

Dutch Supreme Court decides on means-plus-function claims, clarity and implicit license in printer cartridge patent case

HP Inc. v. Digital Revolution B.V., ECLI:NL:HR:2019:650 (19 April 2019)

In its ruling in *HP/Digital Revolution*, the Dutch Supreme Court held that the sale of a printer may imply a license to use third-party cartridges, barring claims for indirect infringement.

Legal context and facts

HP is a global electronics company and holder of European patent EP 2 170 617 B1 (EP 617), which relates to printer cartridges. In printers with digital functionality, cartridges may contain a memory chip on which the printer may store information relevant to the cartridge, such as the remaining ink level. EP 617 discloses a method to validate the accuracy of this information. Claim 1 is a product claim and seeks protection for a printer cartridge capable of performing the validation process. Claim 7 is a process claim and seeks protection for a printer-cartridge combination performing the validation process.

Digital Revolution operates a webshop which sells printer cartridges. It sells brand-name cartridges, including HP's, but also offers cheaper home-brand alternatives. HP brought suit against Digital Revolution, alleging that some of its HP-compatible cartridges infringe (*inter alia*) claims 1 and 7 of EP 617. The District Court of The Hague dismissed HP's claims based on claim 1, finding it lacked novelty in light of a prior HP patent, EP 0 956 963 (Paulsen). It did not consider HP's claim based on claim 7, because HP had failed to properly state it in their writ of summons (ECLI:NL:RBDHA:2015:13401).

The invalidity of claim 1 was confirmed on appeal (ECLI:NL:GHDHA:2017:1724). The Court of Appeal refused HP's auxiliary requests, holding that they violated Article 84 European Patent Convention (EPC), known as the clarity requirement. It upheld claim 7, but dismissed HP's indirect infringement claims because in order to function, HP's printers must necessarily perform the validation process disclosed in claim 7. If the validation process is not performed correctly, the printer will refuse service. Since customers that purchase the printer have a legitimate expectation that it will function properly, the sale of the printer implies a license to apply the method of claim 7. Consequently, end users are entitled to exploit the invention, meaning that claim 7 cannot be indirectly infringed by supplying them with cartridges.

Analysis

The Supreme Court was faced with three questions: (i) does Paulsen disclose the invention of claim 1?; (ii) must auxiliary requests satisfy the clarity requirement?; and (iii) was the Court of Appeal's indirect infringement analysis correct? It answered all three answers in the positive and dismissed HP's appeal.

Paulsen discloses a printer cartridge having a memory chip that is responsive to control signals from the printer and it was not in dispute that Paulsen discloses a different validation process than EP 617. The Supreme Court, however, held that this is irrelevant as long as the cartridge from Paulsen can be considered adapted to the validation process of EP 617. In so doing, it embraced the test for novelty of means-plus-function claims in the data-processing/computer program fields developed by the Boards of Appeal of the European Patent Office (EPO), referring expressly to the decision in *Terumo* (T-96/12 [2015] ECLI:EP:BA:2015:T009612.20151125). According to this test, the relevant question is whether the cartridge from Paulsen can be configured according to claim 1 of EP 617: the Court of Appeal had found that it could, and so it was entitled to invalidate claim 1 for lack of novelty over Paulsen. Put differently, the function elements in claim 1 did not necessitate usage of a memory chip that structurally differs from

Paulsen. Practical problems in application of the patented process on the cartridge of Paulsen cannot alter this as long as claim 1 is not limited to a specific configuration of the memory chip that is incompatible with Paulsen.

Relying on the Vienna Convention on the Law of Treaties, the Supreme Court then found that auxiliary requests must be assessed for compliance with Article 84 EPC. The auxiliary request changes the patent as granted and patent courts therefore perform the function of a grant authority in respect of the amended claims. The Supreme Court refers to EPO practice (specifically, *G-3/14 Freedom Innovations/Otto Beck Healthcare* [2015] ECLI:EP:BA:2015:G000314.20150324) and other EPO signatory states, concluding that the issue is approached similarly there.

Lastly, the Supreme Court turns to the Court of Appeal's decision on the implied license for claim 7. It considers, first, that the process of claim 7 primarily occurs outside of the cartridge and, second, that the software installed on the printer enables communication with the cartridge. In its terms and conditions, HP grants end users a license to use this software. From this, the Supreme Court concludes that as long as the cartridge itself is unpatented, as it is since claim 1 was invalidated, there can be no indirect infringement of claim 7. It adds only that this does not amount to a deprivation of property since it is the software that allows use of Digital Revolution's cartridges and HP itself licensed it to end users.

Practical relevance

The Supreme Court's decisions on novelty of the patent and the clarity requirement are relevant for practice but hardly surprising. After all, the Supreme Court explicitly aligns with EPO practice and other European jurisdictions. This makes the decision a good example of judicial dialogue, which many scholars believe is the most promising way to achieve harmonization of substantive European patent law so long as the Unified Patent Court is not functional. An interesting question that remains unanswered is whether a court may raise a clarity objection against an auxiliary request *ex officio*. The Supreme Court's characterization of courts as grant authorities suggests the answer may be yes, which would also be in line with EPO practice. See, particularly, *T-922/94 Mitsui Petrochemical/Kuraray* [1997] ECLI:EP:BA:1997:T092294.19971030, where the TBA assumed wide powers to consider pleaded and unpleaded objections that may arise from an amendment.

The most interesting part of the decision is undoubtedly the Supreme Court's decision on indirect infringement. It presents the fact that the cartridge must not be independently patented as an important caveat, but this is unlikely to make much difference in practice. After all, if the cartridge is independently patented, the patentee will normally bring a direct infringement claim. But what if the invention relates to a novel method to direct cartridges, which requires no or non-inventive changes to the cartridge, as appears to be the case here? It bears notice that there seems to be a subtle difference in the reasoning of the Court of Appeal and the Supreme Court. The former assumes an implied license from the purchase of a printer, an approach similar to that taken in *Nestec v. Dualit* [2013] EWHC 923 (Pat). The Supreme Court seems more cautious and appears to base the implied license on the grant, in the terms of conditions, of a license for the printer's software.

Either way, the outcome is the same and vaguely reminiscent of the must-fit exception in Article 8(2) of Regulation 6/2002 (the Design Regulation). That provision seeks to prevent monopolization of the aftermarket for spare parts where no design alternatives for these parts exist. Of course, the situation for printer cartridges is different since these could, in principle, be individually patented. But, for unpatented cartridges, the effect is similar: printer manufacturers are precluded from effectively monopolizing the aftermarket by suing for indirect infringement of printer-cartridge process claims, when those claims must necessarily be performed to use the printer. While this outcome may be desirable as a matter of policy, the better solution might have

been to require that the cartridges qualify as means relating to an essential element of the invention. If so, third parties offering such cartridges come within the patentee's scope of exclusivity. Assuming an implied license, on the other hand, makes it difficult for any claim for infringement of a printer-cartridge method claim to succeed as long as the printer is purchased from the patentee (including, presumably, direct infringement claims). Viewed this way, one might sympathize with HP's argument that the implied license amounts to a deprivation of its property by rendering the protection offered by claim 7 practically illusory.

Both courts offer a way out by suggesting that the situation might be different if the terms and conditions of the printer exclude the grant of any license to HP's patents or copyrights. Had HP done so, Digital Revolution could perhaps have achieved the same result by arguing exhaustion, also of the printer-cartridge process claims (see also *Nestec*, para. 167). As for excluding a license to the software, it seems rather unattractive to purchase a printer that makes one liable for copyright infringement every time it is used. And limiting the software to use of the printer with HP's cartridges might raise competition concerns for printer manufacturers with strong market positions (see, e.g., *Tetra Pak v. Commission*, C-333/94 P, ECLI:EU:C:1996:436). In sum, printer manufacturers should mind their *p*'s and *q*'s when it comes to printer-cartridge patent claims.

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