

# INTELLECTUAL PROPERTY: CASE UPDATE

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## CASES REPORTED IN MARCH 2022

Every case is interesting to someone and no case is interesting to everyone, and so we provide snapshots of each intellectual property decision reported by bailii.org (British and Irish Legal Information Institute) from the Patents Court (which deals with all registered rights), the Intellectual Property Enterprise Court (for smaller or simpler claims), and the appeal courts, and a contents table so that you can see quickly whether there is anything interesting to you.

Please get in touch with [tom.carver@wablegal.com](mailto:tom.carver@wablegal.com) for more detail on any of the cases, or for any other queries, questions or discussions.

### Court of Appeal

Patent; definition of exclusive licence; costs.

[Neurim Pharmaceuticals \(1991\) Ltd & Anor v Generics \(UK\) Limited & Anor](#)

### Court of Appeal and High Court

Patent validity; permission to appeal; whether injunction should be stayed or applied pending appeal.

[High Court: Neurim Pharmaceuticals \(1991\) Ltd & Anor v Generics \(UK\) Ltd \(t/a Viatris\) & Anor](#)

High Court decision appeal heard in the same month.

[Court of Appeal: Neurim Pharmaceuticals \(1991\) Ltd & Anor v Generics \(UK\) Ltd & Anor \(Rev1\)](#)

### High Court

Patent infringement and validity; infringement and essentiality of 'adapted for' claim; would the skilled person review references in prior art documents?

[Optis Cellular Technology LLC & Ors v Apple Retail Uk Ltd & Ors \[2022\] EWHC 561 \(Pat\)](#)

### Intellectual Property Enterprise Court

Patents; assignment of right to apply for a patent.

[Jones v Irmac Roads Ltd \[2022\] EWHC 495 \(IPEC\)](#)

Unregistered design right and passing off; application to join further defendants, to amend Particulars of Claim and for specific disclosure.

[Vimage Products Ltd v Data Candy Ltd & Ors](#)

Account of profits.

[Bei Yu Industrial Co v Nuby \(UK\) LLP & Anor](#)

Registered and unregistered design rights; validity and infringement

[Fairfax & Favor Ltd & Ors v The House Of Bruar Ltd & Ors](#)

## Neurim Pharmaceuticals (1991) Ltd & Anor v Generics (UK) Limited & Anor

This is a decision on the appeal against orders made in [December 2020](#) and [March 2021](#) (i.e. not the case reported in the High Court section of this update).

### *December 2020 decision*

This decision had held that the licence held by the second claimant was not an exclusive licence on the ground that it granted no right to bring an infringement claim independent of the licensee. The Court of Appeal overturned that decision. The licence was exclusive because the second claimant was entitled to work the invention to the exclusion of the licensee. There is no requirement in the Patents Act for an exclusive licensee to have a right to bring infringement proceedings independently of the licensor.

### *March 2021 decision*

This decision related to costs. The patent had been found valid and infringed by the High Court with the claimant awarded its costs (i.e. the defendant was ordered to pay a substantial percentage of the claimant's costs). The patent was then revoked by the EPO, which caused the judge to reverse his costs order, holding that the defendant had succeeded in the dispute overall and therefore awarding the defendant its costs. The Court of Appeal agreed with the judge that the defendants had succeeded overall, but found that the judge had erred in principle by rejecting the possibility of an 'issues based' costs order. An issues based costs order is one in which the allocation of costs is determined according to the issues on which each party succeeded. This would have resulted in the claimant being awarded most of its costs because it succeeded on most of the issues at the High Court despite losing overall by dint of the EPO decision.

Either way (awarding costs to the winner/loser or to the loser/winner) seemed unfair, so the Court cut the Gordian knot by holding that both sides were responsible for wasting costs. Both parties were at fault for not agreeing to stay the High Court proceedings once the EPO proceedings were expedited and it became apparent that the EPO decision would be close in time to the High Court decision. The Court of Appeal held therefore that there should be no order as to costs (i.e. each party pay its own costs and not recover any from the other side).

## Neurim Pharmaceuticals (1991) Ltd & Anor v Generics (UK) Ltd (t/a Viatris) & Anor - High Court decision

This is a follow-up to the [decision](#) in February by which the patent in suit was found valid and infringed. Given the unusual circumstances by which the case was decided without an oral hearing, the parties were given the opportunity to make further oral representations. The defendants took that opportunity, but failed to change the judge's mind.

The judge then refused permission to appeal, on the basis that the issues he decided were factual and not legal.

The final question decided was whether the injunction restraining infringement should apply immediately, or be stayed until the defendants had appealed the refusal of permission to appeal to the Court of Appeal. The judge held that the injunction should apply immediately. He held that there was no genuine chance of the defendant succeeding on appeal. Further, the claimant had given an undertaking in damages and an undertaking to maintain the necessary records to enable those damages to be quantified should the defendant succeed on appeal. The judge commented that it was likely that if the injunction was stayed then other generic manufacturers would likely enter the market right away, making the calculation of the claimant's loss more difficult, and that it would be a brave judge to permit one generic into the market whilst enjoining everyone else. However, this decision did not stand for long.

[Neurim Pharmaceuticals \(1991\) Ltd & Anor v Generics \(UK\) Ltd & Anor \(Rev1\) - Court of Appeal decision](#)

The Court of Appeal gave permission to appeal, on the basis that the appellant had a real prospect of success, and overturned the decision that the injunction should apply immediately, holding that the injunction should be stayed on the basis that the defendant was already on the market, there had been no material change in circumstance and the *status quo* should be preserved. The evidence did not support the contention that further generic manufacturers would enter the market before the imminent expiry of the patent.

[Optis Cellular Technology LLC & Ors v Apple Retail UK Ltd & Ors \[2022\] EWHC 561 \(Pat\)](#)

This is the decision in Trial D, a technical trial part of the series of cases reported in 2020 (October and November) and 2021 (June, July, September, October and November). It concerns the validity, infringement and standard essentiality of two patents. Applications to amend the claims unconditionally were allowed, being sufficiently clear and adding no subject matter.

Claim 1 required the device to be “*adapted to*” spread and transmit certain signals. The evidence was that this functionality is required by the standard (and so the patents were held to be essential) and that the devices in suit were able, without re-programming, to send the signals but that they do not, for practical reasons, do so when used in the UK. The judge held that if the devices required re-programming in order to achieve the result then they would not be “*adapted to*” do so and would not infringe, but that in this case they would function properly without re-programming if the relevant signal were present and therefore infringe the patents.

The obviousness attack relied on two prior art documents. The first, referred to as Panasonic, was held to be a high-level proposal to conduct investigations and not a disclosure that would be expected to lead directly to anything useful.

The second, referred to as Nokia, cross-referenced a document referred to as Nokia 2. The patentee argued that the skilled person would read Nokia 2 together with Nokia while the infringer argued that s/he would not, in a reversal of the usual dynamic. The judge found that while the skilled person does not have unlimited patience and therefore would not read every reference and every reference in every reference, in this case the facts strongly favour the conclusion that the skilled person would read Nokia 2 because it is from the same organisation, its serial number made it clear that it was very close in time and its title (NB not ‘Nokia 2’ but its official title) is suggestive of a high likelihood of relevance. The patent was held valid over both the prior art documents.

[Jones v Irmac Roads Ltd \[2022\] EWHC 495 \(IPEC\)](#)

The claimant applied for a declaration that he was the proprietor of the patent in suit, and not the defendant. Most of the case involves interpretation of contractual terms and other non-IP issues, but a point that caught the eye was the question of whether the right to apply for a patent is a right that can only be assigned in writing or can be assigned by verbal agreement. The judge found that the right to apply for a patent falls under s.30(6) Patents Act and must be in writing to assign the legal right, but that the equitable right can be assigned verbally.

The claimant was the inventor of the invention. He verbally assigned the equitable right to apply for a patent for the invention to the defendant, who applied for a patent. The parties entered into a Patent Option Agreement by which the claimant had the option to require the defendant to assign all rights in the patent back to the claimant. The dispute concerned whether the option had been correctly exercised. The Court held that it had been and granted the claimant a declaration that he is the true proprietor of the patent (legal and equitable).

### Vimage Products Ltd v Data Candy Ltd & Ors

The claimant applied to join two new defendants to the proceedings, to amend its Particulars of Claim and for specific disclosure of certain design drawings.

The Court may order a person to be added as a new party if: a) it is desirable to add the new party so that the Court can resolve all the matters in dispute in the proceedings; or b) there is an issue involving the new party and an existing party which is connected to the matters in dispute in the proceedings, and it is desirable to add the new party so that the court can resolve that issue. The judge was satisfied, on the evidence, that the two new defendants ought to be joined to the proceedings, this being a classic case of facts emerging after proceedings have been served which justify a party or parties being added.

Parties are generally not permitted to amend statements of case in the Intellectual Property Enterprise Court after the Order for Directions has been made, but the Court does have discretion to permit amendments, taking into account the overriding objective to hear cases justly and at proportionate cost. The Court should strike a balance between injustice to the applicant if the amendment is refused, and injustice to the opposing party and other litigants in general if the amendment is permitted, and any application to amend in the Intellectual Property Enterprise Court must also meet the cost-benefit test described in [Temple Island](#). Here, the judge allowed the application.

The application for specific disclosure was resolved by the defendants offering to file witness statements addressing the existence of the documents requested.

### Bei Yu Industrial Co v Nuby (UK) LLP & Anor

An uncommon reported decision for an account of profits (uncommon because such matters are more often settled than decided in court).

The judge set out the principles:

- a) The purpose of the account of profits is to deprive the infringer of the profits which it has improperly made by its wrongful importation and sale of the infringing product and to transfer those profits to the rights holder. In this regard, it is the infringer's actual profit that the court has to identify rather than the profit that the infringer could or ought to have made. In effect, the rights holder must take the infringer (and its profit) as it is.
- b) The relevant profits are the sum left after deducting the infringer's allowable expenses from the sums received or receivable by the infringer in respect of its infringing acts.
- c) The allowable expenses will include any costs that were associated solely with the infringer's infringing acts. Those costs might be direct costs (e.g. the costs of purchasing and importing the relevant products) or any increased overheads specifically related to the infringing acts. Such expenses may be deducted in their entirety.
- d) The allowable expenses can also include a proportion of the infringer's general overheads unless (a) the relevant overhead would have been incurred anyway (i.e. it would have been incurred even if the infringing acts had not occurred) and (b) the sale of infringing products would not have been replaced by the sale of non-infringing products.
- e) Where a deduction can be made in respect of a general overhead, the amount deducted is such proportion of the overhead figure that can fairly be attributed to the infringer's infringing activities as opposed to its non-infringing activities. This apportionment is done on a broad brush basis. However, it may be appropriate to use different bases of apportionment for different types of overhead. A basis that is fair and appropriate in relation to, for example, an expense relating to the business premises may not be fair and appropriate when applied to, say, wages.
- f) The evidential burden rests on the infringer to support a claim that it is appropriate to make a deduction on account of a sum said to be an allowable expense under the principles set out in (b) to (e) above.

The only dispute of law concerned the correct approach to apportionment of general overheads (i.e. those overheads of the defendant not specific to the infringement, such as rent, gross wages, electricity, etc). The

competing approaches were 1) general overheads to be apportioned according to the percentage of total sales revenue attributable to the infringing activities, 2) general overheads to be apportioned according to the number of product lines sold by the defendant (1 in 280 in this case), or 3) general overheads to be apportioned according to the sales volume of each product line. The judge held that approach 1 (the “sales revenue” approach) was appropriate for most categories of general overheads but that for some other categories (telephone, IT, stationery and office equipment) approach 2) was more appropriate.

[Fairfax & Favor Ltd & Ors v The House Of Bruar Ltd & Ors](#)

This was an action for infringement of registered and unregistered design rights by three versions of a product line. There were no arguments as to the law and the case was decided wholly on the facts. Two versions were held to infringe both the registered and unregistered rights, while the third was held not to infringe.