Intellectual Property

Malaysian High Court Applies Doctrine of Equivalents in Patent Infringement Suit

Background

The prevailing approach employed by the Malaysian Courts in determining whether an allegedly infringing article falls within the actual language of the patent claims was to apply a purposive interpretation – this is the application of the renown *Improver* questions as adopted from the Courts of England and Wales.

It was not until July 2017 that the English Supreme Court handed down a decision that sent ripples through the Commonwealth. In the case of *Actavis UK Limited and others v Eli Lilly and Company [2017] UKSC 48*, Lord Neuberger (delivering a unanimous decision) reformulated the *Improver* questions to widen the scope of protection afforded to patentees. The Supreme Court opined that the second *Improver* question was seen to be problematic as:

> "*it imposes too high a burden on the patentee to ask whether it would have been obvious to the notional addressee that the variant would have no material effect on the way in which the invention works, given that it requires the addressee to figure out for himself whether the variant would work*".

Instead, it should be presumed that the notional addressee is aware that the variant does indeed work and how it does so. Furthermore, the notional addressee should possess the knowledge of the field up until the date of the alleged infringement (as opposed to the priority date of the patent), when assessing the obviousness of a variant.

Hence, the Supreme Court reformulated the *Improver* questions as follows:-

"(i) Notwithstanding that it is not within the literal meaning of the relevant claim(s) of the patent, 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?

(ii) Would it be obvious to the person skilled in the art, reading the patent at the priority date, but knowing that the variant achieves substantially the same result as the invention, that it does so in substantially the same way as the invention?

iii) Would such a reader of the patent have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claim(s) of the patent was an essential requirement of the invention?

In order to establish infringement in a case where there is no literal infringement, a patentee would have to establish that the answer to the first two questions was 'yes' and that the answer to the third question was 'no'."

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It did not take long for the effects of *Actavis* to take root in Malaysia. The Malaysian High Court's decision in *Kingtime International Limited & Anor v Petrofac E&C Sdn Bhd (Civil Suit No: 22IP-63-11/2015)* handed down in November 2018 is to be regarded as a landmark as it is probably the first reported case where the *Actavis* test was applied in Malaysia.

What happened in *Kingtime*?

The Plaintiff brought a claim against the Defendant for infringing the 1st Plaintiff's patents by way of the making, selling, using and installation of a mobile offshore production unit. In deciding on the issue of infringement, the Court applied three different tests (seemingly as alternatives), namely the Essential Integers Test, the *Improver* questions and the *Actavis* test.

While acknowledging that it was bound to apply the first two tests as the same were applied by the Court of Appeal in previous decisions, the Court noted that the *Actavis* test had not been discussed, let alone applied in any prior cases in Malaysia. The Court further expressed its preference for the *Actavis* test because it agreed with the views expressed by the Supreme Court in *Actavis* in relation to the criticisms of the *Improver* questions, as well as support for the notion that a uniform test with regard to patent infringement should be applied across different jurisdictions to ensure consistency and predictability.

Eventually, the Defendant was found to have infringed the patents, as the Court held that all three tests had been satisfied.

Commentary on *Kingtime*

It is pertinent to note that the UK Supreme Court in *Actavis* specifically referred to:-

(a) European Patent Convention 2000 (by virtue of Section 130(7), Patents Act 1977 – see para 28) where Article 69(1) lays down the principles on determining the scope of protection of a European patent; and

(b) Protocol on the Interpretation of Article 69 as amended in 2000 ("**the Protocol**") where Article 2 of the Protocol says:

> *"Equivalents*
>
> *For the purpose of determining the extent of protection conferred by a European patent,* ***due account shall be taken of any element which is equivalent*** *to an element specified in the claims."* (emphasis added)

Prior to *Kingtime*, the Singaporean Court of Appeal in *Lee Tat Cheng v Maka GPS Technologies Pte Ltd [2018] SGCA 18* had considered and ultimately rejected the application of *Actavis* in favour of retaining the *Improver* questions in their original form. The Court of Appeal held that:

(a) contrary to the Supreme Court's approach in *Actavis*, the provisions of the Singaporean Patents Act do not permit the scope of protection of patents to extend beyond its claims;

(b) the *Actavis* decision was made on the back of European Patent Convention considerations to which Singapore is not bound by;

(c) the *Improver* questions had already struck the right balance between protecting patentees on the one hand, and providing certainty as to the limitations of the scope of a patent on the other. Under the *Improver* approach, the notional addressee assesses the obviousness of a variant with knowledge at the time of the patent application. Pursuant to *Actavis* however, the notional addressee is imbued with knowledge up until the date of the alleged infringement; and

(d) the *Actavis* approach leads to undue uncertainty. It allows the patentee's monopoly to extend beyond the patent claims but there is no clarity as to where the line should be drawn.

The views of the Singapore Court of Appeal in *Lee Tat Cheng* certainly warrant further discussion as there are merits in the judgment which could be similarly taken up in Malaysia as well. In the authors' views, the *Actavis* approach is not applicable in Malaysia because:

(a) Malaysian patent law also dictates that the monopoly over a patented invention should be limited according to the claims. Despite not being embedded in statute, the Malaysian Courts have adopted this same approach consistently;

(b) Malaysia is not a member to the European Patent Convention and is not obliged to align its patent laws with European Patent Convention member states;

(c) the Supreme Court in *Actavis* might have unfairly tilted the balance in favour of the patentee. It is artificial for the notional addressee to be imbued with the benefit of knowledge all the way up until the date of the alleged infringement – the patentee would not have had such knowledge at the time when the patent application was filed; and

(d) there is arguably no telling how far the *Actavis* test will allow a patentee's monopoly to extend beyond the patent claims and this uncertainty will cause a chilling effect to innovation and competition.

It would appear that the High Court in *Kingtime* did not consider *Lee Tat Cheng* and it remains to be seen whether the Malaysian Courts in subsequent decisions will opt to fall in line with or reject the *Actavis* test. One thing is for sure – there is plenty of room for further deliberation in this space.

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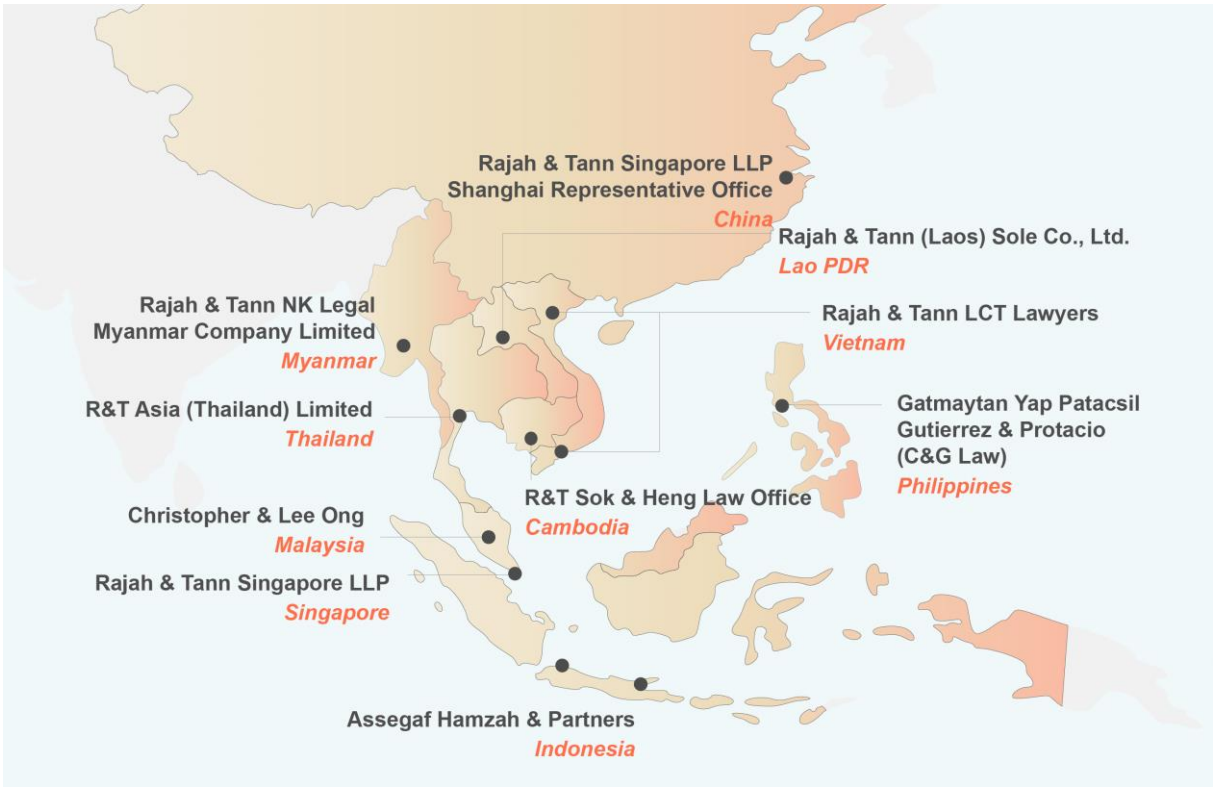

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