
Kluwer Patent Blog

On-line sales and threats: Don't start to jump to conclusions

Jonathan Ross (Bristows) · Thursday, August 11th, 2022

On 4 August 2022, the English Patents court handed down its decision in *Shenzhen Carku Technology Co., Ltd v The NOCO Company*, a case on battery-powered car jump starters. The decision of Mr Justice Meade is of particular interest as it addresses experts and hindsight, the third limb of the *Actavis* questions on the doctrine of equivalents, and, for the first time, Amazon's IPR policy in the context of unjustified threats.

Background

Carku (a Chinese company) and NOCO (an American company) are competitors. NOCO is the owner of UK patent GB 2 257 858 (the "**Patent**"), and using Amazon's 'Infringement Form' had succeeded in having Carku's products removed from the Amazon website. Carku sought revocation of the Patent and alleged that NOCO's communications to Amazon were actionable threats of patent infringement. NOCO counterclaimed for infringement.

The Patent was found invalid for lack of inventive step over two pieces of prior art, but this part of the decision is not explored further below.

Experts and Hindsight

Carku used the same expert, Professor Ricketts, in these, and parallel US proceedings. As a result, Professor Ricketts had seen the US equivalent of the Patent before the prior art in the UK proceedings. This ran counter to the sequential unmasking approach of first discussing the common general knowledge, then the prior art, and then the patent, preferred by the English courts. It should therefore come as no surprise that NOCO asserted that Professor Ricketts' evidence was "*thoroughly infected with hindsight*".

Meade J agreed that Professor Ricketts was affected by hindsight to some degree, but did not think that hindsight was a binary issue such that any taint of hindsight discounts all of that witness' evidence. Meade J concluded that the overall impact of hindsight was modest, and certainly not determinative.

Infringement and Actavis Question Three

Claim 1 of the Patent is to a jump starter where the connection to the car battery is only made when the device detects a working (albeit depleted) battery, and that the wires have been connected in the correct way. The claim requires this connection to the car battery to be made using a power

FET switch, whereas most of the Carku products use a relay. NOCO alleged that Carku's products infringed claim 1 of the Patent as a relay was equivalent to a power FET switch.

The three questions on how to address equivalents were set out by Lord Neuberger in *Actavis v Lilly* [2017] UKSC 48:

1. Does the variant achieve substantially the same result in substantially the same way as the invention (i.e. the inventive concept revealed by the patent)?
2. Would it be obvious to the skilled person at the priority date, knowing that the variant achieves substantially the same result as the invention, that it does so in substantially the same way as the invention?
3. Would the skilled person have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claim of the patent was an essential requirement of the invention?

Meade J's first task was to identify the inventive concept. NOCO presented it at a functional level ("*switching means such that a connection is made when there are signals from both sensors indicating a vehicle battery present and connected with proper polarity*") arguing that the nature of the "*switching means*" was immaterial. Meade J thought this was correct, and so the answer to the first question was yes. As is almost always be the case (Meade J deals with it in just two lines), the answer to the second question was also yes.

This left the third question. Meade J made the following observations:

- Relays and power FET switches are both mentioned in the specification, albeit the relays are only mentioned in relation to the prior art. This could support the view that relays were deliberately not claimed, particularly as the skilled person may consider the patentee as wanting to distance the claims from the prior art. This line of reasoning is reminiscent of *Occlutech v AGA Medical* [2010] EWCA Civ 702 where a claim referred to "clamps" and this was held to exclude other means of holding components together referred to in the specification.
- Broader language (in particular, "*switch*") is used in the specification, and in other claims, than the narrower words used in claim 1. This argument was specifically mentioned in *Actavis* although the facts of that case meant that it was not considered.
- Claim 1 itself uses broad functional language for some integers (e.g. "*sensor*" to detect the battery and the polarity), but then details the specific implementation for the power FET switch.

NOCO accepted that these observations ran counter to its position, but argued that they should not outweigh the fact that power FETs and relays were both common general knowledge and readily interchangeable in the context of jump starters. Meade J considered this argument as "*very generic*", as it could be invoked by any patentee where a common general knowledge alternative to the normal interpretation of the claim is used. This argument could be successfully deployed in other cases (and was by the Court of Appeal in *Icescape v Iceworld* [2018] EWCA Civ 2219) but on these facts Meade J found that his specific observations outweighed the generic argument, and so ruled that there was no infringement by equivalents.

Threats and Amazon's IPR Policy

Amazon has an IPR policy that seeks to provide protection and safeguarding measures for IPR holders. Any IPR holder is able to file complaints on the Amazon website using an 'Infringement Form'. In 2020, NOCO filed a number of complaints about Carku products using this form. These

complaints provided the patent number, and asked Amazon to remove the listings. Further, complaints made in July 2020 mentioned a letter sent by Amazon’s solicitors to Carku’s solicitors, in which Amazon stated that it had assessed the infringement by Carku’s products, and concluded that NOCO’s infringement allegations were “*sufficiently grounded*”. There were also email communications between NOCO and Amazon where NOCO explained that it had taken, and would take, infringement action against various companies. As a result of these notifications, Amazon delisted a number of Carku products. Separately, Carku also sought to delist some of NOCO’s products. Carku were far less successful in this than NOCO, in part because NOCO provided Amazon with an indemnity.

The law on unjustified threats is set out in sections 70, 70A, 70B and 70C of the Patents Act 1977, as amended by the Intellectual Property (Unjustified Threats) Act 2017. The key elements for this case are:

- i) a communication contains a threat of infringement proceedings if a reasonable person in the position of a recipient would understand that:
 - a. a patent exists;
 - b. a person intends to bring proceedings against another person for infringement for acts done or planned in the United Kingdom;
- ii) there are exceptions for permitted purposes, but requesting a person to stop selling a product can never be a permitted purpose; and
- iii) there is a defence for the person who made the threat to show that the act is an infringement. However, as the patent was found invalid this defence cannot apply.

Therefore, Meade J had to consider whether NOCO’s communications to Amazon would be considered by a reasonable person in recipient of that communication to be a threat of infringement proceedings. To do so, he first conducted a review of the ‘general’ case law on threats, which draws on disputes from the patent, trade mark and design right fields. Second he reviewed the interim, summary judgment, and *obiter* decisions relating to another online IP complaints portal, eBay’s VeRO (Verified Rights Owner) programme. These decisions pointed towards complaints via the eBay portal as being threats and Meade J noted the similarity of the factual situations to the present case. However, the only legal principle that Meade J took was that his decision should be based on the facts, and that he was unable to determine whether Amazon’s policy and approach was materially the same as eBay’s.

Armed with an understanding of the law and the facts of the case, Meade J then conducted his analysis:

- There was no dispute that the communications stated that the patent existed, alleged infringement of that patent, and demanded action to be taken to end that infringement. This strongly pointed towards a threat, but the communications would have to be considered in context.
- NOCO argued that Amazon would not have feared being subject to infringement proceedings:
 - Amazon saw itself as an “*arbiter and enforcer*” rather than a potential infringer.
 - The ‘Infringement Form’ was only a first step, and rights owners must take further steps to escalate any issues. Only when this step was taken and lawyers were involved would Amazon seriously consider itself to be at threat of infringement proceedings.

- Amazon had previously rejected some of NOCO's notifications, and NOCO had not sued Amazon. Indeed, as a valuable retail channel, NOCO would never sue Amazon.
- Meade J found that Amazon's IPR policy was not supportive of NOCO's case:
 - Only if Amazon automatically delisted in response to a complaint could there be a suggestion that Amazon would never feel threatened by legal proceedings.
 - Instead Amazon took a more selective approach to delisting, suggesting that it weighed up the risks of patent infringement against other factors to make a decision.
 - Amazon had only reinstated NOCO's own products after NOCO had provided it with an indemnity.
 - Amazon did not know that NOCO would never sue it, even if such a step was unlikely. There was no evidence that NOCO had given assurances to Amazon that it would not sue, and there had clearly been exchanges between lawyers, with Amazon having instructed solicitors on this issue.
- Finally, NOCO's position that it was only Amazon who had to fear being sued was wrong in law. Section 70 does not require the person receiving the threat to be the same person at risk of infringement proceedings. Therefore Caruku only had to make out that Amazon understood that any third party would be sued if it did not delist those products. NOCO's communication that it would take infringement action against various entities raised no doubts in this regard.

Accordingly, Meade J found NOCO's communications to Amazon to be actionable threats without justification, and will order an inquiry as to damages. There is also set to be a dispute about the scope of injunctive relief that Caruku can obtain.

Overall, this judgment contains some important observations. Five years on from the pemetrexed ruling from the Supreme Court, the jurisprudence on the doctrine of equivalence in the UK remains rather sparse and so Meade J.'s comments on *Actavis Question 3* are noteworthy. The ruling on threats is also interesting and shows that these provisions remain an active trap for the unwary. The final point of general interest is confirmation that the English Court will form an impression of an expert witness for itself and that acting for a party in a previous case does not rule out that expert acting in the UK.

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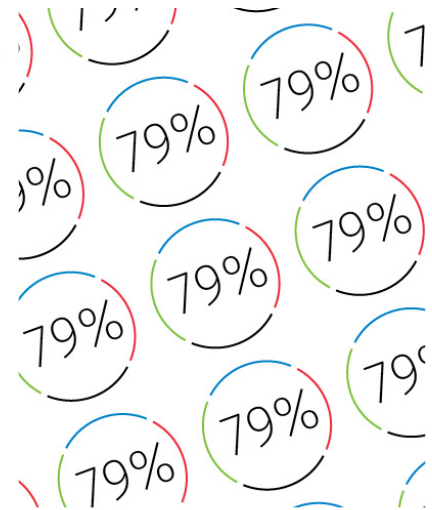
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This entry was posted on Thursday, August 11th, 2022 at 5:26 pm and is filed under [Case Law](#), [literally fulfil all features of the claim](#). The purpose of the doctrine is to prevent an infringer from stealing the benefit of an invention by changing minor or insubstantial details while retaining the same functionality. Internationally, the criteria for determining equivalents vary. For example, German courts apply a three-step test known as *Schneidmesser's* questions. In the UK, the equivalence doctrine was most recently discussed in *Eli Lilly v Actavis UK* in July 2017. In the US, the function-way-result test is used.”>Equivalents, Infringement, Inventive step, Patents, Revocation, Scope of protection, United Kingdom, Validity

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