AIPPI MEET

DECEMBER 2019

PATENT ROUND UP

CHRISTMAS 2019

ANDREW LYKIARDOPOULOS QC

8 NEW SQUARE

LINCOLN'S INN

19th DECEMBER 2019

INDEX

N.B. In all the following quotations from judgments the underlining has been added for emphasis and is not in the original judgments. The paragraph numbering is taken from the judgments. Only parts of the judgments are set out in this note.

With many thanks to the team at Herbert Smith Freehills LLP who assisted in collating the cases.

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PRINCIPAL PATENTS COURT JUDGMENTS FOLLOWING TRIAL 2019

CASE	ABOUT?	JUDGE	RESULT
Regen v Estar (18.01.19)	Trial on method for making plasma enriched platelets	Hacon HHJ	Patent Revoked Infringed if valid under doctrine of equivalents. Ds application to re-open the trial refused.
Garmin v Philips (29.01.19)	Trial on GPS sports watches/fitness trackers	Henry Carr J	Patent disclosed a very important art changing concept, but was obvious. Conditional amendment valid and infringed.
Eli Lilly v Genentech (01.03.19)	Trial on antibody ixekizumab as a treatment for psoriasis and rheumatoid arthritis.	Arnold J	Amended claims invalid for obviousness/insufficiency Infringed if valid
Eli Lilly v Genentech (01.01.19)	Whether SPC complies with a.3(a) because Taltz not protected by the Patent. Whether SPC complies with a.2, 3(b) and/or 3(d) because the Taltz MA is a 3rd party MA.	Arnold J	SPC would comply with Art 3(a) as regards claim 1 but not claim 12. Reference to the CJEU on 3rd party MA point.
E.Mishan v Hozelock (17.04.19)	Expandable garden hoses.	Nugee J	Patent invalid for obviousness Patent would have been infringed (including on equivalents)

Allergan v Aspire Pharma (03.05.19)	Trial on enhanced bimatoprost ophthalmic solution for treatment of glaucoma.	Arnold J	Patent invalid for obviousness.
Ilumina v TDL Genetics (17.06. 19)	Trial on non-invasive detection of fetal genetic traits.	Arnold J	Patent valid and infringed. Obviousness and insufficiency attacks failed.
Pfizer v F. Hoffmann-La Roche (20.06.19)	Trial on Arrow Declaration in absence of UK rights	Birss J	Arrow declaration refused.
Conversant v Huawei (04.07.19)	Technical FRAND Trial	Arnold J	Patent invalid for added matter. Patent would have been infringed by equivalents.
Takeda v F.Hoffmann-La Roche (17.07.19)	Trial on glycosylated antibodies used for ulcerative colitis and Crohn's disease using antibody vedolizumab.	Birss J	Relevant claims lack novelty, lack a technical contribution and insufficient. Vedolizumab falls within the claims.
Technetix v Teleste (18.11.19)	Trial on a cable network used to supply TV and broadband. Alleged infringement concerned products supplied to Virgin Media.	Hacon HHJ	Patent (and proposed amendments) invalid (novelty/inventive step/added matter). Infringed if valid.
Excel-Eucan Ltd v Source	Trial on carriers for machine gun	Melissa Clarke HHJ	Claim for declaration that a licence remained in

Vagabond (21.11.19)	ammunition. Shorter Trial Scheme.		force and unpaid royalties/damages. Declaration of non-infringement refused. Product royalty bearing. No order for damages enquiry as disproportionate to do so.
Conversant v Apple (29.11.19)	Trial on improved user interface said to be infringed by the Widgets and Home Screen Quick Action on the iPhone.	Birss J	Patent obvious. Infringed if valid.

SIGNIFICANT PATENT APPLICTIONS IN 2019

Novartis v Dr Reddy's (15.01.19)	Interim injunction application with application for summary judgment on added matter	Birss J	Interim injunction granted. Summary judgment on added matter refused. Held not to be arguable despite EPO finding added matter.
TQ Delta v ZyXEL (18.03.19)	Application on FRAND	Henry Carr J	Injunction granted in light of refusal to submit to a FRAND determination following finding of infringement.
Ablynx v VHSquared Ltd (29.03.19)	Jurisdiction application re-Immunoglobulins derived from camelid antibodies	Hacon HHJ	Court has exclusive jurisdiction under Art 24(4) Brussels I. **[*overturned on appeal]***
TQ Delta v ZyXEL (17.04.09)	FRAND	Birss J	Addition of further patent claims following injunction held not abusive FRAND trial to continue despite D waiving reliance on FRAND undertaking. **[*overturned on appeal]***

IPCom v Vodafone (10.05.19)	Application for speedy trial in FRAND case.	Birss J	Refused but warnings given re-failure to undertake to take a licence settled by UK Court.
Evalve Inc & Abbott v Edwards (03.06.19)	Interim injunction on cardiac medical device	Henry Carr J	Interim injunction refused.
Coloplast v Salts Healthcare (31.07.19)	Application for stay pending EPO proceedings	David Stone	Application refused.
Vestel v Philips (21.10.19)	Jurisdiction application concerning claim by implementer to bring a FRAND declaration in the UK against the patentee.	Hacon HHJ	Application granted. Court has no jurisdiction.
Philip Price v Flitcraft (12.09.19)	Contempt application	Douglas Campbell QC	Application allowed in part. D given opportunity to purge his contempt
IPCom v Lenovo (08.11.19)	Application to restrain Californian antisuit proceedings	Hacon HHJ	Application granted.
IPCom v Xiaomi (12.11.19)	Application for interim relief in a FRAND case. Pending patent expiry and no undertaking to	Hacon HHJ	Application refused.

	take a FRAND licence.		

PRINCIPAL COURT OF APPEAL
PATENT CASES 2019

Conversant v Huawei (30.01.19)	Jurisdiction challenge to global FRAND determination	Floyd LJ (Flaux & Patten LJ agreed)	Appeal dismissed.
TQ Delta v ZyXEL (18.07.19)	Effect of unilateral disclaimer of reliance on FRAND undertaking	Floyd LJ (Lewison LJ agreed)	Appeal allowed
Anan Kasei v Neo Chemicals (09.10.19)	Appeal concerning ceric oxide used for purifying vehicle exhaust gases	Floyd and Lewison LLJ (Jackson LJ agreed)	Patent appeal dismissed. Procedural appeal allowed.
L'Oreal v Liqwd Inc (18.11.19)	Appeal concerning formulation to prevent or reduce damage to hair during hair lightening.	Arnold & Davis LLJ (McCombe LJ agreed)	Appeal dismissed
Ablynx v VHSquared (10.12.19)	Appeal against finding that English Court had exclusive jurisdiction	Lewison LJ (Newey & Asplin LJ agreed)	Appeal allowed. Action stayed pending Belgian action.
Philips v ASUSTEK & HTC (17.12.19)	Appeal in FRAND technical trial. Arnold J held 2 patents valid and one invalid.	Floyd LJ	All three appeals dismissed.

PATENT SUPREME COURT JUDGMENTS 2019

Actavis v ICOS (27.03.19)	Appeal against finding that dosage regime was obvious. Consideration of obvious to test	Lord Hodge (Lady Hale, Lords Kerr, Sumption and Briggs agreed)	Appeal dismissed.
Shanks v Unilever (23.10.19)	Appeal against findings on inventor compensation.	Lord Kitchin (Lady Hale and Lords Reed, Hodge & Black agreed)	Appeal allowed. £2million awarded.

A COLLECTION OF STARTERS

APPROACH TO ADDED MATTER

Novartis v Dr Reddy's (Birss J)

1. This is an application for an interim injunction relating to European Patent UK number EP 2, 269, 603 entitled "Treatment of breast tumors with a rapamycin derivative in combination with exemestane". The patent's earliest claimed priority is from a British filing on 19th February 2001. It was granted following an application having been filed on 18th February 2002 and published under the PCT as WO 02/066019 on 29th August 2002. The grant is 20th May 2015. Claim 1 of the patent is in this form:

> "40-O-(2-hydroxyethyl)-rapamycin in combination with exemestane for use in the treatment of hormone receptor positive tumor, wherein in the hormone receptor positive tumor is a breast tumor."

4. In June 2018, the Opposition Division of the European Patent Office heard and determined opposition proceedings brought by a number of generic pharmaceutical companies against the patent. The proceedings were brought on various grounds, including lack of novelty, lack of inventive step and added matter (contrary to Art 123(2) EPC). The written decision was given in September 2018. The Opposition Division held that claim 1 as granted, which was the main request before the OD, was invalid for added matter. The patentee has appealed and contends in its grounds of appeal that claim 1 is valid and that the decision is wrong.

7. Dr. Reddy's' position on this application is that the patent is invalid for the reasons given by the Opposition Division. It intends to launch everolimus after 17th January and its case is that this would not be an infringement of the patent because the patent is invalid.

10. The sole attack on validity in the defendant's Grounds of Invalidity is based on added matter. The plea is that the combination claimed in claim 1 is not disclosed in the application as filed.

11. The patentee brought an application for interim injunction and the defendant responded with an application for summary judgment on its Counterclaim for revocation. […]

13. When the hearing was called on, I explained to the parties that I had formed a provisional but clear view that there was no added matter and that therefore the patent was valid. I asked counsel if I should dismiss the Counterclaim and give judgment on the claim now. Counsel for Dr. Reddy's explained that although his client had applied for summary judgment, the patentee had not sought summary judgment the other way round and that while he was arguing his case based on accepting for the purposes of the hearing Professor Johnston's evidence, that did not mean there was not more he might wish to say at trial, particularly if his clients saw my reasons for the view I had expressed. He submitted I should not rule now that the patent was valid but he accepted, I should say rightly in my judgment, that if that did remain my view, it might well have a significant bearing on any question of an interim injunction.

14. I accepted counsel's submission that I should not give judgment on the claim right now, so I heard counsel for Dr. Reddy's on his case that the patent was invalid. After hearing counsel, I decided that there was no arguable case that the patent was invalid on the ground pleaded on the materials available to the court today. The reason for that will be explained in more detail in a moment. But listening to the arguments, I formed the clear view that based on those arguments there was no added matter.

15. It was no part of Dr. Reddy's case before me that something else would emerge at trial that might change that. I will not prevent Dr. Reddy's from bringing forward at trial any facts, evidence or arguments they wish to in the light of this judgment. However at this stage I am not persuaded there is an arguable case that the patent is invalid. Therefore, given the state of the pleadings, there is no arguable case in favour of the defendant on the merits of the claim at all.

28. Dr. Reddy's also referred to the European Patent Office's case-law textbook in its current edition and to paragraph 1.4.2 of section II.E.1 about Article 123(2) EPC. This section is headed "Selection from two lists and deletion of elements from two

lists". Mr. Abrahams referred to the first two paragraphs of that which deal with the principle which is applied in the EPO that selecting items from two lists means that a claim may contravene Article 123(2).

29. It is notable that there is no UK case that I am aware of, or to which I have had my attention drawn by either party, that puts the principle applicable in relation to added matter in quite the way it is described in paragraph 1.4.2 of the textbook. There is a danger of taking a rather too rigid approach if one looks at it in that way. The two list cases may well be examples of cases in which there is added matter. I am sure many of them are. But it seems to me that the better approach, at least in this jurisdiction, is to focus on the application of the legal test itself. I do not accept that, as a general statement, it is true that a teaching which consists of a combination of two individualised lists, in other words two lists of individualised members, necessarily means that that combination is now to be treated as an un-individualised generic disclosure. I do not believe that is what Dr. Reddy's submission of law was, but if it had been I would have rejected it. Every case has to be decided on its own particular facts and I turn to those facts.

45. Looking at the document as a whole, it comes down to this. First, the document teaches the idea of combining R&D compounds with aromatase inhibitors to treat the breast cancer indication. It discloses exemestane as one of the aromatase inhibitors you might select to be in that combination for that indication. Second of all, it teaches Compound A (that is everolimus) as the paradigm rapamycin derivative to choose from the R&D compounds in general. It is not a question of selecting Compound A from a list or a lack of an individualised disclosure of Compound A. Therefore, it seems to me that there is disclosure of everolimus combined with exemestane to treat breast cancer. That is not new information. It is something that is disclosed in the document. It is not at all the only thing disclosed, but it is one of the things which is individualised by this document. It would be no undue advantage, in my judgment, to claim that combination.

46. For this reason, I disagree with the decision of the Opposition Division. Their decision appears to take an unduly technical approach which has lost sight of the disclosure of the document as a whole and has also lost sight of the prominence of Compound A in it.

APPLICATION OF DOCTINE OF EQUIVALENTS

Regen Lab v Estar (Hacon HHJ)

214. The first point to note from *Jushi* and *Smith & Nephew* is that the approach to claims containing one or more numerical limits (hereafter for brevity referred to as 'numerical claims') is no different to that applicable to any other claim. I do not believe that *Actavis* has changed that. It seems to me that the second to fifth points of relevance set out in *Smith & Nephew* will arise when assessing the normal construction of the claim. (The first raises questions which I need not consider here.)

218. It seems to me that in principle it is possible to conclude that as a matter of normal construction a numerical limit cannot be stretched to cover the accused product or process, but that the variant has a numerical value sufficiently equivalent to that defined in the claim such that the variant falls within its scope. Whether or not this is the case will depend on the application of the revised *Improver* questions.

222. Thus, the distinction between the invention as a whole and the inventive concept matters. The invention is that which is claimed, see s.125(1) of the Patents Act 1977 . I take the inventive concept or core of the invention to be the new technical insight conveyed by the invention – the clever bit – as would be perceived by the skilled person. This will be assessed by reference to the specification and the evidence.

226. The Defendants' case on non-infringement was:

- (1) the thixotropic gel of their product was not polyester-based; and
- (2) the buffered sodium citrate solution was at 0.136M, not 0.1M as required in claim 1.

227. In response, Regen argued that the Defendants' thixotropic gel *was* polyester-based, although this argument was pursued only briefly in Regen's closing written submissions and not at all orally. The molarity of the Defendants' buffered sodium citrate was accepted.

231. I accept Dr Darren's evidence. I find on the balance of probabilities that the Defendants' gel was not polyester-based

235. I would identify the inventive concept of claim 1 (still including the use limitation) as the preparation of PRP for solely therapeutic use by employing a thixotropic gel wherein (a) there is only one centrifugation and (b) after centrifugation about half the supernatant is removed and the platelets are then re-suspended in the enriched plasma.

236. As indicated above, the Defendants' variant process has two differences from that claimed: the gel is not polyester-based and the buffered sodium citrate is of a different molarity.

242. Taking the two differences in sum, I find that the inventive concept of claim 1 is exploited in substantially the same way to achieve substantially the same result if the process uses a non-polymeric thixotropic gel of the type used by the Defendants and the sodium citrate anticoagulant has a molarity of 0.136 instead of 0.10

252. The evidence indicated that the molarity of the sodium citrate is not essential to the inventive concept and would not have been so regarded by the skilled person at the priority date. That being so, it seems to me that the third question would only be answered yes if there had been a sufficiently clear indication to the skilled person that strict compliance with the figure of 0.10M was intended. In the present case anyway, I think that could only have come from the patent specification or something in the skilled person's common general knowledge. There was no such indication.

253. There remains the possibility that the prosecution history restricts Regen's room for manoeuvre in relation to the scope of the claim, considered next. Subject to that, in my judgment the answer to the third *Improver* question is no.

256. In my view the prosecution history has no effect on the scope of claim 1.

See also Eli Lilly v Genentech (Arnold J):

294. There is no dispute as the legal principles to be applied. The claim must be given a "normal" interpretation: *Actavis* UK *Ltd v Eli Lilly & Co [2017] UKSC 48, [2017] RPC 21* at [54], [58] (Lord Neuberger) This means a "purposive" interpretation, that is to say, an interpretation which takes into account the purpose of the Patent, which is to describe and claim an invention to a person skilled in the art: *Icescape Ltd v Ice-World International BV [2018] EWCA Civ 2219* at [60] (Kitchin LJ, as he then was) and [96] (Floyd LJ). As HHJ Hacon sitting as a High Court Judge pointed out in *Regen Lab SA v Estar Medical Ltd [2019] EWHC 63 (Pat)* at [202]-[207], it is no longer necessary to take equivalents into account in such an interpretation, because it is now possible for a patentee to contend that a patent has been infringed by virtue of the doctrine of equivalents even if it is not infringed when the claims are given a normal interpretation.

National CGK

N.B Hacon HHJ also followed Arnold J in *Generics v Warner Lambert* [2015] EWHC 2548 (himself referring to the question posed by Floyd J in *Teva v Merck* [2009] EWHC 2952) that the relevant matter must be shown to have been CGK in the UK at the relevant time, although he also considered the matter more broadly in case that was wrong.

PLAUSIBILITY

Eli Lilly v Genentech (Arnold J)

The law

523. The law has recently been considered by the Supreme Court in *Warner-Lambert Co LLC v Generics (UK) Ltd [2018] UKSC 56* . The Court divided 3:2 on this issue. The judgment of the majority was given by Lord Sumption. That case was concerned with a second medical use claim in Swiss form of a known pharmaceutical. The present case is concerned with a first medical use, given that the claimed antibodies were not known, although there are claims framed as second medical use claims both in Swiss form (purpose-limited process claims, namely claim 12 and 20) and in EPC2000 form (a purpose-limited product claim, namely claim 22). There is no dispute that the

guidance given by Lord Sumption is applicable, although Genentech contends that it is necessary when applying it to bear in mind the different context. I accept that.

524. Lord Sumption began at [17] with the fundamental principle that, as it was put by the Board of Appeal of the EPO in T 409/91 *Exxon/Fuel oils [1994] OJ EPO 63* at [3.3] and [3.4] that "the extent of the patent monopoly, as defined by the claims, should correspond to the technical contribution to the art", that is to say, "the patent monopoly should be justified by the actual technical contribution to the art". As he observed, the requirements of novelty, inventive step, industrial applicability and sufficiency are all, in one way or another, directed to ensuring that this principle is satisfied.

525. At [19]-[20] Lord Sumption noted that the problem with interpreting the requirement of sufficiency in the context of a second medical use claim as merely requiring the disclosure of the new purpose was that "it would enable a patent to be obtained on a wholly speculative basis". Importantly for the present context, he said at [22]:

> "The Court of Appeal's reference to 'armchair inventors' suggests that what they meant by speculative claiming was claiming by persons who had done nothing new or inventive at all but had simply sought to patent abstract possibilities. That may well be a particular risk in the case of patents for new uses of known compounds, especially when they are commercially successful in their existing use. In reality, however, speculative claiming of this kind is simply one of a number of ways in which a patentee may attempt to claim a monopoly more extensive than anything which is justified by his contribution to the art. Other ways in which this can happen include claiming a monopoly wider than the disclosure in the patent can support. An over-broad claim will not necessarily be speculative. The inventor may really have invented something corresponding to the full breadth of the claim. Research may subsequently demonstrate this. But the claim will still exceed his contribution to the art if that contribution is not sufficiently disclosed in the patent"

526. From [23]-[35] Lord Sumption reviewed the case law of the Boards of Appeal, where, as he explained, the concept of plausibility had originated "as a response to over-broad claims".

527. At [36] Lord Sumption disagreed with the Court of Appeal's statement of the effect of the plausibility test, saying:

"The principle is that the specification must disclose some reason for supposing that the implied assertion of efficacy in the claim is true. Plausibility is not a distinct condition of validity with a life of its own, but a standard against which that must be demonstrated. Its adoption is a mitigation of the principle in favour of patentability. It reflects the practical difficulty of demonstrating therapeutic efficacy to any higher standard at the stage when the patent application must in practice be made. The test is relatively undemanding. But it cannot be deprived of all meaning or reduced … to little more than a test of good faith."

528. Lord Sumption went on at [37] (emphases and line breaks added):

"Plausibility is not a term of art, and its content is inevitably influenced by the legal context. In the present context, the following points should be made.

First , the proposition that a product is efficacious for the treatment of a given condition must be plausible.

Second , it is not made plausible by a bare assertion to that effect, and the disclosure of a mere possibility that it will work is no better than a bare assertion. ….

But, **third** , the claimed therapeutic effect may well be rendered plausible by a specification showing that something was worth trying for a reason, ie not just because there was an abstract possibility that it would work but because reasonable scientific grounds were disclosed for expecting that it might well work. The disclosure of those grounds marks the difference between a speculation and a contribution to the art. This is in substance what the Technical Board of Appeal has held in the context of article 56, when addressing the sufficiency of disclosure made in support of claims extending beyond the teaching of the patent. In my opinion, there is no reason to apply a lower standard of plausibility when the sufficiency of disclosure arises in the context of EPC articles 83 and 84 and their analogues in section 14 of the Patents Act . In both contexts, the test has the same purpose.

Fourth , although the disclosure need not definitively prove the assertion that the product works for the designated purpose, there must be something that would cause the skilled person to think that there was a reasonable prospect that the assertion would prove to be true.

Fifth , that reasonable prospect must be based on what the TBA in *SALK* (para 9) called 'a direct effect on a metabolic

> mechanism specifically involved in the disease, this mechanism being either known from the prior art or demonstrated in the patent per se.'
>
> **Sixth** , in *SALK* , this point was made in the context of experimental data. But the effect on the disease process need not necessarily be demonstrated by experimental data. It can be demonstrated by *a priori* reasoning. For example, and it is no more than an example, the specification may point to some property of the product which would lead the skilled person to expect that it might well produce the claimed therapeutic effect; or to some unifying principle that relates the product or the proposed use to something else which would suggest as much to the skilled person.
>
> **Seventh** , sufficiency is a characteristic of the disclosure, and these matters must appear from the patent. The disclosure may be supplemented or explained by the common general knowledge of the skilled person. But it is not enough that the patentee can prove that the product can reasonably be expected to work in the designated use, if the skilled person would not derive this from the teaching of the patent."

529. At [40] Lord Sumption added:

> "The question is not whether [the medicament] works but whether the contribution to the art consisting in the discovery that it can be expected to work has been sufficiently disclosed in the patent. The inherent difficulty of demonstrating this before clinical trials is taken into account in the modest standard (ie plausibility) which is applied to test it. … This does not mean that subsequent data is never admissible in a dispute about sufficiency, but the purpose for which it is admitted is strictly limited. Where the asserted therapeutic effect is plausible in the light of the disclosure in the patent, subsequent data may sometimes be admissible either to confirm that or else to refute a challenger's contention that it does not actually work… But it cannot be a substitute for sufficient disclosure in the specification."

530. As counsel for Genentech pointed out, there is no reference in any of the judgments of the Supreme Court to the previous decision of the Supreme Court on plausibility in *Human Genome Sciences Inc v Eli Lilly and Co [2011] UKSC 51, [2012] RPC 6* given just seven years previously, even though it was applied by the lower courts and even though it was cited in argument. The legal context of *HGS* was different in that the issue was that of industrial applicability. As Lord Sumption said, however, the fundamental principle is the same. Counsel for Genentech submitted that the test laid

down in *Warner-Lambert* was the same as that in *HGS* , and that *HGS* was of assistance in applying that because, like the present case, it was concerned with a new member of a known family.

531. In my judgment, I am bound by the law as stated in *Warner-Lambert* . As Lord Sumption acknowledged, the application of the requirement of plausibility depends on context. I accept that, in applying the principles laid down by *Warner-Lambert* to the facts of present case, it is necessary to take into account the fact that the Patent concerns a new (at least in the sense of being newly found to exist in humans) member of a known family. I do not accept that this requires any modification of those principles, if that is what counsel for Genentech was suggesting.

Basing an SPC on a Third party MA – "SPC Squatting"

Eli Lilly v Genentech (Arnold J)

43. In my judgment the law on this issue is not clear. In my opinion the policy arguments recognised by the CJEU in *Eli Lilly* and *Teva CJEU* and by the national courts in *Novartis v MedImmune* and *Sandoz v Searle* support Lilly's interpretation. This interpretation is also supported by Jens Schovsbo, Ulla Callesen Klinge and Timo Minssen, "Reap what you sow! But what about SPC squatting?" [2018] JIPLP 569, although the authors opine that reliance upon a third party MA should be permissible in some circumstances. The arguments advanced by Genentech cannot lightly be dismissed, however.

44. Accordingly, I consider that a question should be referred to the Court of Justice along the following lines:

"Does the SPC Regulation preclude the grant of an SPC to the proprietor of a basic patent in respect of a product which is the subject of a marketing authorisation held by a third party without that party's consent?"

By Order of 5 September 2019 the CJEU rules that the request was inadmissible as it was not necessary because the basic patent had been held to

be invalid. Arnold LJ did not entertain further argument on the issue leaving it if necessary for appeal [Judgment at [2019] EWHC 3260].

Approach to translations

Illumina v TDL Generics (Arnold J)

118. It was common ground between counsel that what mattered was how the original Japanese would be understood. I am doubtful that this is correct, since the skilled person is located in the United Kingdom: see *Generics (UK) Ltd v Warner-Lambert Co LLC [2015] EWHC 2548 (Pat), [2016] RPC 3* at [124]. It seems to me that it follows that the skilled person is deemed to read Ikeda in English translation. This point probably does not matter, however, since, even if it is the meaning of the Japanese that is determinative, an English court must rely upon a translation in order to appreciate that meaning. Either way, it is important that the translation should be as accurate as possible.

119. The next point to note is that translation is a form of expert evidence: see *Sobrinho v Impresa Publishing SA [2015] EWHC 3542 (QB)* at [3] and [23]-[24] and *Umeyor v Ibe [2016] EWHC 862 (QB)* at [38].

120. As Warby J pointed out in the first of these cases, it follows that the court's permission is required to adduce such evidence under CPR Part 35 . If a translation of a document is agreed, it is common for it to be relied upon without any formal order of the court giving permission, although in such a case the position could readily be formalised by an order giving permission for a single joint expert to give written evidence consisting of the agreed translation. (A similar approach could be applied to interpreters, while in the case of translations of affidavits and witness statements, it is arguable that the requisite permission is supplied by Practice Direction 32 paragraphs 10.2 and 23.2.) In the event of a dispute as to translation, however, permission must

be sought and obtained to adduce expert evidence from translators. This was duly done in the present case.

121. As Warby J pointed out in both of the decisions cited above, it also follows that, in order for translation evidence to be admissible, the translator(s) must be appropriately qualified. I would add that, in the event of dispute, the qualifications of the rival translators will go to weight in the same way as the qualifications of any other expert do.

122. It is common practice for translations to be "certified", that is to say, for the accuracy of the translation to be vouched for by the translator in a brief certificate. In my view it follows from the points discussed above that the certificate should be in the name of, and signed by, the translator who made the translation. In effect, it is a form of expert report. (In other words, a certificate signed only by a manager of a translation agency which employed the translator is not acceptable.) If it is anticipated that the translation will be agreed, then no doubt the full rigour of an expert's report the form and content of which comply with Part 35 , Practice Direction 35 – Experts and Assessors and the Guidance for the Instruction of Experts to Give Evidence in Civil Claims (including in particular details of the translator's qualifications) may be dispensed with. In the event of dispute, however, reports which comply with these requirements will be needed. The reports in the present case did so.

ARROW DECLARATIONS – NO UK PATENTS

Pfizer v F-Hoffmann La Roche (Birss J)

118. If today there were pending UK applications in any of the families, this would be a plain case for an *Arrow* declaration and I would go on to examine the merits of the *Gillette* defences in detail. However given the complete absence of the possibility of UK rights in future, the reality is that the commercial value of an *Arrow* declaration to Pfizer is the utility it might have (along with a reasoned judgment) in helping Pfizer defend itself against suits brought by Roche in other European countries. This case is unlike *FujiFilm* in that in relation to bevacizumab there is no outstanding uncertainty at all relating to UK rights. Pfizer does not need the Patents Court to tell it or anyone else that it can freely sell bevacizumab in this country without risk from the Roche patent families.

119. There is uncertainty relating to the UK market but that derives from the fact that the goods are to be supplied from a separate jurisdiction (Belgium) in which the uncertainty remains. Now what Pfizer really wants is a UK judgment so as to use it in Belgium. In *Deutsche Bank* the issue which was to come before the foreign court was about a UK contract and UK law and so the UK court was naturally in a better position than a foreign court to rule on such a point, and so obtaining a ruling here to use abroad was not forum shopping. However the position here is different because the issue which will come before the Belgian court (if it ever does) will be about a Belgian patent and Belgian law. The fact that a Belgian court would take a judgment of this court into account does not alter the fact that the UK courts are in no better position to rule on those points of the patent law. It is true that under the EPC we apply the same law in Belgium and in the UK but that is not a sufficient justification for embarking on the exercise of deciding the technical issues.

120. What will happen in Belgium is likely to affect the UK market but that is only because of the local effect in Belgium of a Belgian designation of the European patent. It is nothing to do with any UK legal right.

121. Another way a declaration could be useful would be to assist settlement. That can often be a useful factor, and I think it probably applies in this case, but on these facts it is not enough to make a difference.

122. When the action began it was not forum shopping at all. There were pending UK applications which provided a basis for considering an *Arrow* declaration. However now they have gone. There might have been other factors which justified *Arrow* relief such as arose in *Fujifilm* but on examination in this case, there are not. There is no evidence of uncertainty about UK patent rights. The true purpose of an *Arrow* declaration in this case would be for it to be used in foreign courts. I am not persuaded that that is enough.

Conclusion

123. Irrespective of the merits of the *Gillette* defence claimed by Pfizer in this case, I would not grant an *Arrow* declaration. Accordingly I will not examine the merits of

the *Gillette* defence in any detail because to do so would be tantamount to doing the very thing I have decided not to do.

WHAT NEEDS TO BE ENABLED FOR NOVELTY?

TAKEDA V HOFFMANN-LA ROCHE (Birss J)

118. […] The issue of law between Roche and Takeda concerned what exactly it was which had to be disclosed and enabled. The issue is really about enablement. Roche contended that for anticipation what had to be enabled was the very thing disclosed in the prior art. It argued that this was supported by decisions of the Boards of Appeal of the EPO and the summary in the EPO's Case Law textbook (2016 edition). Although the cases in which the point had been decided were about prior use, Roche submitted the same principle applied to documentary prior art. Roche also argued that if all the skilled person could produce was something different from the prior art then that was a matter to be addressed under the lack of inventive step, it was not concerned with novelty. Takeda did not agree with the basic submission and argued that as long as the prior art enabled the skilled person to produce something within the claim, the claim would be anticipated. Takeda argued that *Synthon* was authority for its case and to the extent they were inconsistent, the EPO decisions were wrong.

120. To take an extreme example, assume a product is freely on sale and anyone who wants it can buy as much of it as they like and assume also that for some reason it was not possible for the person skilled in the art (without undue burden) to analyse it sufficiently in order to be able to reproduce it for themselves. In that case this line of authority means that the product is not part of the state of the art. It could be patented by a future patent. Of course the future patent would have to contain an enabling disclosure which allowed the public to make the product.

121. Although I have often wondered if the law could have taken a different line – since if the product really is freely available in as large a quantity as anyone would want and no-one actually needs to make it themselves, one might say it had been "made available to the public" (Art 54(2)) – it is clear that that is not the law. […]

122. However the question then arises about what it means to say that the skilled person must be able to reproduce the product. The EPO cases have explored the extent of the requirement for "reproduction". How exact must the reproduction be? […]

125. […] The term "reproduce" could be read as referring to each and every characteristic of a product whether claimed or not but the words are also apt to cover a case in which the skilled person can discover enough about the composition of a product to be able to reproduce that without undue burden. If they can do this then one might have thought that information about the composition would be part of the state of the art and a patent claim covering a product with that composition would lack novelty. After all, as has been recognised since the EPC began, the purpose of the law of novelty is to prevent the state of the art from being patented again (T12/81 Bayer/Diastereomers). The fact that other characteristics of a product could not be determined or reproduced does not suddenly mean that no information about the composition at all had been put into the state of the art by the prior use.

126. Of course if the inability to determine a feature of the product or the inability to reproduce it, prevented the skilled person from making their product at all then the product has not been enabled at all. That is a different issue. However if the feature which cannot be reproduced has nothing to do with the invention and does not prevent a skilled person from making something which, from their point of view, is the product of the prior art for all practical purposes, then I do not see why its absence is relevant.

127. Roche also argue that this principle applies to documents too. So it is argued that the three cited prior art documents are not enabling disclosures, not because a skilled person could not make their own version of what is described in the document, but because that version would not be identical to the thing which was being referred to in that document. Roche contends that this follows from the cases on prior use.

128. I do not accept Roche's submission either about prior use or prior disclosure. I will start with prior use.

130. In my judgment the correct approach to prior use is as follows. The requirement of enablement is that whatever has been disclosed must be something the skilled person can use to produce a practical result (see *Synthon* paragraph 31 referring to Lord Reid in *Van der Lely v Bamfords [1963] RPC 61* and also *Synthon* paragraphs 20 and 31 referring to Lord Westbury in *Hill v Evans (1862) 31 L.J. Ch (NS) 457*). In other words, in the case of a prior use, as long as the information the skilled person can obtain by analysing the old product is enough to enable the skilled person to put it to practical use by making their own version of that product, that second version is part of the state of the art and a patent claim which covers it would lack novelty. The fact the TOV- product was not identical with the old product in every particular would not matter as long as those differences did not take it outside the claim. Also, if the skilled person cannot make their own version of the old product at all then the claim would be novel.

131. After all, what if the skilled person can analyse the old product to their satisfaction and can make the TOV-product based on that information and, as far as the skilled person is concerned the two are identical. One might think a later patent should not be able to claim the product. But the logic of the argument would be that that answer would change if it later emerged that there was a characteristic of the old product, entirely irrelevant to the claim, but which was not known about and which meant that the old- product and the TOV product were actually different from one another. That does not make sense. Now it might be said that the outcome is different then because the feature was one the skilled person did not know to look for, but I do not see why that is a justification.

132. The problem is made worse by the fact that the claims in this case, although they are product claims, are not claims to a simple chemical compound. Strictly speaking the claims are to populations of antibodies. Some of the antibodies in the population can be a-fucosylated, and yet the population as a whole falls within the claim. But it is unrealistic to think that one can "reproduce" a prior art population of antibodies down to counting individual molecules. It cannot be that a prior antibody product – which is a population – is incapable of being part of the state of the art because there will always be a level of detail at which one can distinguish between the old-product and

the TOV- product. The answer, as it seems to me, is that the relevant place to draw the line is and can only be the claimed features. This is not a criticism of the claims, far from it. But it illustrates why the principle ought not to be as Roche contends it to be.

133. Another way of looking at this is to consider what is disclosed by a prior use. Take facts similar to T 2045/09 . If at the priority date the skilled person can fully analyse the amino acid sequence of an antibody and could reproduce that amino acid sequence without undue burden by making an antibody with it, then that amino acid sequence has been disclosed and enabled and is therefore part of the state of the art. A claim which covered a product with that amino acid sequence would be patenting the prior art. It ought to lack novelty. If the skilled person could not determine the glycosylation pattern of the antibody then an antibody with that glycosylation pattern has not been disclosed. Even if they could characterise the glycosylation pattern, if the skilled person could not make an antibody with the same amino acid sequence and the same glycosylation pattern, then an antibody with the relevant glycosylation pattern has not been enabled. Either way it is not part of the state of the art and a claim to the antibody, limited to the glycosylation pattern, would be novel.

134. The same approach applies to documents. If a document published an amino acid sequence of an antibody and if the skilled person could make an antibody with that amino acid sequence, then a claim to that amino acid sequence lacks novelty. The fact that the document states that the amino acid sequence is of an antibody called "Antibody A" makes no difference. Nor does it matter that "Antibody A" will have had a particular glycosylation pattern which is unstated in the document and which a skilled person might never be able to reproduce because they can never know what it was. This makes no difference to the disclosure of the amino acid sequence as long as that disclosure is enabling.

135. None of this is concerned with inventive step. A different case would be if what was enabled by the prior disclosure did not inevitably fall within the later claim, then the question of obviousness would arise. It is true to say, as Takeda does, that a claim will lack novelty as long as the prior art enables the skilled person to produce something within the claim, provided one is careful about what enablement refers to. It refers to enablement of whatever is disclosed in the prior art. It does not mean that a claim would lack novelty just because a person could or would make something within the

claim armed with the knowledge of the prior art. That would be a question of obviousness.

154. Turning to enablement, the facts are simple enough. The skilled person (team) could not, and would know they could not, make the very same antibody as is labelled Anti-D1 in Bihoreau. No amino acid sequence data is given for antibody Anti-D1, not any details of the expression vector and particular clone of CHO-DG44. A skilled person who wanted to make the very antibody Anti-D1 would not be able to do so. It is simply impossible.

155. Roche contended that means claim 1 is novel. I do not agree. In my judgment that is too narrow an approach to novelty as a matter of law, for the reasons already expressed above.

156. Another way of looking at the facts is also simple enough. Bihoreau discloses the idea of an antibody with somewhere between 99% and 100%. It is an enabling disclosure because, for the reasons given the common general knowledge section above, a skilled person given that disclosure is able to make such a thing without an undue burden. They would express the sequence in CHO-DG44 cells (referred to expressly in Bihoreau). A skilled team seeking to make their own version of Anti-D1 would make a number of subclones and screen them for the same fucose and galactose content as reported in Table 1 for Anti-D1. It would be a great deal of work and it would not be identical to the antibody which the authors of Bihoreau but from all the evidence in this case it is clear that a skilled team seeking to make their own version of Anti-D1 would succeed. The TOV-product would fall within claims 1, 2 and 3.

157. The question is whether this means the claims lack novelty or whether this analysis means the claim is novel albeit there might (or might not) be a strong obviousness case. In my judgment these facts do show that claims 1, 2 and 3 lack of novelty. The reason why is that Bihoreau expressly discloses the idea of an antibody with that amount of fucose. It is not inevitable that a single clone would produce 99-100% fucose but that does not matter. The skilled person knows what is disclosed and knows how to make it by carrying out nothing other than routine work. The contrast is with the amounts of NGNA or ?-Gal. Bihoreau says nothing about those and so the test of inevitability must apply to them. To deprive the claim of novelty in relation to the levels of NGNA or ?- Gal, the skilled person is not following a teaching in

Bihoreau. It might be obvious to make sure those levels are low but that would not satisfy the test for novelty. The reason the test for novelty is satisfied for those two levels is because it is to all intents and purposes inevitable that expressed in CHO DG44 cells the levels of NGNA or α-Gal will be within the claims.

158. I conclude claims 1, 2 and 3 lack novelty over Bihoreau.

THE MAIN COURSE

OBVIOUS TO TEST

Actavis v ICOS [2019] UKSC 15

Summary

105. The balance or symmetry in patent law and the pre-established or at least readily foreseeable target of the skilled team's tests hold the key to the resolution of this dispute. The Daugan patent is ex hypothesi valid and it is not in dispute that it discloses an invention—that is the use of tadalafil in the treatment of ED—in a manner which enables the skilled person to perform it as section 14(3) of the 1977 Act requires. The task which the notional skilled team would undertake was that of implementing Daugan. The target of the skilled team would be to ascertain the appropriate dose, which would usually be the lowest effective dose. The skilled team would know of that target from the outset of its research. The pre-clinical and clinical tests involved familiar and routine procedures and normally progressed to the discovery of the dose-response relationship in Phase IIb. In this case the trial judge's findings of what would have been the sequence of the tests, which did not depend upon hindsight, included the finding, which the evidence clearly justified, that the

team, having found a therapeutic plateau, would be very likely to test lower doses and so come upon the dosage regime which is the subject matter of the patent. For the reasons which I have given above, I am satisfied that the Court of Appeal was entitled to interfere with the trial judge's assessment of obviousness and to hold that the 181 patent was invalid for lacking an inventive step.

2. The appeal raises two principal questions. The first relates to the application of the obviousness test to a dosage patent and the second is concerned with whether the Court of Appeal was entitled to reverse the judgment of the judge at first instance on that question in the circumstances of this case.

12. The trial judge found that it had not been established that the skilled team would always seek to identify the minimum effective dose for a given drug. It might be sufficient to know that the minimum effective dose was somewhere in a range. In the context of ED, there was no agreed definition of a minimum clinically relevant effect and this had a bearing on the judge's reasoning in relation to obviousness. Identification of the minimum effective dose depends on a value judgement, as the skilled team would know. The primary task of the skilled team was and is to make safe, tolerable and effective medicines.

50. Mr Waugh's challenge to the judgment of the Court of Appeal can be boiled down to one central submission: the statutory question in section 3 of the 1977 Act is whether the claimed invention was obvious at the priority date. This straightforward approach to the assessment of obviousness, he submitted, required the court to look at the invention set out in the relevant claim or claims of the patent and ask itself whether that asserted invention was obvious to the notional skilled but uninventive team at the priority date having regard to the state of the art at that date. Therefore, the question which the Court of Appeal should have asked was whether at the priority date, before the skilled team embarked on its investigation, it was obvious in the light of Daugan, and without knowledge of the alleged invention, that a 5mg per day dose of tadalafil would be a safe and effective treatment, with minimal side effects, for sexual dysfunction.

52. I am not persuaded that the law adopts the extreme position of either submission. Lilly's approach would require the court to disregard the work which a skilled person

would carry out after the priority date in order to implement the teaching of the Daugan patent

59. The notional skilled person, while having the compendious knowledge of the state of the art which section 2(2) requires, has no inventive capacity. But that does not mean that the skilled person has no skill to take forward in an uninventive way the teaching of the prior art. In this case the notional skilled team comprises the clinical pharmacologist and the clinician specialising in urology (para 17 above). That notional team is treated as exercising the professional skills of its members in responding to the teaching of the Daugan patent. It follows that uninventive steps which the skilled team would take after the priority date to implement the Daugan patent are not excluded from consideration in assessing the obviousness of the alleged invention at the priority date.

63. In *Conor Medsystems Inc v Angiotech Pharmaceuticals Inc [2008] 4 All ER 621* , para 42, Lord Hoffmann endorsed the fact-specific approach which Kitchin J set out in *Generics (UK) Ltd v H Lundbeck [2007] RPC 32* , para 72 where he stated:

> "The question of obviousness must be considered on the facts of each case. The court must consider the weight to be attached to any particular factor in the light of all the relevant circumstances. These may include such matters as the motive to find a solution to the problem the patent addresses, the number and extent of the possible avenues of research, the effort involved in pursuing them and the expectation of success."

Kitchin J's list of factors is illustrative and not exhaustive. Another factor which needs to be considered in the present case is the routineness of the research. Much of the interest and controversy which the Court of Appeal's judgment has generated relates to how people have understood or misunderstood the significance which that court has attached to the routine nature of the pre-clinical and clinical research which I have described. Again, I discuss this below: paras 102–104.

64. Factors which are relevant considerations in the present case include the following.

65. First, it is relevant to consider whether at the priority date something was "obvious to try", in other words whether it was obvious to undertake a specific piece of research which had a reasonable or fair prospect of success. […..] there is no requirement that it is manifest that a test ought to work; that would impose a straitjacket which would

preclude a finding of obviousness in a case where the results of an entirely routine test are unpredictable. […]

66. Secondly, it follows that the routine nature of the research and any established practice of following such research through to a particular point may be a relevant consideration which is weighed against the consideration that the claimed process or product was not obvious to try at the outset of a research programme. […]

67. Thirdly, the burden and cost of the research programme is relevant. But the weight to be attached to this factor will vary depending on the particular circumstances. […]

68. Fourthly, the necessity for and the nature of the value judgements which the skilled team would have in the course of a testing programme are relevant considerations as both the trial judge and the Court of Appeal held.

69. Fifthly, the existence of alternative or multiple paths of research will often be an indicator that the invention contained in the claim or claims was not obvious. If the notional skilled person is faced with only one avenue of research, a "one-way street", it is more likely that the result of his or her research is obvious than if he or she were faced with a multiplicity of different avenues. But it is necessary to bear in mind the possibility that more than one avenue of research may be obvious. […]

70. Sixthly, the motive of the skilled person is a relevant consideration. The notional skilled person is not assumed to undertake technical trials for the sake of doing so but rather because he or she has some end in mind. It is not sufficient that a skilled person could undertake a particular trial; one may wish to ask whether in the circumstances he or she would be motivated to do so. […]

71. Seventhly, the fact that the results of research which the inventor actually carried out are unexpected or surprising is a relevant consideration as it may point to an inventive step, at least in so far as it suggests that a test was not obvious to try or otherwise the absence of a known target of the research which would make it less likely that the skilled person would conduct a test.

72. Eighthly, the courts have repeatedly emphasised that one must not use hindsight, which includes knowledge of the invention, in addressing the statutory question of obviousness. […]

73. Ninthly, it is necessary to consider whether a feature of a claimed invention is an added benefit in a context in which the claimed innovation is obvious for another purpose. […]

88. Standing back from the step-by-step analysis, it is clear that the skilled team was engaged in the familiar and routine testing of a drug to establish the appropriate dosage regime for tadalafil in order to implement the teaching of the Daugan patent. That target was never in doubt. It was obvious to embark on that exercise and carry out tests in a routine way until that appropriate dose was ascertained. Those tests included the completion of the dose-ranging studies which were the purpose of Phase IIb. The fact that tadalafil at the dose of 5mg, while remaining effective as a treatment of ED, also, and unexpectedly, had the additional benefit of reduced side effects was an added benefit which does not prevent the identification of 5mg as the appropriate dose from being obvious. The completion of the Phase IIb dose-ranging studies led to the asserted invention.

91. I am not persuaded that, in the context of a dosage patent, it is necessary for the skilled team to identify in advance of the Phase IIb tests the specific dose which is the subject of the claim. Were it otherwise, many, if not most, dosage regimes would be patentable, whether the results of the tests were surprising or not, simply because the precise doses which ultimately are specified in the claim may not be sufficiently foreseeable. In my view, the *MedImmune* requirement is met if the step-by-step approach, without the benefit of hindsight, demonstrates that the skilled team would be very likely to pursue the tests to the point at which they would ascertain the product or process falling within the claims.

93. In relation to the second submission, that the Court of Appeal's approach was in conflict with the EPO's problem and solution approach, it is important to recall Jacob LJ's words in *Actavis UK Ltd v Novartis AG [2010] FSR 18* , para 26 that no one has ever suggested that the problem-and-solution approach is the only way to go about

considering obviousness. Like the *Windsurfing* / *Pozzoli* approach, it provides a structured approach which may assist in avoiding the dangers of hindsight and may be more helpful in some cases than in others. No formula should distract the court from the statutory question: *Generics (UK) Ltd v Daiichi Pharmaceutical Co Ltd [2009] RPC 23* , para 17, per Jacob LJ.

103. […] The UK BioIndustry Association asked for guidance on the relevance in the assessment of obviousness of (a) the reasonable expectation of success as a factor and (b) the problem-and-solution approach of the EPO. It expressed concern that the judgment of the Court of Appeal might support the view that empirical research in the field of bioscience would not be seen as inventive in so far as the methods of research were well established. The IP Federation similarly expressed concern about a perceived risk that people might extrapolate from statements in the Court of Appeal's judgments that the result of routine investigations cannot lead to a valid patent claim. It expressed a particular concern about the breadth of the statement by Lewison LJ (in para 180): "in a case which involves routine pre-clinical and clinical trials, what would be undertaken as part of that routine is unlikely to be innovative." Its concern was that a simplistic adoption of this phrase as a blanket test without regard to the facts of the specific case would be contrary to the fundamental principles of patent law. I do not interpret the Court of Appeal's judgments, including Lewison LJ's statement which I have quoted, as supporting such an extrapolation. Kitchin LJ gave the leading judgment, in which he adopted a fact-specific assessment based on the facts of this case and involving the weighing up of several factors, and Floyd and Lewison LJJ agreed with his reasoning and conclusions. I do not construe the judgments of the Court of Appeal as supporting any general proposition that the product of well-established or routine enquiries cannot be inventive. If that had been what the experienced judges had said, I would have respectfully disagreed. But it is not. As Jacob LJ stated in *Actavis UK Ltd v Merck & Co Inc [2009] Bus LR 573* , para 29, there is no policy reason why a novel and inventive dosage regime should not be rewarded by a patent. A fortiori, efficacious drugs discovered by research involving standard pre-clinical and clinical tests should be rewarded with a patent if they meet the statutory tests: para 54 above.

The Appellate function

78. […] Where inferences from findings of primary fact involve an evaluation of numerous factors, the appropriateness of an intervention by an appellate court will depend on variables including the nature of the evaluation, the standing and experience of the fact-finding judge or tribunal, and the extent to which the judge or tribunal had to assess oral evidence [..].

79. An experienced patent judge faced with a challenge to a patent on the ground of obviousness, and who has heard oral evidence including cross-examination, carries out an evaluation of all the relevant factors, none of which alone is decisive but each of which must be weighed in the balance in reaching a conclusion. In *Biogen Inc v Medeva plc [1997] RPC 1* , 45, Lord Hoffmann emphasised the need for appellate caution in reversing the judge's evaluation of the facts where the application of a legal standard involved no question of principle but was simply a matter of degree. He held that it would be wrong to interfere with the judge's assessment if no question of principle were involved.

80. What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge's conclusions of primary fact but with the correctness of the judge's evaluation of the facts which he has found, in which he weighs a number of different factors against each other. This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible […].

81. Thus, in the absence of a legal error by the trial judge, which might be asking the wrong question, failing to take account of relevant matters, or taking into account irrelevant matters, the Court of Appeal would be justified in differing from a trial judge's assessment of obviousness if the appellate court were to reach the view that the judge's conclusion was outside the bounds within which reasonable disagreement is possible. It must be satisfied that the trial judge was wrong […]

INVENTOR COMPENSATION

Shanks v Unilever

2. Professor Shanks was employed by CRL from May 1982 to October 1986 and was assigned to its Colworth research laboratories in Bedfordshire. He initially received a salary of £18,000 per annum and a Volvo car. His brief was to develop biosensors for use in process control and process engineering.

5. In October 1982 Professor Shanks built the first prototype of his invention at home using Mylar film and slides from his daughter's toy microscope kit, and bulldog clips to hold the assembly together. It has since become known as the Electrochemical Capillary Fill Device or ECFD. He also developed a similar system which uses fluorescence rather than conductivity and this has become known as the Fluorescent Capillary Fill Device or FCFD.

10. Professor Shanks left Unilever in October 1986 and in October 1987 Unilever sold the FCFD technology, and the patents it held relating to it, to Ares-Serono Inc. Ares-Serono also took an option on the ECFD technology but did not exercise it.

14. In the end seven licences (or sets of licences) of the Shanks patents were granted by Unilever for a total consideration of about £20.3m. The hearing officer thought this figure should be discounted to reflect the inclusion of the Birch patents in all but one of the licences, producing a net figure attributable to the Shanks patents of about £19.55m.

17. Unilever's total earnings from the Shanks patents therefore amounted to around £24.55m. The hearing officer estimated that Unilever had incurred costs in prosecuting, maintaining and licensing the patents of about £250,000. It followed that Unilever's net benefit from the patents was about £24.3m which the hearing officer rounded down to £24m.

Who is the employer?

31. The starting point for the assessment of whether an employee is entitled to compensation is therefore the identification of the employer. There can be no doubt that, at least in the ordinary case, Parliament intended the term "employer" to mean

the inventor's actual employer. Section 39 deals with the ownership of the invention as between the inventor and his or her employer and requires a consideration of the employee's duties; section 40 provides for the compensation of employees for certain inventions which may belong initially either to the employer or to the employee and, in an appropriate case, the payment of that compensation by the employer to the employee; and section 41 deals with the assessment of the compensation. In all three cases the employer is the inventor's actual employer.

What is the benefit?

35. As for the assessment of the benefit of the patent, there is no dispute that it means the benefit in the hands of the employer after deduction of any costs to the employer of securing that benefit.

Is the benefit outstanding?

39. In my view these cases are all helpful to a point as illustrations of circumstances which were found to fall each side of the line. But at the end of the day they provide no substitute for the statutory test which requires the benefit to be outstanding. This is an ordinary English word meaning exceptional or such as to stand out and it refers here to the benefit (in terms of money or money's worth) of the patent to the employer rather than the degree of inventiveness of the employee. It is, however, both a relative and qualitative term and so I must now consider the context in which the question is to be asked and answered. Put another way, in relation to what must the benefit from the patent be outstanding? Which factors may be taken into account in making that assessment?

40. Here the 1977 Act provides some guidance. It says that the court must have regard among other things to the size and nature of the employer's undertaking. But this gives rise to two further questions which were the subject of a good deal of argument before us. What is the employer's undertaking for this purpose? And what is the relevance of that undertaking's size and nature?

The employer's undertaking

41. In this context I understand the word "undertaking" to mean simply a unit or entity which carries on a business activity, and here the undertaking of interest is that of the company or other entity which employs the inventor. In many cases the identification of that undertaking will be comparatively straightforward. It will be the whole or, if it is divided into economic units, the relevant unit of the employer's business. So, as Aldous J observed in *Memco-Med* at p 414 and I agree, the undertaking may be the whole or a division of the employer's business.

42. We are concerned in this appeal with a different and more difficult case, however. It is one in which CRL is part of a larger group of companies and where the work carried out by CRL's researchers was exploited by that larger group as a whole. This gives rise to the question whether the relevant undertaking is CRL or the whole or a part of the larger group of which it forms a part, Unilever.

48. In my judgement the correct approach to the application of section 40 and the one that does least violence to its language lies between these extremes. It is to look at the commercial reality of the situation but to do so, in a case such as the present, from the perspective of the inventor's employer. Where, as here, a group company operates a research facility for the benefit of the whole group and the work results in patents which are assigned to other group members for their benefit, the focus of the inquiry into whether any one of those patents is of outstanding benefit to the company must be the extent of the benefit of that patent to the group and how that compares with the benefits derived by the group from other patents for inventions arising from the research carried out by that company. This gives practical and commercial effect to the language of section 41 and involves a comparison of like with like. Furthermore, it is, in my opinion, the approach which sits most comfortably with the next aspect of the analysis, namely the relevance of the size and nature of the employer's undertaking.

The relevance of size and nature of the employer's undertaking

49. Before the Court of Appeal, Unilever's central argument on the issue of outstanding benefit was that £24.3m, though not inconsiderable, was dwarfed by the turnover and profits of Unilever as a whole. As Patten LJ recorded at para 26 of his judgment, Unilever makes a wide range of products from Viennetta ice-cream to deodorants which generate billions of pounds in sales and hundreds of millions of pounds in

profits over the life of the patents which relate to them. It was accepted that the rate of return on many if not most of these patents was much lower than on the Shanks patents but that was said not to be enough to make the benefit of the Shanks patents outstanding when regard was had to the size and nature of Unilever's business. This submission found an echo in Mr Alexander's submissions to this court for he took us to a graph of Unilever's profits between 1984 and 2004 against which a plot of the royalty income from the Shanks and Birch patents, displayed on the same scale, was so close to the base line as to be indistinguishable from it.

50. Mr Green characterised this submission before the courts below and in this court as "too big to pay". [….]

51. In my judgement there is no single answer to this question. Many different aspects of the size and nature of the employer's business may be relevant to the enquiry. For example, the benefit may be more than would normally have been expected to arise from the duties for which the employee was paid; it may have been arrived at without any risk to the business; it may represent an extraordinarily high rate of return; or it may have been the opportunity to develop a new line of business or to engage in unforeseen licensing opportunities. In the circumstances of this case and for the reasons I have given, a highly material consideration must be the extent of the benefit of the Shanks patents to the Unilever group and how that compares with the benefits the group derived from other patents resulting from the work carried out at CRL.

52. In some cases it may be possible to see that a patent has been of outstanding benefit to an employer by looking at the size and profitability of the whole business. In the *Kelly* case (see paras 37-38 above), for example, the benefits of patent protection went far beyond anything which one would normally expect to arise from the sort of work the employees were doing. The patents protected Amersham's business from generic competition and allowed it to make major deals; and sales of the patented product accounted for a large proportion of its profits. In short, the patents transformed its business. Similarly, as Patten LJ explained at para 28, a straightforward comparison of profitability may be sufficient, in the case of a smaller company, to show an outstanding benefit without recourse to wider considerations of the scope of an employee's duties or the expectations the employer may have had about the anticipated level of return.

53. I also recognise that a large undertaking may be able to exert greater leverage than a smaller undertaking when negotiating licence fees. This was a matter to which the hearing officer referred in para 207 of his judgment. There he explained and I agree that a particular sum might represent an excellent return for a small undertaking but might not be so regarded by a large undertaking which was in a position to spend substantial sums on litigation to enforce its rights. Much the same might apply to sales of a patented product. A large undertaking might be able to harness its goodwill and sales force in a way that a smaller undertaking could not do. These would be appropriate matters to take into account.

54. On the other hand, I think a tribunal should be very cautious before accepting a submission that a patent has not been of outstanding benefit to an employer simply because it has had no significant impact on its overall profitability or the value of all of its sales. Those profits and sales may have been generated by a range of different products which have nothing to do with the technology the subject of the patent; the parts of the business responsible for them may not have contributed to any commercial success of the patented invention; and they may be a very poor guide to whether the benefit the employer has derived from the patent is out of the ordinary. Indeed, I find it very hard to see how a failure materially to affect the aggregated sales value or overall profitability of the business could, in and of itself, justify a finding that the benefit of a patent has not been outstanding.

Tax and the assessment of benefit

59. It follows that Patten LJ was right to say at para 43 of his judgment that the incidence of tax is a consequence of the benefit rather than a part of it. Assessment of the benefit net of tax would require in every case an investigation of the employer's tax position including, among other things, any losses rolled forward.

The time value of money

68. In this case there is no finding by the hearing officer that Professor Shanks was unreasonably slow to make his application; nor can he be criticised for his conduct of the proceedings. In my judgement, and on the assumption he is otherwise successful

on his appeal, fairness demands that his award of compensation should reflect the detrimental effect of time on the value of money.

Was the benefit outstanding?

70. In the course of this analysis the hearing officer made a series of findings and observations which are to my mind rather striking. He held that there was an extreme disparity in numerical terms between the benefit Unilever received and the regular salary and £100 assignment fee that Professor Shanks was paid. He observed that there was scant evidence before him of Unilever's other licensing activities and that he had been provided with no example of another licensing deal which had provided Unilever with an income at or above the level of the Shanks patents. He found that the Shanks patents had produced a very high rate of return; that Unilever had made a very small effort to commercialise Professor Shanks' invention; that Unilever's licensing efforts were serious but not exceptional; and that Unilever had generated the benefit it derived from the Shanks patents at no significant risk. In drawing his conclusions, he held that the benefit was a substantial and significant one in monetary terms, and that in comparison with the benefit to Unilever of other patents, it did stand out.

71. In my opinion all of these matters point strongly to the conclusion that the Shanks patents were an outstanding benefit to CRL having regard to the size and nature of its undertaking as I would hold these features must be understood.

85. In summary and as I have foreshadowed, Professor Shanks made his invention using his own initiative for his brief was to work in the area of biosensors for process control and process engineering and he was made to understand that he should not stray too far from it. He built the first prototype of his invention in October 1982, some five months after he had joined CRL. This would have been a new product area for Unilever but it was a development which the group did not, in the hearing officer's terminology, get behind and push. It was regarded as far from a key technology and it was one into which Unilever made only a modest investment. It is true that Unilever patented and maintained a patent portfolio which protected it and in due course expended significant effort and skill in the licensing negotiations. But the rewards it enjoyed were substantial and significant, were generated at no significant risk, reflected a very high rate of return, and stood out in comparison with the benefit Unilever derived from other patents. What was more, they could not be attributed to

the deployment or application of Unilever's wider business assets or infrastructure; nor were they found to be the consequence of any leverage Unilever could exert because of its size. In short, the benefit Unilever enjoyed from the Shanks patents was outstanding within the meaning of section 40 of the 1977 Act.

86. Section 41 of the 1977 Act says that an award of compensation to an employee under section 40(1) or (2) shall be such as will secure for the employee a fair share, having regard to all the circumstances, of the benefit which the employer has derived or may be reasonably expected to derive from the patent. Section 41(4) then specifies that various matters must be taken into account

90. In my judgement Arnold J was wrong to find that 3% represented a fair share of the benefit Unilever enjoyed from the Shanks patents. The hearing officer had well in mind the size of Unilever's business and the nature of the licensing negotiations yet he did not make a finding that it secured the licence rates it did because it could afford to bring and pursue infringement proceedings against the prospective licensees. The absence of such a finding is not at all surprising. Unilever had no manufacturing business it needed to protect and, with one exception, the discussions were initiated by the prospective licensees. In substance, these were negotiations between willing licensors and willing licensees. Arnold J therefore had no basis for reducing the percentage from 5% to 3%.

92. It only remains to apply to the 5% share of the £24m an uplift to reflect the impact of time on the value of money. Professor Shanks invites us to take 1999 as the median year in which Unilever received the benefit and then to take into account the effect of inflation using the Bank of England calculator. I did not detect any substantive objection from Unilever to this methodology and I think it is a reasonable and fair way to proceed. This produces a figure of about £2m at an average inflation rate of 2.8%. In my judgement the fair share of that benefit to which Professor Shanks is entitled is therefore £2m.

Conclusion

93. For these reasons I would allow Professor Shanks' appeal. In my judgement the Shanks patents were of outstanding benefit to Unilever and CRL and Professor Shanks is entitled to a fair share of that benefit amounting to £2m.

FRAND FOR DESSERT

JURISDICTIONAL CHALLENGE TO FRAND DETERMINATION

Conversant v Huawei Floyd LJ

2. The appellants challenge jurisdiction on two grounds. First, they say that the claim brought against them is not justiciable in the English court. That is because the dispute, in addition to raising issues concerning the validity and infringement of Conversant's UK patents in suit, also relates to the validity of Conversant's foreign patents, and the validity of foreign patents is not justiciable subject matter in the English court. Secondly, they say that the English court is not the natural or an appropriate forum for the claims against them. They contend that the Chinese court is the natural and appropriate forum, and that the English court ought to refuse service out of the jurisdiction on Huawei China and ZTE China and stay the proceedings against Huawei UK and ZTE UK on the ground of *forum non conveniens* .

99. Conversant's claim in the present case is closely analogous to the claim advanced in the *Unwired Planet* case. It is (i) that the UK patents are essential to the standard, (ii) that it has complied with its ETSI undertaking, in that the offers which it has made are FRAND, (iii) that Huawei and ZTE have not so complied without any reasonable ground for so doing, and (iv) that it is therefore entitled to enforce its UK SEPs and obtain the usual relief for infringement, including a FRAND injunction and damages. Conversant also seeks a determination as to the terms which are FRAND for the licensing of its portfolio. Huawei's and ZTE's answer is likely to be (i) that Conversant's patents are neither essential nor valid, and (ii) that Conversant has not complied with its FRAND undertaking and so is not entitled to an injunction even if it establishes that its UK patents are valid and essential. The content of Conversant's FRAND undertaking is thus an inseparable part of the dispute about whether Conversant is entitled to relief for infringement of valid UK patents.

100. I do not accept that this analysis, by referring throughout to the UK patents in Conversant's portfolio, commits the error which the Court of Appeal identified in *re Harrods Buenos Aires* . In that case the dispute was about prejudice to the minority shareholders of a company registered in England. By focussing on the place of registration of the company and on the specific remedy of a buyout provided in English law, Harman J had prejudged the question of appropriate forum, particularly as, through the lens of Argentine law, the company was an Argentine company. If the case were to be tried in Argentina, the relief available would be different, but the underlying dispute would be the same. The facts relied on to establish prejudice would be the same, as would the shareholdings, and the company, about which the parties were fighting. It was possible to say that the appropriate forum for deciding *that dispute* was Argentina.

102. I therefore do not accept it is legitimate to generalise out the claim made in the present proceedings and characterise it as a claim for infringement of a "local" patent. That characterisation suggests that it is a matter of indifference to Conversant which national patents they sue on, when that is plainly not the case. It is a way of characterising the dispute so as to make it suitable for determination in any jurisdiction where Conversant has a patent, no matter how different the scope of that patent may be to the scope of the UK patents in suit. Of the two ways in which the parties seek to characterise the dispute, it seems to me that the appellants' way is the one which offends against the warnings in *Harrods Buenos Aires* against building the answer into the way in which one formulates the question.

103. It is also not legitimate to characterise the claim as one for enforcement of a global portfolio right. No such right exists, as this court readily accepted in *Unwired CA* . I therefore reject the appellants' challenge to the way in which the dispute is to be characterised. The question which the judge asked himself was the correct one.

104. If one characterises the case in the way in which the judge characterised it, with which I agree, then it seems to me that the *forum conveniens* question answers itself. The fact that the dispute concerns UK patents is a matter of substance and not of form. Resolution of the dispute will involve determining infringement, essentiality and validity of UK patents. A UK forum is clearly the most appropriate forum, indeed the only possible forum, for this dispute to be tried. The further evidence of Chinese law,

if admitted, could not influence this outcome. Even taken at its highest it does not suggest that the Chinese court could inquire into the validity of UK patents.

111. I can also see no basis for a case management stay, so as to allow the patent issues to be determined up to but not including the grant of an injunction. Such a stay would only work if there were some proceedings on foot elsewhere which will result in an adjudication on the offers made by the parties and determine the terms of a global FRAND licence, or at least some licence which would extend to the UK. At present the proceedings in China only seek a FRAND determination in respect of the Chinese patents. A FRAND licence under the Chinese patents determined by the Chinese courts would not clear away the obstacles to the enforcement of the UK patents or provide Huawei with an answer to the claim for infringement of the UK SEPs. The age of the Conversant Portfolio is also a factor which weighs against the grant of such a stay.

The TQ Delta Litigation

Injunction if no licence taken after trial – Henry Carr J

2. This judgment on the form of order is consequent on a judgment that I handed down on 11 March 2019. In that judgment, I found that of the patents in suit, one patent ("the '268 patent") is valid, essential and infringed; whereas the second patent, ("the '430 patent") is obvious in the light of ADSL2. The '268 patent expires on 25th June 2019. This raises two issues: first, Mr. Purvis QC, on behalf of the Defendants ("ZyXEL"), submitted that in those circumstances, the grant of an injunction was disproportionate; and, secondly, if I rejected that submission, that the injunction should be stayed or there should be a carve-out from the injunction to enable ZyXEL to supply certain orders.

5. Kitchin LJ then considered the interests of SEP owners, which he explained at [54]:

> "54. But there is another side to the coin which needs some elaboration at this point. Just as implementers need protection, so too do the SEP owners. They are entitled to an appropriate reward for carrying out their research and development activities and for engaging with the standardisation process, and they must be able to prevent

technology users from free-riding on their innovations. It is therefore important that implementers engage constructively in any FRAND negotiation and, where necessary, agree to submit to the outcome of an appropriate FRAND determination.

11. ZyXEL's current position, as explained in the twelfth statement of Ms. Bould, is that as the '268 Patent will expire in a few months, and before any RAND licence is settled by the Court, they do not seek any such licence. I accept that this is a choice that ZyXEL is entitled to make. The question is whether they should also be able to avoid an injunction, having made that election.

12. On the evidence before me, I accept that this is a case of "hold-out" by ZyXEL. They have not paid any royalties to **TQ Delta** (or any other patent holder) in respect of any standards essential patent. Of the two patents from **TQ Delta's** portfolio which have now been litigated in this jurisdiction, infringement of the '268 Patent has been established, and has been continuing for many years. ZyXEL have blown hot and cold as to whether they will accept whatever licence is considered by the Court to be RAND. They have refused to "agree to submit to the outcome of an appropriate [RAND] determination" and yet have claimed the benefit of the RAND undertaking; c.f. *Unwired Planet* at [54] (supra).

13. I bear these facts in mind when considering whether an injunction should be granted in the present case. Mr. Purvis's submission is that, relying on such cases as *Coventry v Lawrence [2015] UKSC 50* , the grant of an injunction at this stage, with no more than three months of the life of the '268 Patent remaining, would be disproportionate. It would not enable ZyXEL to know the terms of any RAND licence which it could or could not accept. I reject that submission. It would enable ZyXEL to benefit from their strategy of hold-out, including their refusal to submit to the outcome of an appropriate RAND determination, whilst still seeking to benefit from the RAND undertaking. ZyXEL would avoid an injunction, and if the terms of a RAND licence are not as they wish, could refuse to enter into a licence on the terms deemed appropriate by the Court.

14. It seems to me that to deprive the patentee of injunctive relief in these circumstances would be unjust. It would, in effect, amount to a compulsory licence by the court in circumstances where the Defendants have elected not to enforce the RAND undertaking in respect of the '268 patent. This, in my judgment, would be wrong in principle.

18. Without sight of the contracts, and the full terms on which ZyXEL have agreed to supply the relevant goods, it is not possible to assess the extent of any prejudice to ZyXEL if these orders are not fulfilled. Indeed, Mr. Purvis did not really suggest any significant unquantifiable prejudice. As far as prejudice to the customers is concerned, as I have said, none of those customers has put in any evidence, and I regard the evidence that has been served as inadequate to justify a stay. Therefore, in the exercise of my discretion, I refuse to grant the stay.

Effect of abandoning reliance on the FRAND undertaking by a defendant

TQ Delta - Floyd LJ

1. The owner of a patent which is essential to a technological standard, in the sense that the standard cannot be implemented without infringing the patent, ("a standard essential patent" or "SEP") is obliged to give an undertaking to grant a licence to anyone who wants to implement the standard on reasonable and non-discriminatory ("RAND" or sometimes "FRAND") terms. Implementers who are found to infringe the SEP can, in principle, rely on the undertaking to prevent the grant of an injunction against them, by agreeing to take a licence on RAND terms. The parties will seldom agree on what is RAND, so they can ask the court to determine that question as well in the same proceedings. This appeal concerns what happens when an implementer abandons reliance on the undertaking after there has been a judgment against him at a trial on the technical patent issues, so that an injunction is granted against it. In particular the appeal concerns whether, in such circumstances, there remains any basis for the court to go on and grant declaratory relief as to the implementer's entitlement to a licence, and as to what licence terms would be RAND.

37. The court enjoys a broad, flexible jurisdiction to grant declaratory relief. As this court made clear in *Messier-Dowty v Sabena [2001] 1 All ER 275* (in the context of negative declarations but, in my judgment applicable more generally) the jurisdiction is confined by the exercise of the court's discretion rather than by jurisdictional thresholds. In *Financial Services Authority v Rourke [2002] C.P. Rep. 14* (2001) Neuberger J correctly recognised that the first task for the court is to scrutinise the relief claimed and reject it where it would serve no useful purpose. Thereafter the court should consider whether the grant of the relief would serve the aims of justice, by which is meant justice to the claimant and justice to the defendant. If so, it should

not be reluctant to grant the relief. Finally the court should ask whether there are any special reasons why the court should or should not grant the declaration.

40. I accept that it may not be open to ZyXEL selectively to *claim* the right to be granted a RAND licence. If the licence is a unitary, portfolio, worldwide, group to group licence, it is arguable that ZyXEL must take it as a whole or not at all. They cannot claim it for the UK only, or for certain patents or for certain companies in the group. That follows from the proposition that it is arguable that the RAND licence is a unitary, worldwide licence, and ZyXEL have no right to a country by country, company by company licence because such a licence is not RAND.

41. It does not follow from the above that ZyXEL are somehow prevented from saying to TQD and the court that they no longer rely on any licence to which it is entitled to resist the grant of relief for infringement of the UK patents. That is what the waiver does, however. It waives any and all rights ZyXEL might have to seek to enforce TQD's RAND obligation to licence TQD's UK-designated DSL SEPs in the United Kingdom. I can see no basis whatsoever for saying that such a waiver should be treated as ineffective or invalid. To say that the waiver is ineffective is equivalent to saying that the proceedings must go on as if ZyXEL were still relying on the RAND undertaking to resist the grant of the injunction in the UK, when ZyXEL are prepared to give an irrevocable undertaking not to do so.

42. I think that Mr Saunders' reliance on paragraphs 94 and 98 of *Unwired Planet* is misplaced. Those paragraphs come nowhere near suggesting that a patent owner has an independent right to come to the court for a declaration as to the scope and extent of the licence he is required to offer to an implementer when the implementer expresses no interest in taking such a licence. They are concerned only with the question of whether relief for patent infringement is proportionate if the end result is to face the implementer with an election as to whether or not to take a global FRAND licence. The proportionality question does not arise in the present case, because ZyXEL have already exercised their election.

43. I therefore respectfully disagree with the judge when he says in paragraph 40 that it is arguable "that you cannot do what ZyXEL is purporting to do …because a RAND licence and a RAND obligation operates worldwide". In my judgment, the ability of a

party to say that it does not wish to enforce the RAND obligation or seek a licence does not depend on the scope of the obligation or of the licence.

47. That brings me to the reliance placed by TQD on the recently added claim for a declaration that ZyXEL are not "willing licensees", and, by reason of their conduct, are not entitled to a RAND licence. The utility of such a declaration is said to be that it would have effect as *res judicata* in proceedings in foreign jurisdictions were TQD to seek to obtain injunctive relief for infringement of patents in those jurisdictions.

48. There are a number of quite serious problems with this way of putting the case. First, there are no other proceedings in existence involving these parties anywhere in the world. The US proceedings involve US companies in the Unizyx group, not the two appellants. Moreover, we were not shown any evidence that TQD had any proceedings against the first or second appellants in imminent contemplation. The grant of relief in aid of foreign proceedings requires to be particularly closely scrutinised, but it is a step further to grant such relief in favour of foreign proceedings which are not extant and may never be started. Secondly, in this evolving jurisdiction, there is no single Europe-wide, let alone worldwide approach to the interaction between the RAND undertaking and the grant of relief for patent infringement. It is not possible to be at all sure that such a declaration would have the impact on any foreign proceedings which TQD hope for. Thirdly, the doctrine of *res judicata* is a technical one – Mr Saunders rightly goes no further than saying that the declaration may be *res judicata* in the foreign proceedings, without the benefit of any evidence as to how the finding of this court would be treated in the foreign proceedings. The foreign court may not have a doctrine of *res judicata* , or at least not one which recognises the decisions of a foreign court. Fourthly, the concept of a "willing licensee" is not in any sense an internationally recognised term of art. There will at least be potential for argument about whether the declaration is in fact of any assistance in the exercise being conducted in the foreign jurisdiction. Fifthly, TQD's contention is that ZyXEL are not "willing global licensees". Proceedings to obtain such a declaration should surely include other companies in the group, so that ZyXEL's global interests are represented.

51. Running through Mr Saunders' submissions was the suggestion that ZyXEL could achieve, by their strategy of selective, country by country waiver, a situation in which TQD are forced to sue them on a country by country basis. If such a strategy is

permissible, he said, it would seriously undermine the approach to RAND licensing of SEPs which the court in *Unwired Planet* had explained. I do not agree that this is a real concern. The circumstances which made it commercially possible for these specific ZyXEL companies to waive their right to enforce the RAND obligation in the UK are not likely to be commonplace. The patent on which they have lost happened to have only three months to run, and they have formed their view of the risks associated with being found to infringe any other TQD patents. Companies participating in international telecommunications are unlikely, routinely, to be in the same position.

52. These considerations force me strongly to the conclusion that the questions on which the court's declaratory judgment is sought are far better decided in the foreign court where those questions arise, if they ever do. It would be an exercise in jurisdictional imperialism to foist this court's view as to whether ZyXEL were unwilling licensees, or holding-out on an unknown foreign jurisdiction. Far less can it be said that it is in the interests of justice for it to do so.

Interim injunctive relief for failure to give undertaking to take a licence

IPCom v Xiaomi – Hacon HHJ

11. **IPCom** says that the purpose of the order sought is to ensure that Xiaomi enters into a FRAND licence, at least in relation to EP '268, should Xiaomi be found to infringe. **IPCom** also reserves the right to argue for a global licence in this court under all the relevant patents relating to the UMTS standard.

12. **IPCom** asserts that to date the Xiaomi Group has engaged in what is called 'hold-out', that is to say, purporting to negotiate FRAND terms in good faith while, in reality, dragging its feet and meanwhile continuing its acts of infringement without having to pay anything.

13. **IPCom's** position is that the only way it can bring Xiaomi's hold-out to an end, at least in this country, is by seeking an interim injunction to force Xiaomi's hand. More specifically, **IPCom** say that Xiaomi are exploiting the short period between now and the expiry of EP '268. There will be no trial before expiry, so by refusing to undertake

to take a licence settled by this court and continuing to infringe, in effect, Xiaomi benefit from a compulsory licence for the remainder of the life of the patent. In other words, the hold-out will continue until **IPCom's** monopoly ceases to exist.

21. I do not accept the parallel between this case and *TQ Delta* . In that case there had been a finding of infringement of a valid patent. In any instance in which the court considers the relief to be granted following a finding of infringement of a patent, the starting point is that the patentee will almost always be entitled to a final injunction; only in exceptional cases will a final injunction be refused. It appears that in *TQ Delta* it was argued that there was an exceptional circumstance, namely that the patent had only three months to run. Having made the express finding on the evidence that the defendant had engaged in hold out, I can see entirely why the judge rejected that argument and did not allow the defendant to maintain the hold out until the patent expired.

22. In the present case, there is no starting presumption that **IPCom** is entitled to an interim injunction. Having established that it has an arguable case at trial, **IPCom** must show that it would suffer irreparable harm between now and the trial if there is no interim injunction. I am not satisfied that there would be any such irreparable harm for the reasons I have given. It is not enough for IPComto say that without an interim injunction Xiaomi will benefit from a compulsory licence. That could be characterised as applying to every instance in which an IP rights holder wins at trial and where there has been no interim injunction in the meantime.

24. Under the *American Cyanamid* principles, I need go no further. There will be no interim injunction because **IPCom** will suffer no irreparable damage in the absence of an injunction. However, since potential irreparable harm to Xiaomi if I were to grant an injunction was argued, I will say something about that.

26. However, I accept it is possible that giving the undertaking sought could have negative consequences for Xiaomi. It appears that Xiaomi fear that if they give such an undertaking, it will in effect provide **IPCom** with the thin end of a wedge. The fat end of the wedge, as Xiaomi see it, is an attempt by **IPCom** to have this court settle a global licence for the entirety of its global portfolio. There may also be a concern that it would in practice make Xiaomi's challenge to the jurisdiction of the court otiose.

27. It seems to me that Xiaomi are entitled to take a view as to the jurisdiction in which they would prefer to have a global FRAND licence settled, if that were to happen. I cannot assume that the settlement of FRAND terms must be done in this court; nor can I assume that it could never be to Xiaomi's advantage to have a global licence settled in some other jurisdiction. It therefore seems to me possible that the Xiaomi Group, including the present defendants,could be commercially disadvantaged if Xiaomi were to give the undertaking sought by **IPCom**. The point I draw from this is that I cannot assume that Xiaomi could avoid any irreparable harm simply by giving the undertaking sought.

28. Mr. Abrahams also submitted that the Xiaomi Group fear that if they were to give the undertaking sought, it would lead to the settlement of terms which they would be required to take without having had the opportunity to know before marketing their devices. As I understand the argument, by the time of settlement of the terms all the devices which would attract royalties would have been marketed.

Dangers still present if no undertaking to take a licence is given

IPCom v Vodafone (Birss J)

50. However, I would also say this. In my judgment, although most of the responsibility for what has happened is **IPCom's**, some of the responsibility is Vodafone's. As a result of that, although it is likely that the '666 will be decided before expiry, no FRAND trial will be scheduled before that. It is not at all clear to me that in the event that **IPCom** wins the '666 case that the right thing to do in the circumstances in which no FRAND trial had happened would be to refuse the injunction. Vodafone has the means to agree to undertake to enter into a FRAND licence, and if that happened, of course, there would be no injunction.

51. If there was no such undertaking in place, then by then it seems to me that Vodafone is at serious risk that an injunction may be granted. That may involve, in so far as I can understand it, Vodafone being required to turn off its mobile phone network. I do not know, but at least it seems to me that that is possible. I should say now that the

court is not likely to be sympathetic that Vodafone has not had time to prepare for that eventuality, and that is why I am making this point as clear as I can now in May 2019.

52. It is clearly one potential outcome of this case that the '666 patent will be upheld and there will be no FRAND undertaking in place before expiry. Woe betide Vodafone at that stage to suggest it needs more time to think through the implications of what has happened. With luck it will also be after the Supreme Court has given judgment and after a lot of work will already have been done on the FRAND matter.

Antisuit my Antisuit

IPCom v Lenovo (Hacon HHJ)

1. This is an application by the claimant, which I will call '**IPCom**', to restrain anti-suit proceedings in California. It is in effect an application to extend the order made by Norris J on 30th October 2019 following an ex parte application on notice by **IPCom** to hold the ring until today's hearing.

8. In the US Proceedings, the US Companies seek an adjudication of FRAND terms for a global licence under **IPCom** portfolio of patents. There is also an application for a declaration of non-infringement of two of **IPCom's** US patents.

9. On 2nd July 2019, **IPCom** filed a motion in the US proceedings alleging that the US court has no personal jurisdiction over **IPCom**. This is due to be heard by the US court on 14th November 2019, which is next Thursday.

10. On the same day, 2nd July 2019, **IPCom** began the present action in which it alleges infringement of EP '268.

11. On 18th September 2019, the US Companies filed a motion for an anti-suit injunction in the US proceedings. They seek an order that **IPCom** be enjoined from prosecuting the present English proceedings. They also seek a more general order regarding proceedings outside the US jurisdiction which would have the effect of restraining proceedings in France, among other places. The return date for this anti-suit application is also next Thursday, 14th November 2019.

24. To these principles I would respectfully add one more since it has some application to the argument advanced by **IPCom** in the present case. I believe it follows from the

section in Toulson LJ's judgment in *Deutsche Bank* on the principles of comity, in the passage drawing on what Lord Goff said in *Aerospatiale* . The simple point is that the less that an anti-anti-suit injunction granted in England would interfere with the foreign proceedings to which it is directed, the more likely it is that the court will exercise its discretion to grant such an injunction.

45. In resolving this matter, I think it is important to keep in mind the relief that **IPCom** is seeking. Often an anti-suit injunction (or an anti-anti-suit injunction) would affect the entirety of the proceedings brought or contemplated in another jurisdiction. In the present instance, that would not be the case if I were to make the order sought.

46. The substantive action before the US court has been brought by US Companies and it concerns only the settlement of a global FRAND licence and two US patents. It does not directly concern the issues in the present action, namely the infringement and validity of the UK designation of EP '268.

47. The order sought in this application would apply in personam to the UK Companies, which are not parties to the US proceedings. The UK Companies would be prohibited from sanctioning or assisting any application before the US court which would have the effect of restraining the pursuit of the present action in this court to decide the issue of infringement and validity of EP '268. The order would not prevent the anti-suit motion by the US Companies going ahead, even in so far as that motion is directed to the action in this court. Still less would it interfere with the substantive proceedings before the US courts concerning the settlement of FRAND terms and the declaration of non-infringement. Thus its effect would be more limited than is usually the case when
an anti-anti-suit injunction is granted.

48. The application before me is directed at the substantive question of which court should the issues of infringement and validity of EP 268. The first matter I must consider is whether England is clearly the more appropriate forum in which to decide those issues. Very clearly, it is. The grant of a patent is an act which can be performed only by a state. Therefore the validity of a patent is an issue reserved for the courts of the granting state, at least in Europe, see art. 24(4) of Regulation (EU) 1215/2012 . It would surprise me to learn that the rules of jurisdiction applicable in the US court would allow that court to decide whether EP '268 is validly registered in the UK.

52. I take the view that it would be vexatious and oppressive to **IPCom** if it were deprived entirely of its right to litigate infringement and validity of EP '268 and thereby be deprived of those advantages.

60. For the foregoing reasons, I will grant the order. At present, I do not think that the order would have the effect of purporting to restrain the defendants from holding any particular view, but I will hear submissions from counsel if it is felt that there is a need for further clarity in the terms of the order.

Reverse FRAND

Vestel v HEVC Advance & Philips (Hacon HHJ)

1. In this action the second claimant ('**Vestel** UK') seeks relief for alleged abuse of a dominant position by the defendants. This is in a market relating to patents claiming inventions used in the manufacture of high definition televisions. The first claimant ('**Vestel** Turkey') is the parent company of the group of which **Vestel** UK forms part. I will refer to them collectively as '**Vestel**'.

11. **Vestel** accept that companies in its group require a licence under the HEVC SEPs. Starting in April 2017 **Vestel** attempted to negotiate a licence from Advance. On 18 May 2018 Advance sent to **Vestel** a copy of Advance's draft Patent Portfolio Licence Agreement ('the PPL') which included the royalty rates.

13. ` **Vestel** say that the terms offered by Advance have royalty rates many times higher than the rates offered by MPEG LA even though MPEG LA has the larger patent pool and accordingly are non-FRAND. Advance, they say, has refused to offer a licence with lower royalties. Advance's PPL contains terms other than the royalty rates which are also objectionable to **Vestel** but such further terms were of peripheral relevance to this hearing.

16. On 18 January 2019 this action was brought, apparently to break the deadlock. The means chosen is a claim that Advance and Philips have abused their dominant position in breach of art.102 of the Treaty on the Functioning of the European Union

(TFEU) and/or s.18 of the Competition Act 1998 . For simplicity I will refer only to art.102 .

67. In my view none of the evidence filed discloses any credible basis on which to conclude that **Vestel** UK has suffered or will suffer any damage arising out of the alleged abuse of a dominant position by Philips, assuming that such abuse were proved at trial.

98. To rely on gateway 9 it was necessary for **Vestel** to establish either a good arguable case in support of future damage suffered by **Vestel** UK consequent upon being forced into a licence with Advance, or a good arguable case that **Vestel** UK will sustain damage caused by uncertainty as to the royalty **Vestel** Turkey will ultimately have to pay Advance. In either case that damage must be significant.

99. So far as damage arising from a concluded licence is concerned, I repeat what I said in respect of the claim against Philips with one addition. There was a suggestion by Mr West that Advance had imposed commercial pressure on **Vestel** Turkey which would force it to sign a licence on Advance's terms. This pressure was said to come from threats of an injunction made by Advance to **Vestel** and to their customers. The difficulty with the argument was that even assuming the communications from Advance on which **Vestel** relied were indeed threats, there was no evidence that they have had any effect at all either on **Vestel** Turkey, **Vestel** UK or any customer. I can give the argument no weight. I would add that no allegation under s.70 of the Patents Act 1977 has been made.

100. Moving to damage caused by uncertainty, in the case of Advance there was evidence to support such a claim, contained in Mr Jones' second witness statement. To recap: Mr Jones claimed that **Vestel** (no particular company was identified) would suffer financial harm consequent upon either not putting enough money aside to pay Advance's royalties, when finally settled, or alternatively putting aside sums equivalent to the royalties in Advance's draft licence. It would run to millions of dollars.

105. In my view, establishing a good arguable case under this gateway required **Vestel** to file evidence in which they explained not only why significant damage will be sustained by **Vestel** UK, but also why obvious ways to avoid such damage cannot be

put in place. This evidence should have specified the sum to be set aside with an appropriate degree of accuracy. **Vestel** should also have explained why freezing the relevant sum pending settlement of the licence would cause damage to **Vestel** Turkey (if it would) and how that would impact on **Vestel** UK by way of significant damage. Instead Mr Jones' evidence was vague. No hard numbers were given. His assertion that **Vestel** UK risks "catastrophic losses" is, I think, best regarded as hyperbole.

106. Since **Vestel** did not identify with sufficient clarity the nature of the second head of alleged damage and how it would affect **Vestel** UK, I am unable to say whether, if it occurred, it would be direct or indirect damage to **Vestel** UK.

107. It seems to me that **Vestel** has not filed evidence on which to found a good arguable case that **Vestel** UK has suffered or will suffer significant damage should **Vestel** succeed in establishing an abuse of a dominant position at trial.

111. **Vestel** argued that the present claim relates to the patents in the Advance Pool because it concerns the terms of the licence which **Vestel** is required to take under those patents.

115. Advance did not object to the proposed amendment on formal grounds but argued that the amended pleading would in effect change nothing. I agree. None of the existing pleading would be deleted. The relief sought under paragraph 93A is sought in the alternative which would still require the court to consider the original claim first. Therefore the subject matter of the claim as a whole would still relate to all the patents in the Advance Pool. Not only that, the last sentence of proposed paragraph 93A makes it clear that even if the court addressed only UK designated patents, **Vestel** would still seek a FRAND ruling on all the patents in the pool since the licence for the UK patents would be part of a global licence. It would just be an alternative way of inviting this court to settle a global licence. In reality the claim would relate to all the SEPs in the Advance Pool.

129. The applications by Advance and Philips both succeed. This court has no jurisdiction over the claims against either of them in this action.

AWAITED:

Unwired Planet/Conversant v Huawei

The two appeals were heard by the Supreme Court in October. Judgment awaited

hilips v ASUS & HTC

Judgment from High Court (Marcus Smith J) awaited on whether it is arguable that the proper assessment of damages for an infringed UK SEP where the Defendant has disclaimed reliance on the FRAND undertaking and does not wish to take a licence, is damages assessed on the basis of a global licence.

THE MINCE PIES

LATE ADVANCED CONSTRUCTION AND NEW EVIDENCE

L'Oreal v Liqwd Inc (Arnold LJ & Davis LJ)

32. More importantly, counsel for **L'Oréal** submitted that it was not open to Olaplex to advance the construction accepted by the judge without applying to amend their statements of case. I do not accept this submission for two reasons. First, counsel for **L'Oréal** did not raise this objection at trial. Counsel for **L'Oréal** submitted that he had raised the objection in his oral closing submissions, but the transcript (at T5/630/6- 632/11) shows that he did not and that the point he actually made was that the construction "did not occur to them until recently", which showed that it was not a good one. Not having taken the objection at trial, it is too late for counsel for **L'Oréal** to take it now.

33. Secondly, the construction of the claim is a question of law and the court is not bound to accept either party's construction. Counsel for **L'Oréal's** answer to this point was

that Olaplex's new construction required **L'Oréal** to have the opportunity to adduce expert evidence directed to it, for example as to the feasibility of applying solid salts to the hair. But if well founded, the time for that submission was at trial when Olaplex introduced the new construction. I would add that I am not convinced that the submission is well founded, since it seems to me that the relevant technical considerations were sufficiently addressed in the expert evidence before the court.

34. Counsel for Olaplex accepted that Olaplex could, and preferably should, have articulated their final construction rather earlier than they did. As he pointed out, however, it is, regrettably, not uncommon in patent cases for points on claim construction only to emerge at trial. In the present case I am in no doubt that the construction ultimately advanced by Olaplex, and accepted by the judge, was the correct one.

Application of new evidence

54. During the cross-examination of Olaplex's expert Professor Haddleton, however, junior counsel for **L'Oréal** put a completely different point to the witness which had not been foreshadowed in any statement of case, evidence, skeleton argument or letter. In short, this was that the proton NMR spectrum of the product of Example 1 reproduced in Figure 1 of US 239 showed that the product described as the bismaleimide was in fact the di-maleate. This was a point which had occurred to junior counsel for **L'Oréal** during his preparation for trial and had been considered by **L'Oréal's** second expert Professor Law on the day before trial (although it was discussed further between junior counsel and Prof Law on the first and second days of the trial). Even though **L'Oréal** served a further expert report from Prof Law in the evening of the second day of trial, this point was not mentioned in it.

55. The judge held that this point could and should have been notified to Olaplex prior to Prof Haddleton being called as a witness, and that springing the point upon the witness without prior warning, and thus without giving Olaplex the chance to adduce other evidence to rebut this new case, amounted to procedural unfairness which justified excluding the issue from consideration. Again, there is no challenge by **L'Oréal** to this conclusion.

56. For good measure, the judge also held that, based on the evidence before him, **L'Oréal** had not established that Example 8 of WO 768 was entitled to priority from Example 4 of US 239 anyway. The basis for this conclusion was that, although the

judge found that Prof Haddleton's evidence established on the balance of probabilities that the product shown in Figure 1 of US 239 was indeed the di-maleate, the evidence did not establish that the di-maleate was the inevitable result of following Example 1 of US 239. Again, there is no challenge by **L'Oréal** to this conclusion.

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The further evidence

59. In a nutshell, the further experimental and expert evidence which **L'Oréal** seek to adduce is directed to proving that the inevitable result of carrying out Example 1 of US 239 is the di-maleate and not the bismaleimide. The evidence sets out a repetition which Prof Law carried out and his opinion that the same result would always be obtained.

Applicable principles

60. It was common ground before the judge, and before us, that the applicable principles were those stated by the Supreme Court in *In Re L (Children) (Preliminary Finding: Power to Reverse) [2013] UKSC 8, [2013] 1 WLR 634* . In that case the Supreme Court confirmed that a judge had the power to reverse his or her decision at any time before the order was sealed and disapproved dicta in *In Re Barrell Enterprises [1973] 1 WLR 19* to the effect that exceptional circumstances were required. As Baroness Hale explained at [27]:

> "Thus one can see the Court of Appeal [in later cases] struggling to reconcile the apparent statement of principle in *Barrell [1973] 1 WLR 19* , coupled with the very proper desire to discourage the parties from applying for the judge to reconsider, with the desire to do justice in the particular circumstances of the case. This court is not bound by *Barrell* or by any of the previous cases to hold that there is any such limitation upon the acknowledged jurisdiction of the judge to revisit his own decision at any time up until his resulting order is perfected. I would agree with Clarke LJ in *Stewart v Engel [2000] 1 WLR 2268* , 2282 that his overriding objective must be to deal with the case justly. A relevant factor must be whether any party has acted upon the decision to his detriment, especially in a case where it is expected that they may do so before the order is formally drawn up. On the other hand, in *In re Blenheim Leisure (Restaurants) Ltd* , Neuberger J gave some examples of cases where it might be just to revisit the earlier decision. But these are only examples. A carefully considered change of mind can be sufficient. Every case is going to depend upon its particular circumstances."

61. Before us counsel for Olaplex placed some reliance upon the line of cases culminating in *Generics (UK) Ltd v Warner-Lambert Co LLC [2018] UKSC 56, [2019] Bus LR 360* in which courts have rejected applications made by patentees to amend the claims of patents after trial on the ground of abuse of process. It should be noted that this line of authority does not depend on whether or not the order has been sealed at the time the application is made - in many of the cases it had not been. These authorities are not directly applicable to the present situation. Nevertheless a key factor in such cases is often that the application will, if granted, necessitate a second trial: see in particular *Nikken Kosakusho Works v Pioneer Trading Co [2005] EWCA Civ 906, [2006] FSR 4* at [13]-[22] (Jacob LJ), [33] (Laws LJ) and [34] (Waller LJ). That factor is also present here.

The appeal

63. The judge's decision is a case management decision applying principles which are not in dispute. It follows that **L'Oréal** face a high hurdle in attempting to show that he exceeded the boundaries of his discretion. **L'Oréal** contend that the judge erred in three principal respects:

- i) He misapplied the test in *Re L* by saying that "[f]or such an order to be in accordance with the overriding objective there must be something about the circumstances to justify that course given its inevitable consequences in terms of cost and trouble to the parties of a further trial but also the allocation of the court's resources to these litigants as well as others" (Second Judgment at [59]).
- ii) He should not have placed reliance upon the fact that the new evidence did not make "all the difference between success and failure on the issue of priority" (Second Judgment at [66]).
- iii) He was wrong to attach weight to the fact that **L'Oréal** could have sought an adjournment during the trial, but decided not to (Second Judgment at [66]).

64. In my judgment none of these criticisms has any substance. The first criticism is completely untenable. Plainly there has to be something about the circumstances which justifies re-opening the issue, otherwise there would be no basis for acceding to the application. Moreover, the judge's approach is wholly in accordance with CPR rule 1.1 . As counsel for Olaplex rightly submitted, the overriding objective is not

simply about reaching the (allegedly) correct decision on the merits: see the discussion in *Nikken v Pioneer* . Contrary to the submission of counsel for **L'Oréal**, the judge was not re-introducing the test of exceptional circumstances from *Re Barrell* .

65. Turning to the second criticism, the judge was entirely correct to attach considerable weight to the fact that the new evidence did not amount to a knock-out blow, but rather raised issues which would require a second trial to resolve.

66. As for the third criticism, the judge was again entirely correct to attach weight to the fact that **L'Oréal** were trying to re-fight an issue on which they had lost at trial having taken the tactical decision to try to establish their case through cross-examination of Olaplex's expert rather than seeking an adjournment to adduce further evidence of their own. In this regard, I note that counsel for **L'Oréal** repeatedly submitted that the issue raised by the new evidence had not yet been determined. This is not correct. As discussed above, it was determined by the judge adversely to **L'Oréal** on the evidence before him, albeit by way of an alternative ground for his decision that **L'Oréal** had not established that claim 11 lacked novelty over Example 8 of WO 768. That evidence did not include the new evidence precisely because **L'Oréal** did not seek an adjournment.

67. Counsel for **L'Oréal** also submitted that the judge had been wrong not to attach weight to the fact that (as the judge was prepared to assume) Olaplex had known about the error in the description of Example 1 for some time. This criticism has no more substance than the first three. The judge expressly found that there had been "no failure of disclosure or a lack of candour by Olaplex in relation to this point at trial" (Second Judgment at [62]). There is no ground of appeal challenging that conclusion, and in any event it was one that was plainly open to the judge. As counsel accepted, the relevant individual(s) might have forgotten about the matter or not appreciated its relevance. Even if they remembered it and appreciated its relevance, counsel was unable to identify any reason why they were obliged to disclose it.

Conclusion

68. For the reasons given above, I would dismiss both appeals.

Judgment of Davis LJ

73. It is true that Olaplex only formulated its ultimate position on this point very late in the day: inevitably, therefore, exposing it to the kinds of forensic criticism which Mr Turner forcefully deployed. But Olaplex was not precluded on the pleadings from so arguing: and at all events the judge was entitled to proceed to decide this point as he did, without unfairness to **L'Oréal** arising.

77. As to the fresh evidence appeal, here too I can see no proper basis for this court interfering with the judge's decision: a decision, indeed, which constituted an exercise of judicial discretion.

78. **L'Oréal** had, at trial, identified the potential issue here. It did not, for doubtless understandable tactical reasons, seek an adjournment to investigate the matter further: instead, it pursued it in cross-examination. The trial having proceeded, and **L'Oréal** having in the result lost on the interpretation and obviousness over Kim issues, **L'Oréal** could not readily be permitted to then reopen this self-same point in reliance on proposed further evidence. Given that, and given the judge's finding that there had been no want of candour or want of disclosure (by reference to the pleaded issues) on the part of Olaplex, the decision of the judge not to permit the proposed fresh evidence to be adduced at that particular stage is unassailable.

79. Mr Turner submitted that the paramount consideration of justice is that the court should reach the right result. But he was in no position to assert that the proposed fresh evidence of Professor Law would inevitably bring about a conclusion in favour of **L'Oréal**. In any event, fresh evidence applications (and it is established that patent cases are in this respect to be treated no differently from other civil cases) cannot be decided solely by reference to arguments that the proposed fresh evidence might well lead to a different outcome. If that were the test, then many fresh evidence applications would succeed without more. The truth is that a more wide-ranging approach, by reference to the overriding objective and established general principles relating to fresh evidence applications, is needed. There is no requirement of exceptionality as such; but a number of factors will have to be addressed. These may include, among others, the importance of finality in litigation, the reasons advanced for not adducing the proposed fresh evidence earlier, whether a further trial will be needed, fairness to other parties concerned, whether a party has acted to his detriment in the interim and so on. Ultimately, however, all such decisions are fact and circumstance specific.

Stay pending the EPO

Coloplast v Salts Healthcare (David Stone)

13. First, there was some debate over whether the *IPCom* guidance creates a higher or lower hurdle for a stay than did the *Glaxo* guidance. This is a sterile debate. Both parties submitted that I must apply the *IPCom* guidance to the facts of this case, so it does not assist me to speculate whether I would have reached a different conclusion under the *Glaxo* guidance, nor whether a stay is more or less likely following *IPCom* than it was before.

16. Fourth, there was a suggestion from Mr Campbell that I should add a gloss to the *IPCom* guidance that imports aspects of the test from *American Cyanamid Co (No 1) v Ethicon Ltd [1975] UKHL 1* . Guideline 1 requires the court to exercise its discretion "to achieve the balance of justice between the parties having regard to all the relevant circumstances of the particular case". Mr Campbell described this as similar to the test on an application for an interim injunction, on the basis that if **Coloplast** succeeds in this action, it will request a final, rather than interlocutory, injunction. However, in the absence of a stay, and on the assumption that these proceedings will conclude before the EPO proceedings, the final injunction issued by this court will be subject to the outcome of the EPO opposition proceedings. If the EPO revokes the Patent, then this court's injunction will lift, but there will be no undertaking as to damages on which Salts can rely to make good the loss it suffered during the pendency of the injunction. Mr Campbell said he drew support for his submission from paragraphs 34 and 44 of the decision of Norris J in *Fontem Holdings 1 BV and Anor v Ten Motives Limited and Anor [2015] EWHC 2752 (Pat)* . In my judgment, the *IPCom* guidelines do not on their face or in their effect import aspects of *American Cyanamid* . The case is not referred to by Floyd LJ, or by Norris J in *Fontem Holdings* . Further, *American Cyanamid* is a different test, for different purposes. It requires an assessment of the merits of the case, at least to the level of determining whether there is a serious issue to be tried, which, as set out in the previous paragraph, has no role in the *IPCom* guidance. It may be that the points raised by Mr Campbell are relevant to any assessment of the appropriate remedies if the Patent is found by this court in due course to be valid and infringed. At that point, it may not be appropriate for the court to issue injunctions, depending on the position

of the parties. But, in my judgment, *American Cyanamid* has no role to play in the application of the *IPCom* guidelines.

17. Summarising these four issues, it is clear to me that the *IPCom* guidance provides the roadmap I must follow in exercising the court's discretion to grant or withhold a stay in these proceedings. It is not helpful for me to attempt to provide a gloss on that guidance. Rather, as urged by both parties, I must apply the guidance to the particular facts of this case. I add for completeness that, if I am wrong in that, and I should instead have acceded to Mr Campbell's submissions as I have outlined above, I would still have reached the same conclusion in the exercise of the court's discretion and refused a stay.

52. I accept Salts' evidence on the likelihood of amendments, their possible number, and the then likely effect on the trial in these proceedings. However, in terms of timing, on Salts' own evidence (and as accepted by **Coloplast**), this court will have before it any amendments served by **Coloplast** on or before 26 July 2019 as well as the written decision of the Opposition Division, and will be able to take those into account at the trial. It seems to me that it is unlikely in this case that this court will reach a decision on claims significantly broader than those that survive in the EPO. If it does (for example, because further amendments are made before the TBA after this court has ruled at trial), then that can be taken into account in relation to remedies and/or in the Court of Appeal. Further, amendments were clearly something Floyd LJ had in mind in *IPCom* in his discussion of the *Glaxo* guidelines. Whilst amendments are not mentioned in the recast guidelines themselves, they are discussed by the Court of Appeal as an inherent part of the system, as Mr Campbell conceded.

53. I am also mindful of Floyd LJ's comments on costs in relation to amendments at paragraph 29 of *IPCom* :

> "There was a tendency in the submissions of Mr Speck for HTC to regard the fact of amendment by the EPO after an English judgment as throwing away the cost and expenditure of the English trial. It does not. There may be some additional expenditure caused by the amendment in the concurrent proceedings but that is a consequence of the system, and is inherent in it."

56. In my judgment, the default position of a stay is displaced. In this case, **Coloplast** has demonstrated that there are other factors which displace the default option:

(a) The refusal of a stay will not irrevocably deprive Salts of a benefit of the concurrent jurisdiction of the EPO and this court - **Coloplast** has offered to undertake to repay any monetary compensation it receives if the Patent is subsequently revoked (guideline 7);

(b) There is, in my judgment, some commercial certainty that would be achieved at a considerably earlier date in the case of these proceedings (guideline 8). Whilst the parties may not have absolute certainty (or certainty outside the United Kingdom), until the EPO proceedings are finally resolved, it is preferable to obtain certainty at least in the United Kingdom, one of the largest markets for **Coloplast** and the largest market for Salts, sooner rather than later;

(c) I have taken into account that the resolution of these proceedings may, by deciding some important issues (including, for example, infringement), promote settlement (guideline 9);

(d) I have considered the length of time that it will take for each set of proceedings, and have concluded that these proceedings are likely to be concluded first. Certainly, if these proceedings are stayed and the EPO does not revoke the Patent, there will be a considerable delay which, in my judgment, causes significant prejudice to **Coloplast**. Rather, as noted above, I consider that early determination of these proceedings will achieve some certainty for the parties (guideline 10): I do not accept that denying a stay will cause irrevocable harm to Salts;

(e) In this case, there is some public interest in dispelling the uncertainty (guideline 11); and

(f) Whilst there is a risk of wasted costs if no stay is granted and the EPO eventually revokes the Patent, in my judgment, this is outweighed by commercial factors associated with early resolution, as guideline 12 suggests will "normally" be the case.

57. Stepping back, I again ask myself where the balance of justice lies between the parties. In my judgment, for the reasons I have set out, the balance of justice will best be achieved by refusing a stay.

58. **Coloplast** should now give the undertaking it has offered to repay any damages ordered by this court if the EPO subsequently revokes the Patent.

Amibiguity is now uncertainty

Anan Kasei v Neo Chemicals (Floyd & Lewison LLJ)

24. The form of insufficiency exemplified by *Kirin Amgen* is sometimes, inaccurately called "ambiguity". Ambiguity usually refers to a situation where words are capable of more than one meaning. Under the Patents Act 1949 it was a ground of revocation (no longer available) that " *the complete specification does not sufficiently and fairly define the invention…* ": see section 32(1)(i). Patent lawyers tended to abbreviate this ground, which is specifically directed to the definition of the invention, as "ambiguity": see for example *Terrell on the Law of Patents* 12th Edn 1971 at paragraphs 240-245. It was recognised, however, that the mere fact that the claim was capable of two different constructions did not render the claim invalid under this ground if the normal process of construction through the eyes of the skilled person could resolve the issue. The vagueness or uncertainty of the claim had to go beyond this. The use of the word "substantially", for example in the expression "substantially as described", did not render a claim invalid for ambiguity.

25. As Lewison LJ points out in his judgment, the objection to the claim in *Kirin Amgen* is not correctly described as "ambiguity". The claim was conceptually uncertain. This type of insufficiency is far better described as "uncertainty". The process of interpretation could not resolve the question of what uEPO the patentee had in mind for the necessary test. The consequent burden which this placed on the skilled person meant that the specification was insufficient. Jacob J gave an example in *Milliken Denmark AS v Walk-Off Mats Limited and another [1996] FSR 292* at 301 of a property which was required to be measured in the non-existent "Pinocchio units". That would give rise to uncertainty in the *Kirin Amgen* sense.

26. Mr Mitcheson QC, who appeared for Rhodia, submitted that this form of insufficiency was only available if it was impossible to tell *in any case* whether a product infringed. Where, as here, there was no doubt that pure ceric oxide would infringe, any uncertainty about the scope of the phrase "consisting essentially of" was irrelevant. He submitted that this approach was supported by paragraph 125 of *Kirin Amgen* where Lord Hoffmann said, with the original emphasis:

> "The judge decided that the lack of clarity made the specification insufficient. It did not merely throw up the possibility of doubtful cases but made it impossible to determine in *any* case whether the product fell within the claim."

27. I think that Lord Hoffmann's emphasis was simply intended to draw attention to the distance between the judge's finding and a case which presented doubtful cases at the edge of a claim. For my part, I do not agree that the objection of uncertainty is answered simply because there is something within the claim which is clear, if there is a large territory (more than a fuzzy boundary) where the claim is uncertain.

47. The parties in our case embarked on a debate about the nature of the restriction (if it be such) of the general principle derived from *Biogen* which *Lundbeck* had created. Mr Meade submitted that the claim in *Lundbeck* was a narrow, single product claim, and *Biogen* applied with full force where a claim, like the present claim, covers a range of products. […]

52. I draw the following from the speeches in these two cases:

1. The principle in *Biogen* is concerned with permissible scope of claim in the light of the patentee's contribution to the art.

2. In general, that principle is that the claim must not extend to embodiments which owe nothing to the patentee's contribution to the art.

3. In the case of a claim to a single novel chemical compound, the patentee's technical contribution is that compound. Such a claim will not be insufficient if the single compound is enabled by a method in the specification, notwithstanding the fact that there may be other methods of making it which owe nothing to the disclosed method.

4. The same must be true of a claim to a class of compounds, each of which can be made by the application of a method disclosed in the specification. There is no requirement that the patentee disclose more than one method, where one method will do.

5. This does not mean that all claims to a class of products by definition comply with the *Biogen* principle. The conclusion in *Biogen* shows that a claim which is formally to a class of products may cover embodiments which owe nothing to the patentee's technical contribution.

6. The reason why the claim in *Biogen* offended the principle was not because it had "process components" but because the language of the claim was so generalised (both in relation to the manner in which the product was made and in relation to its function) that it extended to embodiments which owed nothing to the patentee's contribution to the art. A claim to a product defined by its function (e.g. any heavier than air flying machine referred to by Lord Hoffmann at page 52 in *Biogen*) is capable of extending to subject matter which owes nothing to the patentee's contribution to the art.

Identity of the skilled person following amendment

Conversant v Apple (Birss J)

32. The person skilled in the art is a legal construct used to provide an objective legal standard by which various legal questions can be answered. Nevertheless the court will always have regard to the reality of the position at the time (*Schlumberger v EMGS [2010] EWCA Civ 819*). Apple's case seems to involve a point of principle that the way to identify the skilled person as a matter of law is to look at the field the patent itself locates the invention in and posit a person in that field as the relevant person. The problem with that approach is that one could end up in this case with a person working in the field of (say) PDAs, even though they are no longer within the claims. The point is wrong because a patent is taken to be directed to those with a practical interest in its subject matter (*Catnic v Hill & Smith [1982] RPC 183*). Its subject matter is the invention, and the invention is what is defined in the claims (s125 of the Act). It follows that while it will be unusual, there is nothing wrong in principle

for the effect of a claim amendment to mean that the notional person skilled in the art relevant to an amended claim may be different from the one applicable to the unamended claim.

33. Therefore, applying these principles to the facts of this case, for the purpose of assessing the claims as proposed to be amended, the skilled person is someone with a practical interest in smart phones.

Costs if win on only one point.

Conversant v Huawei (Arnold LJ)

47. I have to deal with the costs of this part of these proceedings. When I refer to "this part" I am talking about the trial of the issues of validity, essentiality and infringement of the '659 patent.

48. The starting point is that it is common ground that the overall winners were the Defendants.[…]

49. Against that, however, one has to put the fact that, as counsel for Conversant submitted, the present case is a rather exceptional one, because the costs of the trial, which lasted for seven sitting days and involved a considerable amount of complex expert evidence, were been hugely increased by the Defendants' overloading of the case with a large number of issues on which they were unsuccessful.

50. The issues with which the court were faced as trial were as follows. First, there were six issues of construction of the claim raised by the Defendants with a view to attempting to establish non-essentiality, and therefore non-infringement: there was one issue on integer A, which I addressed at paragraphs 152-155 of my judgment; two issues on integer B, which I addressed at paragraphs 156-159; a further issue on integer B, which I addressed at paragraph 160; an issue on integer C, which I addressed at paragraph 161; and another issue on integer C, which I addressed at paragraphs 162 and 167.

51. Next, there were four further points of alleged non-infringement: first, the buffer of occupancy issue, which I addressed at paragraphs 180-184; next the equivalents issue,

which I addressed at paragraphs 193-194 and 201; thirdly, the re-transmission issue, which I addressed at paragraphs 185-190 and 202; and, lastly, the control only information issue, which I addressed at paragraph 203.

52. In addition to those issues there were two allegations of obviousness over separate items of prior art, namely Samsung and Terry. There were no less than five separate added matter attacks and there were three insufficiency attacks.

53. As counsel for Conversant pointed out, the upshot is that the defendants relied upon no less than 20 separate points to contend that the patent was either invalid or not infringed. Of those 20 points, the defendants lost on 19 and won on only one.

9. The upshot, therefore, is that the Defendants in this case not only won on just one issue out of 20, but also presented their case in a way which was, in my view, in significant respects unsatisfactory and unreasonable.

28. Taking into account all of the considerations that I have mentioned, it seems to me that it would fairly reflect the overall degree of success of the parties in the proceedings, and the costs disparity to which I have referred, for me to order that the Defendants should pay 70% of Conversant's costs.

29. That finally leaves the question of an interim payment. Both sides were arguing for an interim payment of 60% of whatever percentage was ultimately awarded, and on that basis I will order an interim payment by the Defendants of 60% of 70% of Conversant's bill.