If you know your patent lacks novelty, you'd better not enforce it

Kluwer Patent Blog
May 22, 2018

Miquel Montañá (Clifford Chance)

Please refer to this post as: Miquel Montañá, 'If you know your patent lacks novelty, you'd better not enforce it', Kluwer Patent Blog, May 22 2018, http://patentblog.kluweriplaw.com/2018/05/22/know-patent-lacks-novelty-youd-better-not-enforce/

The Barcelona Court of Appeal (Section 15) recently handed down an interesting judgment (dated 6 February 2018) revoking a utility model and ordering the owner to pay the damages caused by having enforced it while knowing that it lacked novelty. According to Article 114 of the former Spanish Patent Act (equivalent to Article 104 of the Act now in force), when a patent or utility model is revoked, as a general rule, the revocation does not affect, inter alia, final judgments where infringement has been declared. However, there is an exception for cases where the owner had acted in bad faith.
What is interesting about this recent judgment is that it is one of the very few to date, if not the only one, in which the contours of this exception have been examined. The facts of the case can be summarised as follows:

In 2002, the owner of the utility model filed a patent infringement action against the company that brought the revocation action that led to the judgment of 6 February 2018 being discussed here. As a result, at second instance, on 6 April 2006 the Barcelona Court of Appeal (Section 15) handed down a judgment declaring the infringement and ordering the defendant to pay 532,109.85 Euros by way of damages.

In 2015, the defendant in the above case filed a revocation action requesting the utility model to be declared null and void due to lack of novelty, as well as a damages claim. In particular, it alleged that, in the first proceedings, the owner of the utility model had sought to enforce it while knowing that it was null and void due to lack of novelty because the invention had been disclosed in a catalogue distributed by the owner of the utility model in 1999, that is, before the priority date. Also, it contended that the owner of the utility model had acted in bad faith because, as the catalogue had been conceived and distributed by that very same company, it was undisputable that it knew that the invention lacked novelty.

The owner of the utility model did not dispute that the invention had been disclosed in such catalogue. Rather, it contested the date on which the catalogue had been made available to the public. It alleged that the catalogue had been published in 2002 (not in 1999), which caused the dispute to revolve around this specific point of fact (i.e. the date of publication of the catalogue). After considering the documents and witnesses proposed by the parties, in its judgment of 6 February 2018 the Barcelona Court of Appeal came to the conclusion that the catalogue had been distributed in 1999. Having reached this conclusion, the Court examined whether or not the owner of the utility model had acted in bad faith. It found that, in this context, "bad faith" depended on the knowledge of the nullity of the title, adding that, in this specific case, the knowledge of the catalogue and of its distribution in 1999 was unquestionable, as it was a document belonging to the owner of the utility model. The Court thus concluded that the owner of the utility model had pursued the infringement action knowing that the utility model lacked novelty and, therefore, in bad faith. As a result, the owner was ordered to reimburse the amounts received as compensation in the first proceedings and the corresponding legal costs.

In conclusion, the teaching from this judgment is clear: if you know that your patent lacks novelty, you'd better not enforce it.