

Kluwer Patent Blog

Bottling the After-Market

Brian Cordery (Bristows) · Wednesday, May 5th, 2010

George Washington once speculated whether it could be said that an axe which had received three new handles and two new heads could be said to be the original axe. Whilst not providing the answer to this long-standing paradox, the recent judgment of Floyd J. in *Schütz v Werit* [2010] EWHC 660 does provide an interesting analysis of the boundary between making and repairing for the purposes of infringement of patents in the UK. The decision will be of interest to the wider European patents community because it considers the correct approach to the prescribed acts of infringement which are ultimately derived from the Community Patent Convention. It also contains a short analysis of three leading German cases.

The case concerned two patents relating to the field of intermediate bulk containers or “IBCs” which are, broadly speaking, large plastic bottles contained in cages and used to transport hazardous liquids from one place to another. Due to the potential risks involved, the field is extensively regulated. When the plastic bottle is worn out and needs to be replaced, it can either be sent back to the manufacturer of the cage for replacement (a process known as “re-bottling”) or the plastic bottle can be replaced by a third party (a process known as “cross-bottling”). Schütz objected to Werit’s sale of bottles to a company called Delta which cross-bottled them into Schütz’s cages.

The Court found that both patents were valid but only one was infringed. The approach to validity, based on substantial amounts of expert evidence, was conventional. The more interesting aspect of the case concerned infringement and whether Delta’s cross-bottling infringed the patent.

Did Cross-Bottling amount to “making” the Patented Products?

Section 60(1) of the UK Patents Act sets out a number of acts which amount to infringement of a patent for a product. Specifically, these are making, disposing of, offering to dispose of, using or importing the product or keeping it whether for disposal or otherwise.

The UK’s highest Court, the House of Lords (since of course re-named the Supreme Court in October 2009) considered the question of what amounts to “manufacture” in the *United Wire* case in 2001. Under the UK laws of precedent, Floyd J. in the High Court was obliged to follow the law as expressed by both the Court of Appeal and the House of Lords in *United Wire* but had free rein in areas not already considered by these higher Courts. Floyd J. was free to take into account decisions of other European courts at any level but was not in any way bound to follow them.

In the *United Wire* case, both the Court of Appeal and the House of Lords had found that the acts

of the defendant, essentially replacing the mesh in a large sieve used in recycling well drilling mud, did amount to making a new product and therefore infringement. Lord Hoffmann gave the leading judgment and observed that for the purposes of patent law, the concepts of manufacture and repair were mutually exclusive, and that a purchaser of a product was given the right to do whatever does not amount to making the product. He held that when the mesh was removed from the frame of the sieve, the product ceased to exist and what remained was “*merely an important component, a skeleton or a chassis, from which a new screen could be made*”.

In *Schütz*, Floyd J. was also invited to consider three cases from the German Supreme Court (BGH) – *Impeller*, *Wheel Tread* and *Pipette*. The judge drew no fewer than nine principles from these cases, the most important of which was probably that the question of whether a replacement part of a combination is never a purely quantitative one but involves looking at the combination as a whole. At the end of a long analysis, the Judge considered that the German law was more developed than the UK law and in certain respects consistent with it.

Although recognising that this was a tricky area, Floyd J stated, in the two lines of his judgment which are most likely to be quoted in the future: “*in my judgment, the correct approach is to ask whether, when the part is removed, what is left embodies the whole of the inventive concept of the claim*”.

Turning then to the facts, the Judge held that inventive concept of each of the patents was wholly embodied in the cage. It followed therefore that the replacement of the bottles did not amount to making the product and there was no infringement.

The author’s view on this judgment is that the Court has reached a sensible conclusion and provided reasonable guidance for the future. Manufacturers of consumable products, from razors to ink-jet cartridges to coffee sachets, are understandably eager to preserve the after-market and third parties eager to claim a share with a cheaper product. Floyd J.’s focus on the inventive concept of the claim – in relation to which some indirect observations were made by the House of Lords in *Conor v Angiotech* – is helpful although potential litigants may often disagree about the exact nature of the inventive concept in each case.

Click [here](#) for the *Schütz v Werit* judgment.

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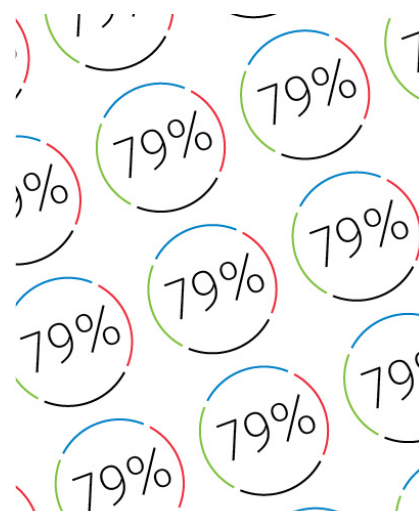
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