefore, permission of the court is not required in order to serve a claim form out of the jurisdiction on a party who is domiciled in the UK or a Member State/Contracting State, where the claim in question is one to which those Conventions apply.

In all other cases permission of the court is required for service of a claim form out of the jurisdiction. A party may, with the court's permission, serve out of the jurisdiction where:

- A claim is made against a person domiciled in the jurisdiction.
- A claim is made for an injunction where the injunction relates to an act carried out in the jurisdiction.
- The party on whom the claimant wishes to serve a claim form is a necessary or proper party to a claim between the claimant and a defendant where there is a real issue which it is reasonable for the court to try.
- A claim is an additional claim and the person to be served is a necessary or proper party to the claim or additional claim.

The court will give its permission to serve outside the jurisdiction in any of the above circumstances only where there is a serious issue to be tried on the merits of the claim.

The time period for service of a claim form abroad, with or without permission, is six months after the claim form is filed. The period in which to respond to a claim form served with permission is country-specific. A defendant in a Convention country in Europe has 21 days to respond, or 35 days if an acknowledgment of service is served. This is extended by 10 days for non-European Convention countries.

## 12. Influence of Foreign Decisions

The courts of England and Wales are not bound by foreign decisions but are bound by decisions of the CJEU on matters of EU law. Although decisions of the EPO are not binding, the courts will generally follow case law of the EPO. In fact, it has been held that EPO Boards of Appeal should be followed if they have formed a settled approach to the law.

English courts may treat foreign decisions as persuasive and take them into account when considering cases arising on similar or identical facts. This will be the case in particular where the law of the foreign jurisdiction is similar to the law of England and Wales. For example, the court may consider, and follow, a judgment from a Commonwealth jurisdiction, such as Australia, when determining a case arising in similar circumstances.

## 13. Protection of Confidential Information

The courts of England and Wales have developed rules designed to encourage parties to honour their disclosure commitments without fear that confidential information will be put at risk.

The CPR state that documents which have been disclosed may only be used for the purpose of the proceedings in which they are disclosed. If disclosed documents are used for other purposes then this would constitute a contempt of court. This prevents use of disclosed confidential documents for ulterior motives.

Schemes, known as confidentiality clubs, may also be set up in order to supplement the protection afforded by the CPR. In a confidentiality club any documents which are confidential are identified as such and their access and use by the receiving party will be restricted. Any pleadings or documents based on documents contained in the confidentiality club will themselves become subject to the same restrictions.

Ordinarily, even if documents are part of a confidentiality club, documents will cease to be confidential if they are read out or referred to in open court. However, patent judges are mindful of confidentiality issues which may arise and can keep information confidential by:

- Making an interim order restricting or prohibiting use of a confidential document even if it is read out or referred to in open court. This order can be made permanent at the conclusion of proceedings.

- Not stating confidential information in public.
- Sometimes, sitting in private for part of the case.

A private hearing will only include members of the confidentiality club. The courts will confine private hearings to those situations where sitting in private would be absolutely necessary in order to achieve justice between the parties. The degree of privacy must be kept to a minimum and a private hearing will be ordered, for example, where commercially valuable confidential information is in issue.

## V. Claim Construction

### 1. Most Important Rules for Literal Claim Construction

Even when construed literally, claims in the UK do not take on a rigid literal meaning where the words of the claim always take their exact dictionary definition. Rather claims are given a purposive construction, where the key question to ask is what the person skilled in the art (also known as the skilled addressee), on reading the claims, would have taken the patentee to mean. This is an objective test but the court must always adopt the perspective of the relevant skilled addressee. The test allows for some flexibility, enables patent terms which have a different meaning in the technical field in question to take the meaning as understood in that field, and prevents absurdities which could arise from a literal construction of claims alone. It also enables patents to be read in a way which is consistent with how other documents are interpreted in English law.

Construing claims from the perspective of the person skilled in the art means that deciding who that notional person is can be particularly important in English patent litigation. The identity of the notional person skilled in the art is therefore often a point of dispute between parties, each of whom will favour the skilled addressee who best supports their proposed claim construction. When considering claim construction from the perspective of the skilled addressee the court will first consider what the relevant art actually is and whether it would be better to think of the skilled person as a skilled team. These matters will be deduced from the patent claims. It will also be important to consider the level of skill which the notional skilled person possesses and what attributes, such as qualifications, they may have.

In order for the court to adopt the mantle of the skilled addressee effectively they will often need to hear evidence not only on the meaning of terms in the relevant art but also on the common general knowledge at the relevant time. Knowledge is commonly or generally known in the field if it is known by the competent skilled addressee working in that technical area.

Purposive construction means that how a claim will

be construed will depend upon the particular context and who is taken to be the skilled addressee. However, there are some general guidelines for claim construction, which have been developed through case law. For example, the word “for” in English claim construction will be read as meaning suitable for. The phrase “consisting of” will be taken to mean consisting exclusively of and the word “comprising” will be taken to mean including. The English approach to the word “comprising” is very different to the approach taken by the EPO, where the Technical Board of Appeal has held that “comprising” is inherently ambiguous. Therefore, use of the word “comprising” which would be acceptable in a UK patent may not be acceptable in a European patent.

When construing claims purposively the court will be careful not to give the claims a “gloss” from the patent description. The court must also be careful not to mentally rewrite the claims to fit a particular interpretation or to widen the claims by ignoring express limitations. However, there are occasions where words or phrases will be accorded a wider meaning than they first seem to support. For example, apparently absolute limitations may involve questions of degree. The word “prevents” is unlikely to be found to mean “prevents absolutely” if that is not practically possible. On rare occasions words within a claim may also be taken to have a figurative meaning and to stand in for other words within a class.

### 2. Doctrine of Equivalents

Traditionally a doctrine of equivalents has not been a part of English law, in contrast to the United States and some European jurisdictions. It was felt that allowing a doctrine of equivalents, and hence looking outside the language of the claims, would create too much uncertainty as to the limit of the claims and thus the patentee’s monopoly. The traditional approach was to focus on the specific wording of the claims, interpreting the claims as described in the above section. However now the correct approach appears to be, after looking at traditional literal claim construction, to also consider if the allegedly infringing product or process constitutes an immaterial variation. This necessarily involves looking beyond the claims to a certain extent.

A degree of uncertainty as to the extent to which the doctrine of equivalents has become a part of English patent law follows from the recent case of *Actavis v. Eli Lilly* in which the Supreme Court held that after considering interpretation in the traditional sense one must also consider whether the alleged infringing product or process was an immaterial variant of the patent claim. Whether a variation is immaterial is to be decided by asking three questions. These are:

- Does the variant achieve substantially the same result in substantially the same way?

- Would it be obvious to the person skilled in the art, reading the patent at the priority date but knowing that the variant achieves substantially the same result as the invention, that it does so in substantially the same way?
- Would the reader of the patent have concluded that the patentee nonetheless intended that strict compliance with the literal reading of the relevant claims was an essential element of the invention?

For infringement by immaterial variation to be made out the first two questions must be answered in the affirmative and the last question in the negative. Applying the test to the facts in *Actavis v. Eli Lilly* it was held that pemetrexed dipotassium infringed Claim 1 of the patent, even though the claim referred to pemetrexed disodium, since pemetrexed dipotassium was an immaterial variant. This seems to allow for a doctrine of equivalents, albeit one which is limited to those equivalents which can be said to be immaterial variations.

The case of *Actavis v. Eli Lilly* appears to have brought English law more in line with other European jurisdictions' interpretation of Article 69 European Patent Convention and its Protocol. However as, at the time of writing, this decision is relatively new, it is not yet clear how the new test will be applied by the lower courts or applied to different factual scenarios. This uncertainty may cause particular issues for alleged infringers and could result in more applications for declarations of non-infringement.

## VI. Liability

### 1. Direct Infringement

A product patent is infringed if a person, without the consent of the proprietor of the patent:

- Makes the product.
- Disposes of or offers to dispose of the product.
- Uses the product.
- Imports the product.
- Keeps the product, whether for disposal or otherwise.

A process patent is infringed if a person, without the consent of the patent proprietor, uses the process. A person would also infringe if they offer the process for use in the United Kingdom where they know, or it would be obvious to the reasonable person in the circumstances, that its use there without the proprietor's consent would constitute infringement.

A process patent would also be infringed if a person, without the consent of the patent proprietor, does any of the acts which would infringe a product patent in relation to any product obtained directly by means of that process.

### 2. Indirect Infringement

Indirect infringement in the United Kingdom concerns a person other than the patent proprietor, while the patent is in-force and without the proprietor's consent, supplying or offering to supply a person not entitled to work the invention with the means, relating to an essential element of the invention, for putting the invention into effect. What constitutes an essential element will depend on the facts of each case.

For indirect infringement to be made out the supply or offer to supply must be in the UK and the invention must be put into effect in the UK. There is also a knowledge requirement. Indirect infringement will only be made out where the alleged infringer knew, or it was obvious to the reasonable person in the circumstances, that the means were suitable for putting the invention into effect in the UK and they were intended to put the invention into effect.

### 3. Divided Infringement

Unlike jurisdictions such as the United States there is no concept of divided infringement in English patent law. Where different steps of a patent are performed by different actors then this may be covered by direct infringement, if the actors are joint tortfeasors, or indirect infringement.

## VII. Particular Defences

### 1. Limitation of Claims

Limitation is a defence to patent infringement. The limitation period for patent infringement claims is six years from the date on which the action accrued, in line with other torts. Time will therefore run from the date of infringement, even if infringement occurred prior to grant.

If a defendant wishes to rely on limitation as a defence then they must expressly plead it as part of their written defence. Failure to expressly plead limitation will lead to an assumption that the defendant does not wish to rely on expiry of the limitation period.

Where an action is based on a defendant's fraud or any facts relevant to the cause of action are concealed, time does not run until the claimant has, or with reasonable diligence could have, discovered the fraud or concealment. If a claimant relies on any exceptions to limitation under the Limitation Act 1980 these must be pleaded.

### 2. Exhaustion

English law recognises regional exhaustion in relation to goods which have been put on the market in a member state of the EU or EEA either by the patent owner or with their consent. As a consequence of regional exhaustion a patentee cannot prevent parallel imports from other member states of the EU/EEA, or otherwise control distribution once their rights have

been exhausted. Rights will be exhausted even if goods were put on the market in a member state where the goods are not subject to patent protection.

The justification for regional exhaustion is that once goods are put on the market in the EU/EEA free movement rules apply. Therefore, there is a right to resell goods put on the market anywhere in the EU/EEA. The patentee cannot use his patent rights to partition national markets contrary to the fundamental principle of free movement of goods.

The requirement of consent is key, as is the requirement that goods be put on the market. If goods have not been put on the market, distribution can still be controlled. The requirement of consent also means that the placing of goods on the market by a third party pursuant to a compulsory licence does not lead to exhaustion of rights.

There is no wider doctrine of international exhaustion under English law. Therefore, a patentee may control distribution or parallel importation of goods from outside the EU/EEA, even if they were placed on that market with the patentee's consent.

### **3. Conversion of an Invalid Patent into a Utility Model**

Unlike some jurisdictions, there is no concept of a

utility model in the UK patent system. Therefore, conversion of an invalid patent into a utility model is not an option in English patent litigation.

### **VIII. Statistics**

The Fourth Edition of Cook's, A User's Guide to Patents, at Appendices 2 and 3, provides statistics on the outcomes of full patent court trials on validity and infringement up to the summer vacation of 2015. In 2014, the latest year for which there is complete data, there were 23 such hearings, with 30 patents in issue. Of the patents in issue nine were found to be valid, as were four patents not in issue. 10 patents with valid claims were found or admitted to be infringed. Twenty patents were found to be either invalid or not infringed.

These statistics, with 67 percent of patents in issue being found to be invalid or not infringed, suggest that patentees are more likely to be unsuccessful at trial. However, Cook cautions that these data may underestimate patentee success since they exclude cases where validity or infringement was never put in issue. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=3271068>.