

EIP

Court of Appeal adopts narrow interpretation of Crown use defence in IPCom v Vodafone

IPCom GmbH v Vodafone Group plc & Ors [2021] EWCA Civ 205

This case involves a dispute between IPCom, an intellectual property licensing company, and Vodafone, the well-known telecommunications network operator. IPCom had accused Vodafone of infringing its patent, EP (UK) 2,579,666. The High Court of England and Wales, in January 2020, found that the patent as amended was valid and essential, that (before a workaround) Vodafone's 4G network had infringed the patent, but that Vodafone had a defence of Crown use in relation to a scheme for use of their network by the emergency services.

Both parties appealed against the judgment, IPCom in respect of the Crown use defence and also the judge's finding that some uses of the Vodafone system were non-infringing. Vodafone appealed against the judge's findings on the validity and infringement by equivalents of the amended patent and the form of the declaration of essentiality. The Secretary of State for Defence intervened, with the support of other government departments, in support of IPCom's appeal against Vodafone's successful Crown use defence.

On the issues of validity and infringement by equivalents, the Court of Appeal first considered both parties' contentions as to what the inventive concept of the patent is and what the construction of the patent's claims should have been.

Vodafone's Appeals

The Court of Appeal then considered and rejected Vodafone's argument that the patent as amended was invalid for extending the scope of protection and found that even if Vodafone's hypothetical example was not, as the trial judge had found, an impossible one it would not infringe either the granted or conditionally amended claims. Vodafone's argument that the patent was invalid as it was obvious was rejected by the Court of Appeal as there was no finding by the judge or anything in the evidence relied upon to support Vodafone's appeal.

Vodafone's appeal that the judge was wrong to consider the patent infringed under the doctrine of equivalents was rejected on several grounds, including their argument that the skilled person would know that the claim had been amended to avoid being invalid. Vodafone's argument that their infringing acts were de minimis was rejected as the use was part of Vodafone's commercial operations, with the court also drawing an analogy between the fact that the emergency system was not used and a fire extinguisher which was purchased but not used.

Vodafone's appeal against the form of the essentiality declaration was rejected as Vodafone could point to no error of principle in the first instance judgment.

IPCom's Appeals

IPCom's appeal that Vodafone's equipment in normal non-emergency use did not infringe the patent was rejected by the Court of Appeal as the evidence that Vodafone's machines had to be reprogrammed for emergency use was unchallenged.

The only ground of appeal that was successful was IPCom's appeal, supported by the Secretary of State for Defence, that Vodafone could not avail themselves of the Crown use defence under s55(1) of the Patents Act 1977. The emergency use of Vodafone's telecommunications network during which Vodafone infringed IPCom's patent was part of a government scheme called Mobile Telecommunication Privileged Access Scheme ("MTPAS") or when testing to ensure the emergency system worked. It was agreed that Vodafone's acts were "for the services of the Crown", and the argument focused on whether Vodafone were authorised in writing by a government department. The Court of Appeal set out the history of this infrequently used defence before considering what the correct test is. Three interpretations of "authorised in writing by a government

department” were considered. The Court of Appeal rejected the interpretation argued for by Vodafone and which the judge at first instance held to be correct and indicated, obiter, that their preferred interpretation was that the phrase requires “express authorisation to work the patent or an authorisation to do an act in circumstances where that act necessarily infringes the patent”. As no such authorisation existed in this case IPCOM’s appeal was successful, with the result that Vodafone rather than the Government will now be compensating IPCOM for infringement of their patent.

Takeaways

It will be interesting to see if there is a further appeal by Vodafone to the Supreme Court on the Crown use defence point given the limited case law on this point. If there is not, the Crown use defence in the Patent Act looks likely remain an infrequent one given the Court of Appeal’s decision in this case.

It should also be noted that whilst the leading judgment was given by Arnold LJ, there was a short additional judgment from Lewison LJ on the issue of equivalents. Whilst he ultimately agreed with the leading judgment, his comments and the difficulties he expresses show that the Court of Appeal, along with the rest of us, are still wrestling with the finer points of the doctrine.

As a more practical point, this case illustrates the difficulty any party will have in trying to overturn a finding of fact, or an exercise of discretion by a Judge, as demonstrated by the number of unsuccessful grounds of appeal from both sides.