

# Kluwer Patent Blog

## IPCom v Vodafone: Arnold LJ abdicates Crown use defence

Ben Millson (Bristows) · Monday, March 1st, 2021

Normal service looks to have been resumed following the Court of Appeal [judgment](#) in *IPCom v Vodafone* [2021] EWCA Civ 205, in which Arnold LJ reversed a first instance finding by Recorder Douglas Campbell QC that Vodafone was entitled to a defence of Crown use in respect of certain acts which infringed an IPCom patent, as well as providing some interesting commentary on the application of the *de minimis* infringement defence.

A detailed review of that first instance decision and the technology underpinning the dispute can be found [here](#). In brief, IPCom brought proceedings against the network infrastructure provider Vodafone for infringement of a patent relating to a method for controlling whether a particular mobile device is granted authorisation to access a given telecommunications channel at a given time. The proposed method is used in the UK during emergency situations under the Mobile Telecommunications Privileged Access Scheme (“MTPAS”) to provide priority access to the network at a given base station for the phones of certain groups of end-users (*inter alia* emergency services) by virtue of an identifying class which is assigned to phones by their SIM cards. Under MTPAS, a request that emergency responders be given priority access to the network is sent from a relevant senior police officer to mobile network providers, such as Vodafone.

The first instance Judge found that the patent was valid, essential and infringed in amended form, but that Vodafone was entitled to rely upon a defence of Crown use in respect of certain infringing acts, pursuant to s.55 of the Patents Act 1977. Section 55 is brought into effect when a government department, or any person authorised in writing by a government department, infringes a patent without the proprietor’s consent for the purposes of services of the Crown. The Judge found that using the claimed method for the purposes of fulfilling an MTPAS request was for the services of the Crown, and that it followed that testing and keeping the necessary equipment benefitted from the same defence. The final point was how to interpret “authorised in writing by a government department”. Three possible options were raised:

1. this requires an express authorisation to work the patent in question;
  2. it requires either an express authorisation to work the patent or an authorisation to do a particular act in circumstances where that act necessarily infringes the patent; and
- it extends to an authorisation to do a particular act even if that does not necessarily involve infringing the patent.

Contentiously, the Judge found that option (3) was the correct approach, considering that it was the most natural reading, which triggered the fewest secondary questions, and that as a point of policy

the burden should fall on the person authorising the acts, not those conducting them.

This has occasioned considerable concern about the extent to which the state may find itself liable for the actions of those who tender services to it. It has been particularly of concern because it was common ground between the parties that methods of fulfilling the MTPAS request which did not infringe IPCOM's patent were available to Vodafone; the Judge's decision therefore seemed to give *carte blanche* to infringers at the expense of the government.

On appeal, IPCOM challenged the Judge's findings on Crown use and a construction issue which had led to a finding of partial non-infringement. Vodafone challenged a finding that certain infringing acts were not *de minimis*, and the construction of certain claims which had led to a finding of partial infringement (including infringement by equivalents), as well as a finding that the patent was not obvious. Arnold LJ (with agreement from Asplin LJ and Lewison LJ, notwithstanding some equivocation on Arnold LJ's construction of "access right" by the latter) upheld Recorder Douglas Campbell QC's findings on all points, with the exception of the Crown use defence.

On appeal, IPCOM had accepted that the fulfilment of an MTPAS request amounted to services for the Crown, but argued that the Judge had made an error in selecting option (3) from the list of potential authorisations described above, preferring option (2). The appeal also featured an intervention from the Secretary of State for Defence, who argued that the authorisation should be option (1).

In his typical style, Arnold LJ provided a thorough and considered history of the existence of Crown use from its inception in 1623. Charting decisions from the last century and a half, Arnold LJ found that the trend was to limit government authorisation to only those instances where infringement was expressly approved, or necessarily implied by virtue of the approved action. He further noted that the UK had acceded to the TRIPs, which contains provisions at Art.31 which limit the circumstances in which governments may infringe a party's intellectual property rights without authorisation, but had not found it necessary to amend s.55 (as it had other sections of the Patents Act). He pointed out that it must therefore be the case that s.55 can be read consistently with Art.31.

In reaching his conclusion, Arnold LJ listed some 13 reasons for his decision at paragraphs 149 to 173. Without repeating these in the whole, Arnold LJ disagreed that option (3) was the most natural reading of the text or the easiest to operate in practice, and noted that option (2) was most consonant with the law of agency and reduced the burden upon the Crown. Similarly, the Lord Justice disagreed that the authoriser should bear the risk, rather than actor – rather, he pointed out that typically when goods are provided they come with an implied warranty of quiet enjoyment, and that the burden of ensuring the goods or services are non-infringing or licensed ought properly to rest with their provider.

He further considered that the weight of past decisions supported option (2), as did the opinion of the editors of *Terrell* over the past century. He accepted the submission that if permission did not have to be specific, then the mechanism for retroactive authorisation in s.55(6) was redundant, but did not accept the submission that s.55(7) operated so as to limit authorisation only to a specific named patent, which so construed he considered created a "difficult, if not impossible" obligation.

Arnold LJ also accepted that the policy considerations supported a narrower interpretation, as

government policy is to respect private intellectual property rights. Lastly, he noted that it was common ground that the Patents Act should be interpreted as consistently with TRIPs as possible, noting at para 171 that “the more broadly section 55(1) is construed, the more inconsistent it is with [Art. 31(b)].”

Accordingly, Arnold LJ found that option (2) – an express authorisation to work the patent or an authorisation to do a particular act in circumstances where that act necessarily infringes the patent – was the most appropriate interpretation of s.55 and the most consistent with Art. 31 TRIPs.

Turning to *de minimis*, Arnold LJ noted that it was common ground that his own statement of the law in *Napp v Dr Reddy's* [2016] EWHC 1517 (Pat) was accurate, and analysed whether three “groups” of infringement were *de minimis*. Vodafone argued that the each act was *de minimis*; Annex C (MTPAS testing) because it amounted to 150 hours per year, being 0.000166% of total base station time over the relevant period; Annex E (limited historical operation) because it affected only eight base stations out of 10,500; and Annex F (anomalous testing operation) because it involved only 10 base stations for a five month period.

Arnold LJ gave short shrift to Vodafone’s argument that the activities were not profit bearing, as well as to arguments that the acts were “non-commercial” and (in the case of Annexes E and F) “inadvertent”. He noted that profit bearing had no relevance to patent infringement, that the acts were clearly part of a broader commercial network offering, and that as a strict liability tort, inadvertence was no defence.

He therefore assessed the *de minimis* defence on purely quantitative terms. In each instance he found that on a proper construction the infringing acts should not be viewed in the context of the larger wholes advocated by Vodafone, but rather as discrete blocks of actions which were consequently not *de minimis*.

Patent proprietors and tendering government departments will no doubt be breathing a sigh of relief over this latest development on Crown use, which has greatly reduced its scope compared to that envisaged by the first instance decision. The Court of Appeal has refused permission to appeal, but Vodafone may yet seek permission directly from the Supreme Court regarding the Crown use aspect of the decision, so this saga may yet have some race left to run.

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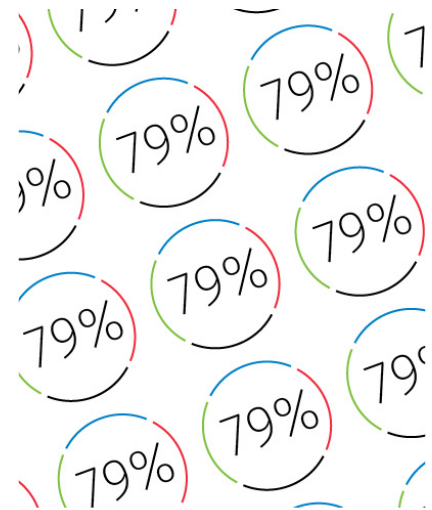
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