# Kluwer Patent Blog

## Green light for UK Nespresso capsule market

Brian Cordery (Bristows) · Wednesday, May 1st, 2013

In its decision of 22 April*, the UK High Court (Mr Justice Arnold) has dismissed Nestec's** claims that Dualit has infringed EP (UK) 2 103 236 ("the patent") by supplying its own branded "NX Café Caps" coffee capsules which are compatible with Nestec's Nespresso coffee machines, thus paving the way for new entrants into the Nespresso coffee capsule market. The patent was also found invalid for, amongst other grounds, lacking novelty over prior uses of Nespresso machines in field tests and at a convention.

The decision is noteworthy because it considers in detail the law of indirect infringement and for the first time in the UK the correct approach to the requirement of "a means relating to essential element of the invention" and the meaning of "staple commercial product". It is also the first decision to consider the UK Supreme Court's recent ruling in Schütz v Werit*** on what constitutes making a product.

As the judge astutely notes, there are a number of ways of making a cup of coffee. One approach is to use pre-packaged portions of ground coffee, which are variously referred to as "pods", "pads" and "capsules". Nestec's Nespresso system has two basic components: Nespresso machines and Nespresso capsules. The first Nespresso machine and capsule was launched in the 1980s. The manner in which the capsules are loaded into and extracted from the machines has evolved over time and there are currently ten Nestec coffee machines on the market in the UK. The Nespresso capsules are made from aluminium and are frustoconical in shape with an annular rim. European Patent protection for the capsules expired in May 2011. The patent under consideration in this can relate to a capsule extraction system. Significantly, the claims specified both a device for the extraction of a capsule and the capsule itself. Notably, the only requirement of the capsule is that it must comprise a flange. Dualit's "NX capsules" supplied in the UK are the same frustoconical shape as the Nespresso capsules and also have an annular rim at the front end.

Nestec asserted that Dualit's supply of NX capsules in the UK infringed the patent because it was:

*"supplying in the United Kingdom a person other than a licensee or other person entitled to work the invention with any of the means, relating to an essential element of the invention, for putting the invention into effect when he knows, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put, the invention into effect in the United Kingdom".****

The court considered a number of the elements of this requirement.

First, whether a consumer who owns a Nespresso machine and purchases NX capsules for use with that machine is a *"person other than a licensee or other person entitled to work the invention"*. The court stated in order to use the Nespresso machine for its intended purpose, the purchaser must insert capsules into the machine. It follows that the purchaser must be impliedly licensed to obtain and use capsules with the machine. Otherwise, it would be useless. In the absence of any restriction upon the purchaser preventing him from obtaining capsules from third parties, the purchaser is entitled to do so. The court also found that Nestec's rights under the patent were exhausted.

Secondly, whether the NX capsules constitute *"means relating to an essential element of the invention"*. There is no English authority on this requirement and so the court considered the contrasting approach of the courts in Germany and the Netherlands to the interpretation of the implementation of Article 26(1) CPC in those countries. The court preferred the German approach***** in which the means in question must contribute to implementing the technical teaching of the invention and the fact that an element was known in the prior art did not prevent it being an essential element of claim. The court considered that the approach of the Dutch courts (an essential element must be one which distinguished the invention from the prior art) was difficult to reconcile with Article 26(2), which makes it clear that a staple commercial product may constitute means relating to an essential element. Accordingly, the court concluded that the capsule does constitute means relating to an essential element of claim 1 of the patent. In its judgment, the capsule does contribute to the implementation of the technical teaching of the invention, and is not of completely subordinate importance.

Thirdly, whether the NX capsules are *"staple commercial products"*. There was only one European authority cited by the parties. The court determined that in order to qualify as a staple commercial product, a product must ordinarily be one which is supplied commercially for a variety of uses. The NX capsules had a very limited use and so were not a staple commercial product.

Finally, the court had to determine whether the NX capsules constitute *"means suitable for putting the invention into effect"*. This depends on whether a person who purchases the NZ capsule for use in a Nespresso machine makes a system falling within claim 1 of the patent. It was in relation to this question the court considered for the first time the Supreme Court's decision in Schütz v Werit******. Having reviewed the reasoning in Schütz, in his judgment Arnold J held that owners of Nespresso machines are not "making" the claimed system for the following reasons. First, the capsule is an entirely subsidiary part of the claimed system, taking into account the relative cost and the life expectancy of the capsules, the perishable nature of the product in the capsules, the functioning of the machine is not affected by the presence or absence of the capsules and the presence or absence of the capsule does not affect the economic value of the machine. Secondly, both the capsules and the machines had an independent commercial existence. Thirdly, the capsules are consumables and purchasers of the machines would assume that they had a freedom of choice when sourcing the capsules. Fourthly, the capsule does not embody the inventive concept of the patent. Indeed the judge inferred that the reason the claim had been drafted to include the capsule was precisely in order to enable Nestec to argue that the mere supply of capsules constitutes and infringement and thus to enable Nestec to control the market in capsules even though the patent covering the capsule had expired.

Finally, the judge did not consider that the owner of the machine was doing anything which would ordinarily be described as repairing a product, let alone making a product.

At the present time it is not known whether Nestec will seek to appeal this decision. If they do, the

first step will be to ask the trial judge for permission to appeal. If the judge refuses permission, Nestec will be able to apply to the Court of Appeal for permission – first on the papers and then in a short oral hearing.

*Nestec S.A. and others v. Dualit Limited and others [2013] EWHC 923 (Pat).
**Part of the Nestlé groupd of companies.
***[2013] UKSC 16
****Section 60(2) Patents Act 1977 corresponding to Article 26(1) of the Community Patent Convention as revised in 1989.
*****Impeller Flow Meter (Case X ZR 48/03) and Pipette System (Case X ZR 38/06).
******[2013] UKSC 16

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