Contributory Infringement in Europe – before and after the UPC

Karolina Wiktorsøn and Benjamin Hoffmann of Valea review cases relating to the question of contributory infringement, and ask whether the outcome of these may change once the UPC Agreement comes into force.

European patents are granted by the European Patent Office (EPO) under the legal provisions of the European Patent Convention (EPC). However, the EPO has no legal competence to deal with and to decide on patent infringement cases in the contracting states to the EPC. Article 64(3) of the EPC declares that ‘any infringement of a European patent shall be dealt with by national law’ and therefore European patents are enforced at a national level.

Direct infringement is distinguished from indirect infringement (also called secondary or contributory infringement) according to the law in the various EPC member states. These laws have been harmonised among the EU member states by an enactment of Article 26 of the Community Patent Convention (CPC). Direct infringement of a product claim requires that the infringer, in the country where the patent is in force, manufactures, sells or offers to sell, uses, imports or stores the claimed product, while direct infringement of a method claim requires, again in the country where the patent is in force, that the infringer offers or practises the claimed method.

The concept of indirect infringement provides a remedy for acts occurring prior to an act of direct infringement, and generally relates to supply of or offer to supply ‘a means relating to an essential element of the invention’, with the exception of where the essential means is a staple commercial product. Generally the national laws of the EPC member states have a double territorial requirement, in that both the supply and the end use must occur in the same member state. However, the various national courts have applied different standards on what is considered an essential element of the invention, as well as how the double territorial requirement should be interpreted.

Contributory infringement in the UK, France and the Netherlands

Contributory infringement in the UK is set out in section 60(2) of the Patents Act 1977. According to established UK case law, knowledge of the patent is not a prerequisite for infringement, nor is knowledge of the invention to the ultimate user. Furthermore, no direct infringement is needed for indirect infringement to exist. Thus, the intention to supply is also sufficient for contributory infringement.

The double territorial requirement from the CPC is written into the UK Patents Act. Thus, supply of the essential means in the UK for use of the invention outside of the UK does not constitute infringement in the UK even if the patent is also valid in the foreign jurisdiction. The patentee would be forced to rely on the foreign jurisdiction for any patent enforcement. This can present practical issues if the foreign jurisdiction does not have a favourable litigation environment (for instance no specialist patent courts or less ability to hear expert testimony), and also commercial issues if it is not desirable to initiate litigation against the direct infringer (as the case may be if the direct infringer is a customer rather than competitor).

The same principles apply when it comes to supply of kits of parts, namely that the supply or offer to supply must be in the UK and there must be an intention to put the invention into effect in the UK.

The Court of Appeal case Grimme v Scott (2010) provides the leading precedent for the UK approach to contributory patent infringement and the interpretation of section 60(2).
The judgment held that what was required was a finding, made in the light of all the circumstances and on the balance of probabilities, that either the supplier knew, or it was obvious in the circumstances, that some ultimate users would intend to use or modify the “means” so as to directly infringe. Grimm v Scott provides clarification that contributory infringement in the UK cannot be avoided by simply marketing a product for a certain non-infringing use. Even in such cases, contributory infringement may still be found if it would, based on the balance of probabilities, be obvious in the circumstances that some users would intend to modify the product so as to directly infringe.

The leading decision on the question of what constitutes a “means relating to an essential element of the invention” was considered by Mr Justice Arnold in the High Court case Nestec v Dualit (2013). In the reasoning of the decision, Arnold favoured the approach taken by the German courts (from Impeller Flow Meter – Case XZR 48/03 and Pipette System Case XZR 38/06) and held that the mere fact that a feature was known in the prior art did not prevent it from being an essential element of the claim, but if a feature was of completely subordinate importance for the technical importance of the invention it could not be regarded as an essential element.

This approach is also followed in France, but is notably different to the Netherlands where the Dutch Supreme Court in Sara Lee v Integro (Case C02/227HR) held that the essential element must be the element that distinguishes the invention from the prior art.

The claim in question in Nestec v Dualit related to a coffee machine in combination with a replaceable capsule containing coffee. The replacement capsules supplied by Dualit were considered to constitute “means relating to an essential element” since the design of the capsule played an important role for how the claimed invention worked. However, the decision considered various additional factors such as whether the user was really “making” the invention, given that the capsules do not really embody the inventive concept which lay instead in the way the machine operates, as well as whether the user has a legitimate expectation to be able to use any compatible capsule when they have purchased a machine, given that both the capsules and machines have separate commercial markets. Although the capsules in question were held to be essential elements, the combination of these other factors meant that no contributory infringement was found. This ruling shows how UK courts will take multiple factors into account beyond merely interpreting whether the supply
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or offer to supply relates to an essential element in line with the requirements of the statute.

**Contributory infringement in Germany**

The case law in Germany is similar to the UK in many areas, including as noted above when determining what constitutes the ‘essential means’. German case law has further held that a product protected by a patent may be used, possessed and resold by a person, for example a customer. The right to use it also includes servicing, caring for and repairing the product. However, remanufacturing the product is not allowed. When it comes to contributory infringement, this means that supplying spare parts or consumables is permissible as long as no remanufacturing occurs, and that the use of spare parts or consumables does not go beyond its intended purpose. These principles are generally in line with the leading UK decisions in this area, such as United Wire v Repair Screen Services (2001) and Schütz v Werit (2013).

According to Section 10 of the Patent Act, there does not need to be any established direct infringement in order for indirect infringement to exist. Thus, in line with the other jurisdictions, an intention to supply is sufficient and an end user does not need to be identified. However, although the statute implies a double territorial requirement, the case law suggests that it is construed more flexibly than in other jurisdictions.

According to the BGH decision Funkuhr II (2007) indirect infringement occurs when a company established in Germany supplies an essential means of the invention for export abroad for assembly into the patented product, knowing that the assembly will then be imported into Germany. This seems out of line with the other jurisdictions discussed above, where the case law has repeatedly held that export for assembly into the patented product abroad is not an indirect infringement.

**Unitary Patents and the UPC**

The European patent with unitary effect, more commonly known as the Unitary Patent, is a new type of European patent which, if/when it enters into force, will be valid in the participating member states of the European Union. It is worth mentioning that Spain and Croatia have indicated that they will not ratify the UPC Agreement and thus will participate neither in the Unitary Patent regulation nor in the Unified Patent Court (UPC). There has also been some uncertainty regarding the membership of the UK, where the government has announced it will continue with preparations to ratify the UPC Agreement despite the vote to Brexit.

The statute covering indirect infringement of Unitary Patents also contains the double territorial requirement, but the “territory” that is relevant extends to all participating member states. Cross border activities that would not constitute indirect infringement of a bundle of national patents, such as export from the Netherlands for use in Germany, would be considered indirect infringement of a Unitary Patent as all the activities are occurring within the same jurisdiction. Although in both cases there is direct infringement alongside the contributory infringement, the ability to bring an action against the party which is supplying the essential means will give the patent holders more options for enforcing their rights, potentially avoiding the need to threaten or even initiate infringement proceedings against their own customers.

Moreover, the Unitary Patent Regulation (EU) 1257/12, at Article 7, states that if the applicant for a Unitary Patent has, at the time of filing, its principal place of business or its residency in a member state then the patent shall be treated as if it is governed by the law of that country. However, if no legal system can be determined in this way, then German law shall apply. German law will therefore acquire considerable significance when enforcing Unitary Patents. With the precedent laid down by Funkuhr II, this suggests that a Unitary Patent may be enforceable against supply of the essential means to jurisdictions outside of the participating member states, if it is obvious that the supply will lead to an infringing product being imported into the jurisdiction covered by the Unitary Patent.

However, a notable difference between the present national laws and the provisions for indirect infringement of a Unitary Patent are that the accused infringer must know or should have known that the means are suitable and intended for putting the invention into effect (Unitary Patent Regulation 1257/12, Article 26). This wording differs from the present national laws which require that it should be “obvious from the circumstances” (according to the German statute) or “obvious to a reasonable person in the circumstances” (according to the UK statute).

Once in force, the UPC Agreement will apply to both Unitary Patents and to national designations of European patents that have not opted out. However, it does not relate to national patents. Article 2(2) of the EPC requires a European patent to have the same effect as a national patent, so it does not appear to be open to member states to have different law in relation to infringement for national patents as compared to a patent granted by the EPO. Therefore, it seems as if the member states will need to amend their national laws relating to indirect infringement to conform with the UPC Agreement once it comes into force.

Several mock trials have been carried out under the UPC Rules of Procedure, with the most notable being based on the Improver v Remington litigation which occurred in numerous national courts in the 1990s. However, none of the mock trials related to indirect infringement and the specific issue of whether the requirement that the accused infringer “should have known” should be interpreted differently to the “obvious from the circumstances” which is now used by the national courts of the member states. Even with this uncertainty, the enhanced ability to enforce their rights against supply of component parts across national borders will certainly be welcomed by patent holders, and we expect that it may not be long before the case law in this area begins to develop once the UPC Agreement comes into force.