

# What Constitutes Making a Patented Product? - Schuetz v Werit

The Supreme Court, the highest Court for England and Wales, has given guidance as to considerations to take into account when deciding whether an activity can be regarded as “making” a patented product and thus infringing a patent. This Decision has relevance for activities including reconditioning and repairing of patented articles and for sale of spare parts and even consumables of larger patented articles.

The Decision makes it clear that the question of whether an activity is “making” is “one of fact and degree”.

The Decision concludes that there are no fixed principles nor any single simple test to assess what constitutes “making”, but some general principles and factors to take into account are set out in the Decision and discussed below.

## The Dispute

Schütz is a leading manufacturer of intermediate bulk containers (IBCs). An IBC is a large container used for the bulk transport of liquids. Such containers face tough transport conditions. IBCs are of a two-part construction, comprising a metal cage into which a large plastic container, known as a “bottle”, is fitted. The bottle fits snugly in the cage, which provides protection to the bottle.

Schütz is an exclusive licensee of a patent with claims directed to an IBC. The independent claim at issue requires both the presence of the bottle and the cage.

In use, the bottle of an IBC has a shorter lifespan than that of the cage. A third party Delta acquires discarded IBCs originally put on the market by Schütz and replaces the original bottles with new bottles from Werit and then offers these “cross-bottled” IBCs on the market.

The question arises whether Delta’s activity comprises “making” an IBC according to the claim, if so Schütz can stop Werit supplying the new bottles to Delta under the contributory infringement provisions. “Making” is an infringing act under Section 60(1)a of the UK Patents Act.

## Previous Decisions on this Case

In the first instance, at the UK High Court, the Judge found that when deciding whether or not Werit “makes” the patented product “the correct approach is to ask whether, when the part in question is removed, what is left [i.e. the cage] embodies the whole of the inventive concept of the claim”. This resulted in a finding of no infringement as in the case in question the invention lay entirely in the cage not the bottle.

At the UK Court of Appeal, the Judges appear to have thought that replacing any part of a patented article would involve “making”

it. The logic seems to be that if a third party made a cage according to claim 1 and fitted it with a Schütz bottle, that would produce exactly the same outcome. They reasoned that the IBC “ceased to exist when the bottle is removed” and “what remained at that stage was merely an important component from which a new IBC could be made”.

Interestingly, the same case has been heard by the German Bundesgerichtshof (the BGH). The BGH concluded that it was important to determine whether the prevailing market opinion was that the replacement of an IBC is seen as remanufacturing the patented product or whether it is seen as repair which should be permitted.

## The UK Supreme Court Decision

The UK Supreme Court’s Decision does not follow any of the previous Decisions. The Supreme Court felt that the test at first instance of whether the invention resides principally in the part retained was not the right way to approach the question as it appears to conflict with the wording of Section 60(1)(a) and 125(1) of the UK Patents Act, which define infringing acts. The Court of Appeal were criticised because their conclusion seems to leave no scope for repairing of a patented product.

The Supreme Court approved of its earlier Decision, given as the House of Lords, in *United Wire Ltd v Screen Repair Services (Scotland) Ltd*. In that Decision, it was found that whether infringement occurred was one of “fact and degree”. When considering whether the repair or remanufacture consists of “making” of the article, the Supreme Court in this case suggested the following considerations are helpful:

- Is the part replaced (the bottle) such a subsidiary part of the patented article that its replacement, when required, does not involve “making” a new article?
  - Even if the replaced part (the container) is undoubtedly essential and a physically large part of the patented article, the part can still be said to be a relatively subsidiary part of the article, viewed as a whole.
- Does the replaced part (the bottle) have a significantly lower life expectancy than the retained part (the cage)? In particular, would one anticipate replacing the replaced part (the bottle) several times during the life of the retained part (the cage)?
- Where an article includes a component that is physically easily replaceable and in practice relatively replenishable, those features must constitute a factor (which, according to the judgement may, of course, be outweighed by other factors).

- Does the replaced part include any aspect of the inventive concept of the patent? The extent to which a component of an article is a subsidiary part, so that its replacement is more likely to involve repairing than “making” the article, must be a matter of degree. Therefore, it is legitimate to consider whether the replaced worn out part includes the inventive concept, or has a function that is closely connected with that concept. Is the replaced part a freestanding item of property that does not include, or relate to, the inventive concept?
- The Supreme Court agreed with the BGH that in some cases the value of the patented product before and after refurbishment might be a factor to consider.

In the Decision, the Supreme Court comes to the conclusion that replacing the bottle in the IBC does not result in “making” the article identified in the claim. However, the Supreme Court said that the issue is by no means clear but the above-mentioned factors persuaded them to arrive at that conclusion.

This decision contrasts with the earlier decision of the House of Lords in *United Wire Ltd v Screen Repair Services (Scotland) Ltd*. In *United Wire*, infringement was found to have occurred by replacing two wire meshes attached to a frame where the combination of the two wire meshes and frame was patented. In that case, unlike in the present case, (i) the replaced part was integrally connected to the retained part, so that 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 or was closely connected to that part, and (iv) the work involved could undoubtedly be described as manufacture. In contrast, in the present case, merely replacing a damaged plastic bottle with a new plastic bottle was regarded to be an exercise of a very different order.

## Conclusions

This latest case does appear to have shifted the law in favour of those who repair and re-condition products or supply spare parts. However, it does not give the go-ahead to all such activity.

The Supreme Court recognises that such cases will in future be decided on the facts of each case. Some relevant considerations in deciding whether an act comprises

“making” a patented product have been set out. It is likely that in future such cases will rest at least partly on evidence of the accepted practice in the industry, expected lifetime of various components of the patented product, the value of the product before and after refurbishment and whether the replaced part includes any aspect of the inventive concept of the patent or had any connection to it.

The complete text of the judgement is available at:

<https://www.supremecourt.uk/cases/docs/uksc-2011-0159-judgment.pdf>

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