



Extending accessorial liability for infringement – when does joint liability arise?

Summary and implications

The Court of Appeal has handed down an important judgment that clarifies when a defendant will be held accessorially liable for infringement as a joint infringer.¹

The decision is significant for a number of reasons:

- It has relaxed the rules imposing liability for accessorial infringement on joint defendants – a move that shifts the balance of power in favour of rights holders. Although a patent case, this judgment is applicable to infringement of all intellectual property rights.
- It reiterates the strict approach the appellate court will take to appeals seeking to overturn findings of obviousness.
- It elaborates on the approach to be taken when interpreting the meaning of a common English word in a patent claim.

Factual background

This litigation concerned machinery and methods for sealing the tail ends of rolls of paper, such as lavatory rolls and kitchen towel, so that they remain rolled up.

The paper is supplied in the form of very large “parent” rolls, three metres in diameter. These have to be unwound and then rewound to the relevant diameter for lavatory rolls and paper kitchen towelling, before being cut into individual rolls. If the loose end of the smaller roll is not sealed before further conversion steps are taken the end can unwind, interfering with the rest of the process.

The sealing is a glueing process that involves rolling the smaller dimensioned roll over a slit from which glue is dispensed over the full length of the loose end, and then rewinding the roll to complete the seal. One of the key arguments on interpretation of the relevant claim was what was meant by the word “slit”.

The relevant paper converting machines were purchased *ex works* from PCMC Italia’s Italian factory by the UK customer (LPC), who then

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¹ *Fabio Perini SpA v LPC Group PLC & Others* [2010] EWCA Civ 525, Lord Neuberger MR, Hughes and Jackson LJ

imported them into the United Kingdom, where they were installed and used for over a year in LPC's premises.

When will a defendant be accessorially liable as a joint infringer?

LPC was held liable for infringement at trial as it had imported the infringing machines into the UK and used them for over a year. The question for the Court of Appeal was whether, and on what basis, PCMC Italia should also be held liable as a joint infringer.

PCMC Italia not only installed the infringing machines at LPC's premises, but under the terms of its contract with LPC its employees supervised the commissioning and start-up use of the infringing machines, as well as training LPC staff to use the machines.

The trial judge had emphasised that these were method claims, and that the contract specifically called for machines that operated in accordance with this method. PCMC Italia had assembled these machines on LPC's premises and caused them to work in accordance with the method claims. He had therefore held that PCMC was liable as this work had been done pursuant to a common design, evidenced by the contract.

Until this decision the test for joint accessory liability had been the 2003 Court of Appeal decision in *Sabaf v Meneghetti and MFI*. That required the alleged joint infringer to have "been so involved in the commission of the [infringing act] as to make himself liable for the infringement", and that he must have "...made the infringing act his own".

The present Court of Appeal criticised *Sabaf* as having circular reasoning. It preferred the approach taken in the 1989 Court of Appeal case of *Unilever v Gillette*. That held that there was enough for there to be liability "if the parties combined to secure the doing of acts which in the event prove to be infringements".

The application of this test to PCMC Italia illustrates the new boundaries of accessory liability.

- Merely exporting a machine from another country to a third party in the UK, even helping to install the machine in the third party's premises in the UK, would not normally lead to accessory liability. This is because it is the use of the machine which constitutes the infringement of the method claims of the patent.
- Even if, taken on their own, neither (a) the sale and installation of the machines, nor (b) the provision of the various commissioning services, would give rise to liability, that did not mean that the combination of the two could not do so.
- However, the commissioning and other services provided by PCMC Italia crossed the boundaries of accessory liability. The Court of Appeal held that these services - performed in LPC's premises in the UK - "...were plainly undertaken to enable, indeed to assist, even to join in with, LPC's use of the machines - i.e. to infringe [the method claims of the patent]".

The appellate court's approach to appeals seeking to overturn findings of obviousness

It is well established following the 1997 House of Lords case of *Biogen v Medeva* that an appellate court will be reluctant to interfere with a trial judge's finding on obviousness unless it can be shown that the judge went wrong in principle.

The trial judge had held the relevant patent to be obvious, and gave a detailed reasoned judgment explaining his basis for doing so.

The Court of Appeal dismissed PCMC's appeal on obviousness. Not only had the judge properly directed himself on the law on obviousness, and had therefore reached a conclusion which was justified on the evidence, but – when analysed – PCMC's case on obviousness suffered fatally from being based on hindsight and (this being a case where there are a number of steps to get from the prior art to the patent) from the assumption that because each step is obvious over its predecessor the totality of the steps must be obvious.

The Court of Appeal considered that this approach was unacceptable, especially as consideration of the expert evidence demonstrated that "...PCMC's case [was] doomed to failure". The Court of Appeal was clearly not impressed by PCMC's approach: it characterised this as no more than an attempt – despite PCMC's suggestion to the contrary – to persuade an appellate court to overturn a trial judge's conclusion on obviousness which was one the judge was clearly entitled to reach.

How to interpret a common English word in a patent claim

One of the key arguments on interpretation of the relevant claim was what was meant by the "slit" through which the glue flowed to seal the loose end of the smaller roll. The judge had held that the noun "slit" was no more than "an ordinary English word which in context would be taken to mean a long narrow opening".

The Court of Appeal said it was hard to fault the judge's definition of the noun "slit". In doing so it laid down guidelines for the approach to be taken when interpreting the meaning of a common English word in a patent claim. This approach is as follows:

"...the Judge's approach was quite appropriate. The process of construction has to start somewhere, and when the ultimate issue is the interpretation of a common English word, it is often helpful to begin with its ordinary meaning before one turns to its documentary context and other relevant factors. After all, issues of interpretation (whether arising in connection with patents or any other commercial documents) often require an intracranial iterative process, involving multiple factors, including natural meaning, documentary context, technical considerations, commercial context, and business common sense."

Lord Hoffman, *Biogen v Medeva* (1997)

"The need for appellate caution in reversing the judge's evaluation of the facts ... is because specific findings of fact, even by the most meticulous judge, are inherently an incomplete statement of the impression which was made upon him by the primary evidence. His expressed findings are always surrounded by a penumbra of imprecision as to emphasis, relative weight, minor qualification and nuance (as Renan said, *la vérité est dans une nuance*), of which time and language do not permit exact expression, but which may play an important part in the judge's overall evaluation".

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