Repair v. Reconstruction in the UK

Thomas G. Field, Jr.

Professor Field finds a High Court decision to leave more questions than it answers.

A March 13th, UK Supreme Court opinion addresses a perennial debate: When does refurbishing a patented item cross the line between "repairing" and "(re)making?" *See* Schütz (UK) Ltd. v Werit (UK) Ltd, [2013] UKSC 16,13 March 2013 -- available at http://www.supremecourt.gov.uk/decided-cases/index.html. Citations are to the Court's numbered paragraphs.

As explained in an accompanying Press Summary, the item in question is an "intermediate bulk container" or IBC. A photograph shows three parts: a plastic bottle with openings for filling and discharging liquid contents; a rigid cage that surrounds the bottle; and an ordinary wooden pallet. Although the combination is claimed, the patentable feature resides in the cage itself.

Schütz holds exclusive rights in the UK. Delta Containers Ltd. acquires Schütz's used IBCs and replaces the bottles with ones made by Werit. Perhaps because Schütz wants to maintain good relations with Delta, it seems to have sued only Werit. Yet the Court says that Schütz "objects to Delta's re-bottling activities and contends that they infringe the Patent. It is common ground that, if Delta thereby infringes…, Werit does so." ¶ 13.

To infringe here, however, Werit would have to induce Delta to use its bottles or make bottles useful only in the patented IBCs. The first is not mentioned, but the Court says, "Because the bottle is not specifically designed for the cage, the 'fit' is not always as good as with a bottle from the original manufacturer. For instance, stabilising loops in the top of the bottle may not precisely match up with bars on the cage, or the bottle may not fit so as to drain properly without tipping. However, there appears to be a healthy

market for cross-bottled IBCs." ¶ 6. This seems to belie both contributory and induced infringement but, surprisingly, neither issue is mentioned.

Exhaustion is also implicit but not mentioned. Purchasers have the right to repair patented as well as unpatented items. Indeed, that proposition played an extraordinary role in British Leyland Motor Corp. Ltd. v. Armstrong Patents Co. Ltd. [1986] 2 WLR 400 (UK House of Lords). There, the rights of purchasers to replace exhaust systems overcame BL's cause of action for *indirect* copying of engineering drawings. Lord Griffiths would have chosen, instead, to abrogate the doctrine of indirect copying, but he was outvoted four to one.

Presumably, Delta has the same rights as original purchasers. In that respect, it seems relevant that: "IBCs are used to transport a wide range of types of liquid. Often, the bottle cannot be reused, because it contains residues of a toxic liquid or because it has been physically damaged. While the cage also has a limited life-span…, the evidence suggested that, on average, it is about five or six times as long." ¶ 4 Under those circumstances, it seems strange that the Court does not frame the issue as whether purchasers of Schütz's IBCs should be obligated to look to it for replacements.

The lack of context is ironic given that the Court cautions, "The word 'makes' must, of course, be interpreted contextually. …. First, the word 'makes' must be given a meaning which, as a matter of ordinary language, it can reasonably bear. Secondly, it is not a term of art: like many English words, it does not have a precise meaning. Thirdly, it will inevitably be a matter of fact and degree in many cases whether an activity involves 'making' an article, or whether it falls short of that." ¶ 26.

Indeed, the opinion "emphasise[s] the somewhat slippery nature of the meaning of the word, and the very important role which context plays in determining whether a particular activity involves 'making' an article." ¶ 53. Thus, "[t]he first question to

consider is whether either of the Courts below adopted the right approach…. In my view, they did not." ¶ 54.

The trial judge, "Floyd J over-simplified… when he said that 'the correct approach is to ask whether, when the part in question is removed, what is left embodies the whole of the inventive concept of the claim.'" ¶ 56. Moreover, "the Court of Appeal… do not appear to have recognised that the question of whether replacing a part of a patented article constitutes 'making' it is a matter of fact and degree. Indeed, Jacob LJ appears to have thought that replacing any part of a patented article would involve 'making' it." ¶ 57.

The Court then offers contrasting examples. "If, very unusually, an original Schütz IBC was in such a state that the bottle could be reused but the cage could not, it would, I think, be hard to challenge the view that putting the existing bottle in a new Schütz cage would involve 'making' the claimed article. On the other hand, if an original Schütz IBC was entirely reusable save that the detachable lid of the bottle… was damaged, it could not be plausibly contended that the replacement of the lid constituted 'making' the claimed article." ¶ 58

Whether "the article includes a component which is physically easily replaceable and in practice relatively perishable" is seen as important. ¶ 66. Although the Court thought the trial court gave it undue weight, another factor whether a replaced part "includes the inventive concept, or has a function which is closely connected with that concept." ¶¶ 67, 68.

Contrasting an earlier case that figures prominently, the court says, "[i]In *United Wire*, unlike in this case, (i) the replaced part was integrally connected to the retained part, so the work included a significant element of demolition, (ii) the replaced part was subjected to significant improvement work, (iii) the inventive concept either largely

resided in the replaced part (the first patent) or was closely connected to that part (the second patent), and (iv) the work involved could undoubtedly be described as manufacture. Merely replacing a damaged plastic bottle (albeit one of considerable size) with a new plastic bottle (even allowing for the fact that the replacement has to be made) appears to me to be an exercise of a very different order."

Perhaps the decision would have been easier had the Court considered whether replacing an apparently ordinary pallet would have constituted "making" the patented IBC. If so, why? And, if not, why not? That seems as apt as the bottle cap and to point in the same direction.

