Patent infringement – legal overview

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A patent provides protection for ideas and principles embodied in novel technologies, products and processes, and is not limited to the physical form of the product itself.

The owner of a patent is granted a monopoly to make, hire, sell, use, import and license the patented product or process for up to 20 years.

Acts amounting to infringement

The Patents Act 2013 defines infringement as doing anything in New Zealand that the patentee has been granted a monopoly for, without license from, or consent or agreement of, the patentee.

Generally, infringement will arise through the commerical working of a patented invention (for example, by its manufacture, sale, use or importation) in New Zealand by any person other than the owner, without the owner's permission.

Infringement can include the sale of a product produced by the defendant using a patented process: s 18.

Infringement can also occur where a person (A) contributes to a potentially infringing act performed by a second person (B), or capable of being performed by B. In this case infringement occurs where person A supplies (or offers to supply), in New Zealand, person B with any of the means, relating to an essential element of the invention, for putting the invention into effect and either knows that the means are suitable and intended by B for putting the invention into effect, or if the means is a staple commercial product, A supplies the means for the purpose of inducing B to put the invention into effect.

A "staple commercial product" is a product of the kind commonly available in trade or commerce and having more than one reasonable use.

Infringing acts performed before 13 September 2014 will be considered under the arguably narrower provisions of the Patents Act 1953.

The test for infringement

Traditionally, infringement has been assessed by determining whether the "pith and marrow" of the patent has been taken:

"*Copying an invention by picking its 'pith and marrow' without textual* [literal] *infringement of the patent is an old and familiar abuse which the law has never been powerless to prevent.*"

The "pith and marrow" doctrine refers to reproduction of the essential novel features of the patented invention.

These features are normally identified by looking at the patent claims. Every complete patent specification must end with a claim or claims defining the scope of the invention protected by the patent. The function of these claims is to:

"*define clearly and with precision the monopoly for which protection is sought, so that others may know the exact boundaries of the area within which they will be trespassers*".

Patent claims are analysed in accordance with the "purposive construction" doctrine. This doctrine requires the Court to look at what the patentee intended (ie the purpose of the patent) rather than adopting a strictly literal interpretation of the claims.

It was described by one judge as follows:

"*The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.*"

As can be seen, under the purposive construction test the scope of a patent is determined by reference to the ordinary meaning capable of being given to the words of each claim by a person skilled in the technology covered by the patent.

That person (known as the "notional skilled addressee") may comprise a team of individuals, each with distinct skills:

"*This person is a skilled technician in the art in question, knowledgeable in the relevant literature (including patent specifications and such material as would be discovered on making a diligent search), but unimaginative and with no inventive capacity … Where the subject matter covers more than one discipline, the notional addressee need not be an individual but may be a research team. In this case such a team would include a toxicologist, chemist and formulator.*"

The notional skilled addressee is also deemed to possess the common general knowledge in his or her field at the priority date.

Where there is doubt as to what is meant, or as to the scope of any word or phrase in a claim, reference can be made (under the doctrine of purposive construction) to the text of the patent specification.

In other words, the starting premise must be that interpretation is governed by the claim and, therefore, if there is no ambiguity in the wording of the claims it is possible for the court to make a preliminary assessment of infringement.

However, as the claims must be read in the context of the specification, the court must then stand back and ask whether the interpretation of the claims which has been applied, and the result which has been reached, is reasonable having regard to the purpose of the patent specification.

This approach is best illustrated by reference to an example:

Case study: Hammar Maskin AB v Steelbro New Zealand Ltd

In this case the question was whether the defendant, Steelbro, had infringed a patent directed to a stabiliser for a side-lifting container trailer.

The claims of that patent required, in part, that the stabiliser mechanism incorporate a support sleeve and an extension part which was said to be "moveably arranged in a bearing in the first support part ie the support sleeve".

After hearing from experts for both parties, the judge in the High Court held that the description could only be read as referring to an additional element which performs the function of a bearing and, as Steelbro's stabiliser did not have that additional component, it could not infringe the claims.

Hammar appealed, arguing that the word "bearing" in claim 1 was intended to convey the concept of a "state of bearing" rather than a discrete physical component. Hammar relied, in part, on the fact that, despite the word "bearing" appearing in claim 1, there was no reference in the specification to a "bearing" in the form of a discrete physical component in either the description of the prior art or the detailed description of the invention. In response, Steelbro argued that, as the meaning of the claim was clear on its face (ie, there was no ambiguity) no reference could be made to the body of the specification.

The Court of Appeal rejected that submission, stating that the claims must be interpreted in the overall context and by reference to the object and description in the body of the specification.

Thus, while the Court of Appeal agreed that the phrase "in a bearing" in isolation from its context might more naturally denote a separate physical component, interpreted in the context of the specification as a whole that phrase could only refer to "bearing" in a functional sense. The Court of Appeal did not believe that that interpretation would modify the monopoly the inventor had marked out in the claim.

Nature and timing of legal proceedings

Legal action can only be taken against a patent infringer once the patent has been granted. Proceedings must be commenced in the High Court and must be initiated by the later of:

- Six years of the date of the alleged infringement; or
- Three years from the date of grant of the patent.

Ordinarily proceedings will be brought by the registered proprietor (owner) of the patent. However section 148 of the Patents Act 2013 enables an exclusive licensee to file infringement proceedings in its own name provided it joins the patentee as either plaintiff or defendant.

The patentee will not be liable for any costs unless the patentee defends the proceeding.

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