



13 March 2013

PRESS SUMMARY

Schütz (UK) Limited (Respondent) v Werit (UK) Limited (Appellant)
Schütz (UK) Limited No 2 (Respondent) v Werit (UK) Limited (Appellant) [2013] UKSC 16
On appeal from [2011] EWCA Civ 303, [2011] EWCA Civ 1337

JUSTICES: Lord Neuberger (President), Lord Walker, Lady Hale, Lord Mance, Lord Kerr

BACKGROUND TO THE APPEALS

The principal issue on this appeal concerns the meaning of the word “makes” in section 60(1)(a) of the Patents Act 1977 (“the 1977 Act”), which provides that a person infringes a patent for a particular product if he “makes” the product without the consent of the patentee. This issue arises in respect of European Patent (UK) 0 734 967 (“the Patent”), of which Protechna S.A. (“Protechna”) is the proprietor. Claim 1 of the Patent (“the Claim”) extends to certain aspects of a complete intermediate bulk container (“IBC”). An IBC is a large container used by suppliers of liquids (“fillers”), for the transport of a wide range of liquids to a so-called “end-user”. IBCs of a two-part construction consist of a metal cage into which a large plastic container (or “bottle”) is fitted. Often, the bottle cannot be reused, because it contains residues of a toxic liquid or because it has been physically damaged. The inventiveness of the Patent lies in the idea of flexible weld joints to the cage, to increase its strength and durability, and in the idea of introducing a dimple on either side of the weld and a central raised portion. The description of the Patent acknowledges that the bottle is exchangeable (i.e. replaceable). The cage has a life expectancy on average five or six times longer than a bottle, which is why so-called “reconditioners” engage in re-bottling or cross-bottling used IBCs. In either case, the old bottle is removed, any damage to the cage is repaired, and a new bottle is fitted within the cage. Re-bottling involves replacing the bottle with a fresh bottle from the original manufacturer, whereas cross-bottling involves replacing the bottle with a bottle from a different source. After re-bottling or cross-bottling an IBC, the reconditioner offers the reconditioned product to fillers on the market, in competition with the products of original manufacturers, and of other reconditioners.

Schütz (U.K.) Limited (“Schütz”) is the exclusive licensee of Protechna, and the leading manufacturer of rigid composite IBCs, in the United Kingdom. Werit UK Limited (“Werit”) sells bottles (“Werit bottles”) for IBCs to a reconditioner, Delta Containers Limited (“Delta”). Delta acquires discarded IBCs originally put on the market by Schütz (“Schütz IBCs”), replaces the original bottles (“Schütz bottles”) with Werit bottles, and then offers these cross-bottled IBCs on the market. These cross-bottled IBCs are therefore in competition with the original Schütz IBCs. Schütz objected to Delta’s cross-bottling activities, and issued proceedings against Werit, seeking relief on the ground that Werit infringed the Patent. It is common ground that, if Delta thereby infringes the Patent, Werit does so. Two issues arising from those proceedings are relevant to the present appeal. The first issue is whether Delta infringed the Patent by “mak[ing]” the article claimed by the Claim, contrary to section 60(1)(a) of the 1977 Act. The second issue, which arises only if it is found that Delta infringes the Patent, concerns costs sanctions in such proceedings under section 68 of the 1977 Act (“the section 68 issue”).

At first instance, Floyd J held that Delta’s cross-bottling activities do not amount to making the patented product, on the ground that the inventive concept of the Claim is wholly embodied in the Schütz cage. The Court of Appeal considered that it was inappropriate to determine the issue by reference to the inventive concept, and held that Delta’s cross-bottling activities do amount to making the patented product, on the basis that the Schütz IBC ceases to exist when the Schütz bottle is removed, and all that remains at that stage is merely an important component from which a new IBC could be made.

JUDGMENT

The Supreme Court unanimously allows Werit’s appeal and holds that Delta did not “make” the patented article contrary to section 60(1)(a) of the 1977 Act. Lord Neuberger gives the judgment of the Court. This decision renders Werit’s appeal on the section 68 issue academic, but because the issues that appeal raises were fully argued, Lord Neuberger provides some guidance on how the costs sanctions under section 68 of the 1977 Act work [80]-[107].

REASONS FOR THE JUDGMENT

The central issue is whether Delta “makes” a patented article when it removes a damaged Schütz bottle from a Schütz cage, and replaces it with a Werit bottle. The word “makes” does not have a precise meaning. It must be interpreted contextually, by reference to the facts of the particular case, and in a practical way, bearing in mind that the precise scope of a claim may be a matter almost of happenstance. It must also be given a meaning which, as a matter of ordinary language, it can reasonably bear. There is a need for clarity and certainty for patentees and others, and for those advising them. It should also be borne in mind that the word “makes” applies to patents for all sorts of product. Moreover, there is a need to protect the patentee’s monopoly while not stifling reasonable competition [26]-[29]. Therefore, it will inevitably be a matter of fact and degree in many cases whether an activity involves making an article [26],[57],[58],[72],[78]. Observations about the meaning of “make” in a different legal or factual context from that under consideration should be approached with caution because of the somewhat slippery nature of the meaning of the word, and the very important role which context plays in determining whether a particular activity involves “making” an article [53].

The mere fact that an activity involves replacing a constituent part of an article does not mean that the activity involves the making of a new article, rather than constituting a repair of the original article. One must, however, avoid simply contrasting making and repairing, not least because these concepts may well overlap. That said, it may sometimes be useful to consider whether the alleged infringer is repairing rather than making the article, because repair of an item frequently involves replacement of one or some of its constituents [48]-[50].

It is both legitimate and helpful to consider the question whether the bottle is such a subsidiary part of the patented article that its replacement, when required, does not involve making a new article [61]. While undoubtedly an essential and physically large part of the patented article, four factors indicate that the bottle can fairly be said to be a relatively subsidiary part of the IBC, when that article is viewed as a whole [64]. (i) The bottle has a significantly lower life expectancy than the cage [65]-[66]. (ii) The bottle does not include any aspect of the inventive concept of the Patent [67]-[69]. (iii) The bottle is a free-standing item of property [70]. (iv) The damaged free-standing bottle is simply replaced within the metal cage, which contains the inventive concept, and the metal cage is repaired if necessary [71]. The question whether the end-user is paid for a used IBC could be of relevance [74], although there was no evidence which can fairly enable assessment of this factor [75], and it is very unlikely that any such evidence would have affected the outcome [76].

This case represents a classic example of identifying the various factors which apply on the particular facts, and, after weighing them all up, reaching a conclusion on infringement. Given that (a) the bottle (i) is a freestanding, replaceable component of the patented article, (ii) has no connection with the claimed inventive concept, (iii) has a much shorter life expectancy than the other, inventive, component, (iv) cannot be described as the main component of the article, and (b) apart from replacing it, Delta does no additional work to the article beyond routine repairs, Delta does not “make” the patented article [78].

References in square brackets are to paragraphs in the judgment

NOTE

This summary is provided to assist in understanding the Court’s decision. It does not form part of the reasons for the decision. The full judgment of the Court is the only authoritative document.

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