Neutral Citation Number [2013] EWPCC 31

Claim No: CC12 P 02417
Claim No: CC13 P 00046

IN THE PATENTS COUNTY COURT

The Rolls Building
7 Rolls Building
Fetter Lane
London EC4A 1NL

Date: 14/06/2013

Before :

MR RECORDER RICHARD MEADE QC

- -

Between :

SDL Hair Limited	**Claimant**
- and -	
(1) Next Row Limited	**Defendants**
(2) RMG Hair Limited	
(3) Unil C9 Limited	
(4) Gavin Rae	

And between :

Master Distributor Limited	**Claimant**
- and -	
(1) SDL Hair Limited	**Defendants**
(2) Alan Howard (Stockport) Limited	
(3) Hair@Jibe Limited (t/a Jibe)	
(4) Brand Performance Limited	
(5) Brand Performance (UK) Limited	
(6) Salons Direct Limited	
(7) Next Row Limited	

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- -

Dr. Geoffrey Pritchard (instructed by **Waterfront Solicitors LLP**) for the SDL parties
Ms. Anna Edwards-Stuart (instructed by **Lupton Fawcett LLP**) for the NRL parties

Hearing dates: 14 and 15 May 2013

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Approved Judgment

Mr Recorder Richard Meade QC:

Introduction

1. In the first of these actions (Claim CC12 P 02417, "the Threats Action"), SDL Hair Limited ("SDL") sues for wrongful threats of patent infringement. There are four defendants of whom the first is the patentee. The patent in suit is UK Patent GB 2 472 483 ("the Patent").

2. In the second action (Claim CC13 P 00046, "the Infringement Action"), Master Distributor Limited ("MDL") sues SDL and five other defendants including some of SDL's customers for infringement of the Patent. The patentee Next Row Limited ("NRL") is a passive defendant to the claim. MDL sues on the basis that it is the exclusive licensee of the Patent. There is a challenge to its status as exclusive licensee with which I will deal below.

3. In this judgment, and save where it is necessary to distinguish between the individual parties:

   a. I will refer compendiously to SDL itself and all the defendants to the infringement action save the patentee, as "SDL";

   b. I will refer to NRL and all parties making common cause with it, including MDL and the defendants to the Threats Action, as "NRL".

4. Dr. Geoffrey Pritchard appeared for SDL and Ms Anna Edwards-Stuart for NRL.

5. Both actions concern heating units for hair rollers of the kinds used in hairdressers. Two products are in issue, one called Ego Boost and one called FHI. As matters have turned out there is no material distinction between them, so I will simply refer to them as "the SDL Products" unless it is necessary to be specific.

6. In April 2012 SDL exhibited one of the SDL Products at a trade fair in Manchester. This came to the attention of the patentee on whose instructions its solicitors wrote a number of letters which are alleged to have contained actionable threats and to which I will return in more detail below. Correspondence between the parties' solicitors followed and the Threats Action was begun in October 2012.

7. The Infringement Action was then begun in January 2013.

8. The actions have been before the Court on a number of occasions. Most materially, on 4 February 2013 HHJ Birss QC (as he then was) ordered that the actions be tried together on 14 and 15 May 2013, i.e. with expedition, on the basis that SDL undertook not to challenge validity, and on 20 February 2013 he gave substantive directions to trial. As is the Court's practice, the order of 20 February 2013 includes a list of the issues to be determined at trial. Those are accordingly the issues I will deal with in this judgment, although as matters have developed I do not intend to subdivide them in exactly the same way.

9. I should also mention that by order of 8 April 2013 the Court directed that one of the issues, namely which entity imported the Ego Boost product should be determined at trial on the basis of the statements of case. This made sense at the time, but it became apparent during the trial that given how matters had moved on it was not workable. The parties therefore pragmatically agreed that the issue should be determined by reference to any of the papers in the trial bundles.

10. I will deal first with the question of infringement, which is the central issue in the case, and then with the other points concerning threats.

MDL's entitlement to sue

11. The first issue on infringement is whether MDL has status to sue at all.

12. MDL purports to sue as an exclusive licensee pursuant to s. 67(1) of the 1977 Act. "Exclusive licence" is defined in s. 130(7) in the following terms:

"exclusive licence" means a licence from the proprietor of or applicant for a patent conferring on the licensee, or on him and persons authorised by him, to the exclusion of all other persons (including the proprietor or applicant), any right in respect of the invention to which the patent or application relates, and "exclusive licensee" and "non-exclusive licence" shall be construed accordingly;

13. MDL relies on a written exclusive licence of 5 December 2012. Clause 2.1 provides that:

"[NRL] *hereby grants to* [MDL] *an exclusive licence in relation to the Patents* [which included the Patent] *including the right to sell, distribute, promote, use, sub-contract the manufacture, and manufacture the Products for the Term.*"

14. This is on its face an exclusive licence as required by s. 130(7). Dr. Pritchard made clear in the course of his submissions that there is no suggestion that it is a sham. He did submit that his clients believed it to have been carried out to protect NRL from the costs consequences of being a claimant; whether or not that is so in fact, I hold it to be irrelevant.

15. Dr. Pritchard's argument was that MDL was not entitled to sue under s. 67 because after the execution of the licence NRL and other related companies carried on dealing in the same products as before, so MDL did not really have exclusivity.

16. Initially this appeared to be a submission that an exclusive licensee cannot sub-license without losing its status as an exclusive licensee. I could see no logic in that submission which is contrary to very well-established commercial practice and contrary to s. 130 itself, which focuses on the

grant to the licensee, and not what is subsequently done. Dr. Pritchard did not really persist in this argument and concentrated instead on the alleged factual lack of exclusivity.

17. Ms. Edwards-Stuart pointed out that, quite consistently with the grant of an exclusive licence, a patentee might carry on dealing in patented goods, for example by running off goods made prior to the licence (she did not submit that was actually happening in the present case). I accept this, and other alternatives are that the exclusive licensee might grant a licence back over part of the patent's scope, or simply not enforce its rights, or delay enforcement.

18. In the present case there is therefore a licence which is not said to be a sham and which on its face complies with ss. 67 and 130(7). Whether, as a matter of fact, the patentee is continuing to deal in patented goods is irrelevant and in any case there is no basis for concluding that any such dealings are in any way inconsistent with MDL having the legal right to exclusivity.

19. I therefore conclude that MDL is an exclusive licensee and entitled to sue. However, the SDL Products do not infringe, for reasons given below.

The expert witnesses

20. Moving to the question of whether the SDL Products fall within the claims of the Patent, I must first mention the expert witnesses.

21. Mr Mike Martindell gave evidence for NRL on the subject of induction heating. Mr Lawrence Archard gave evidence for SDL on that subject and the subject of the source code used in the SDL Products.

22. I also heard from Mr Phil Bowden for NRL on the subject of the source code.

23. All the experts were appropriately qualified to give their evidence and they did so entirely fairly. No criticism of them was made by either side.

24. In the event, the source code issue entirely fell away and I do not need to consider it any further.

The Patent

25. The Patent is entitled "Induction heating unit for hair rollers".

26. It begins by explaining how induction heating works (I touch on this further below when citing Mr. Martindell's report) and by acknowledging that the use of electromagnetic induction to heat hair rollers was known. It then refers to a United States patent 4 499 355 over which it asserts it represents an improvement. Although validity is not an issue it was accepted for NRL, rightly in my view, that I am entitled to take account of the nature of the improvement asserted in the Patent when it comes to construction of the claims.

27. The United States patent operates by having a low Curie point alloy insert in the bottom of each roller. When the roller is placed in the heating unit a spring-loaded magnet is attracted to the insert, which turns on the heating. When the roller is hot enough, at the Curie point, the alloy insert loses its magnetic properties, the spring-loaded magnet moves away under the action of the spring and the heating is turned off.

28. The Patent goes on to teach that the target temperature of the roller is thus fixed at the Curie point, and not accurately (it also asserts that the unit could only be used for one size of roller, but this does not appear relevant to the issues I have to decide).

29. The Patent claims to provide an improvement in being able to heat different sized rollers to an accurately controlled target temperature. Three embodiments are described which are said to do this.

30. In the first embodiment a temperature sensor in the heating unit monitors the temperature of the roller continuously and the heating is switched off when a target temperature is reached.

31. In the second embodiment means are provided in the heating unit to monitor the weight of a roller and, using that weight as an input, a look up table is consulted by a microprocessor in the unit to determine the appropriate length of heating time.

32. In the third embodiment, which is conceptually very similar to the second, the amount of metallic material in the roller is determined by applying an electrical pulse to the heating coil and monitoring the "ringing effect" produced in the roller. The amount of metallic material so determined is then used as the input for a look up table in the same way as in the second embodiment.

33. I need consider only claim 1 of the Patent. A breakdown of the claim was provided as Schedule A to the Defence in the Infringement Action, the claim features being as follows:

1A	An induction heating unit for inductively heating hair rollers, the unit having
1B	a base which is capable of resting stably on a horizontal surface,
1C	a well for receiving a roller,
1D	a coil of wire disposed around the well,
1E	and an electronic controller arranged to supply a varying current to the coil to inductively heat the roller
	in which

1F the well is inclined relative to a horizontal surface upon which the base is supported

and includes

1G sensing means arranged to monitor a roller placed in the well

1H and provide a signal which enables the controller to adjust the amount of heating in accordance with the size of the roller

34. By the Order of 20 February 2013 it was directed that the only issue for determination on infringement was whether the SDL Products incorporated features 1E (FHI only), 1G and 1H of claim 1 but by trial this had narrowed still further and the only issue is whether the products have feature 1H.

35. Although only feature 1H is in issue it is necessary to construe the claim as a whole and to that extent, as was common ground, I should consider the other features as well so far as relevant, although in fact they played little part in the argument.

Operation of the SDL Products

36. Since there was no dispute about how the SDL Products work, I gratefully adopt the explanation given by Mr. Martindell for NRL, which also includes some useful basic information about induction heating:

4 GENERAL INTRODUCTION ON INDUCTION HEATING

Induction heating is used within industry to melt or weld metals. It also is used in the kitchen, as in an induction hob for cooking in iron pans.

Induction heating uses a rapidly changing magnetic field, where the North and South poles are flipped back and forth at a high frequency of typically 25,000 to 30,000 times a second (25 to 30kHz).

This magnetic field is generated by a coil of wire adjacent to, or around the metal item to be heated. An alternating current passes back and forth through the coil at the required frequency. The high frequency current is generated by an electronic driver circuit.

For comparison, the AC mains supply in the UK operates at an alternating current (AC) at 50 times a second.

The high frequency magnetic field works to heat the metal if it is ferromagnetic, which basically means that the material can be magnetised, like iron or steel. It requires energy to magnetise the steel in one direction, then more energy to remove this magnetisation and magnetise it in the opposite direction. As the magnetic field is changing back and forth at 25,000 to 30,000 times per second, the energy in the metal used in the magnetisation processes appears as a significant amount of heat, and the metal temperature rises. This is why induction heating is carried out at a high frequency, and not at a frequency of 50 times a second.

The best analogy is to consider the magnetisation process as "sticky", like trying to move an object back and forth on a surface that has friction. The faster the object is rubbed back and forth, the more heat is generated.

5 EXPLANATION OF HOW THE ROLLER HEATING WORKS

When a cylindrical tube of ferromagnetic metal, as in the hair roller, is placed in the induction field, the diameter of the tube affects the amount of current that flows around the tube, and how much power is drawn from the induction heating circuit.

Assuming the induction field is at a constant value, and is active for a fixed time:

The current generated in the tube is linearly proportional to the tube diameter, and this current is responsible for "flipping" the magnetic field in the ferromagnetic tube back and forth, generating heat. Considering tubes of different diameters, the amount of material also increases in volume linearly with the tube diameter. Therefore both the heating effect and material volume increase linearly as diameter increases. So a large tube will achieve approximately the same temperature rise as a smaller tube.

5.1 Generating the high frequency field

One way to generate the high frequency field is to have a small circuit to generate the required frequency then amplify the signal and connect the amplifier output to the induction coil. From an engineering point of view this is not desirable as the amplifier requires multiple and expensive high power components, and driving the coil in this manner creates excessive

and unwanted heat in the amplifier. This type of circuit is termed an open circuit or open loop type system.

The most efficient, lowest cost and simplest way to generate the high frequency field is to generate it with the induction coil connected in parallel to a capacitor to create a resonant circuit tuned to the required frequency. This circuit can be stimulated by a single power switch, normally an IGBT type device. However the switch and its controller will require timing information from the resonant circuit to synchronise the stimulus to the right point in each cycle of the resonant frequency. This requires a feedback signal to the controller. This type of circuit is called a closed loop system. The synchronisation signal enables the circuit to adapt in frequency to maximise its output when different sizes of ferromagnetic components are placed in the coil for heating.

5.2 Factors that can affect the roller temperature rise

Tube material thickness – If the wall thickness of the ferromagnetic tube is increased, then the temperature rise will vary, as there is more material to be heated, but also more material to generate heat. The result will depend on the strength of the magnetic field.

Tube length – If the tube length is shortened then the temperature rise will increase as there is less material to heat. This factor is not relevant for the hair rollers. When I examined the roller samples from either company's product, all roller tubes were the same length for that product.

Tube material – Different iron alloys, or steels, can have a different amount of magnetic heating loss, depending on the alloy composition.

Length of time – How long the inductive heating field is switched on.

Strength of field – How strong the inductive field is, which is proportional to how much current passes through the inductive heating coil.

Operating at or away from resonance - When the magnetic field is generated by a tuned or resonant circuit, the strength of field, and heating, will reduce if the circuit is operated away from its peak resonance.

6 METHODS TO FINE TUNE OR CONTROL ROLLER HEATING

For the two products I examined, the heating of a hair roller could be fine controlled in the following ways:

1) By varying the length of the total heating time (typically 8-10 seconds)
2) By varying the amount of power in the induction heating circuit by pulsing it using shorter or longer drive pulses.
3) By adjusting the frequency of the drive pulses to match the resonant frequency of the L-C induction circuit to increase or decrease the amount of heating so as to maximise the heating.

At high frequencies such as 25-30kHz, as used in the circuits in the Ego product and the FHI product, small variations in the frequency would be expected to be observed. Frequency variation will cause an appropriate increase or decrease in the amount of

> heating induced. Operating at the resonant frequency keeps the heating at the optimum or maximum level.
>
> The resonant frequency depends on how much ferromagnetic material is inside the coil. If the amount of material is increased then the inductance of the coil will decrease. Note that a change in inductance affects the resonant frequency only by the square root of the inductance change (see formula in sect 11.3). Therefore a small change in the amount of ferromagnetic material will have a smaller effect on the resonant frequency.

37. Pausing there, I record that of the list of 3 possible ways of "fine" control of the heating of the roller given by Mr. Martindell, it was common ground that only the third is used in the SDL Products. The total heating time is fixed for each product (10 seconds for the Ego Boost and 8 seconds for the FHI product respectively), and the drive pulses are of fixed duration, although the gap between them is manipulated to change their overall frequency.

38. I note also that Mr. Martindell refers to the use of the third method as "fine" tuning or control.

39. Mr. Martindell continued in sections 7 and 8:

> **7 OBSERVING THE OPERATING FREQUENCY**
>
> It occurred to me in the process of preparing this report that I could observe and measure the frequency of the induction field to confirm the conclusions I had reached in my earlier report. That report being the experiments referred to section 2, a copy of which I include in Appendix 1. In the following sections I refer to observations I made about the operating frequencies of both the Ego product and the FHI product.
>
> Note that the experiments I carried out previously were devised and carried out at very short notice. I had little notice and very little time to devise the experiments. I then had to carry out the experiments twice as there are two products involved. I am sure that if more time had been available earlier then I would have included observations about the frequency changes in that report on the experiments.
>
> **8 TESTS AND OBSERVATIONS ON THE TWO PRODUCTS**
>
> 1) I measured the heating time for each product by observing how long the induction field was active. The heating time did not vary by roller size placed in the heating well, for either product
> 2) I observed the drive pulses generated by the controller in both products, these pulses were identical in length for a given product, independent of roller size placed in the heating well
> 3) I measured the frequency of the induction field for both products, for different roller sizes placed in the heating well. Both products adapted the frequency of the heating field according to the roller size. These tests are detailed next.

40. It will be seen that his observations coincide with what I have said above: total heating time and drive pulse duration are fixed while drive pulse frequency varies.

41. I omit sections 9 and 10 which gave some experimental details and pick up Mr. Martindell's discussion with section 11:

> **11 TEST RESULTS**
>
> **11.1 Test results for the Ego Boost product**
>
> When the heating phase started for the product, I observed the controller increase the frequency of the induction waveform over a period of two seconds to a stable value. The strength of the magnetic field was observed to increase to a maximum during these two seconds.
>
> The frequencies in this table were measured 1.25 seconds before the end of the heating cycle:

Ego Boost frequency results (kHz)					
Roller size	test 1	test 2	test 3	test 4	**Average**
21	25.00	24.91	25.00	24.96	**24.97**
31	24.88	24.88	24.87	24.87	**24.88**
41	24.65	24.75	24.67	24.67	**24.69**

Looking at the average values for frequency, the larger the roller, the lower the measured frequency.

11.2 Test results for the FHI product

When the heating phase started for the product, I observed the controller decrease the frequency of the induction waveform over a period of 0.5 seconds to a stable value. The strength of the magnetic field was observed to increase to a maximum during this period.

The frequencies in this table were measured 1.25 seconds before the end of the heating cycle:

FHI frequency results (kHz)					
Roller size	test 1	test 2	test 3	test 4	**Average**
33	27.70	27.60	27.60	27.60	**27.63**
37	27.47	27.47	27.54	27.50	**27.50**
41	27.39	27.47	27.39	27.54	**27.45**

Looking at the average values for frequency, the larger the roller, the lower the measured frequency.

11.3 Explanation for the results

I considered what would be the effect of putting a roller inside the induction coil. As the roller contains ferromagnetic material, it will increase the coil inductance. A larger roller with more material will increase the inductance more than a smaller roller.

If the inductance increases then the resonant frequency will decrease. If the controller is actively involved in heating the roller it will respond by lowering the operating frequency. A larger roller will cause a lower frequency, a smaller roller a higher frequency.

Formula for the frequency of a resonant circuit:

$$f = \frac{1}{2\pi\sqrt{LC}}$$

Where f is frequency, L is the inductance value of the coil and C is the value for the parallel capacitor.

As the value of L increases in value of inductance, frequency f will decrease in value.

11.4 Conclusion

The controller in each product is connected to signal connections that enable it to track and adjust its operating frequency and the frequency of the induction heating circuit.

In my report on the experiments (see Appendix) I concluded that the controller in both products has the capability to adjust the roller heating by adjusting the heater coil current.

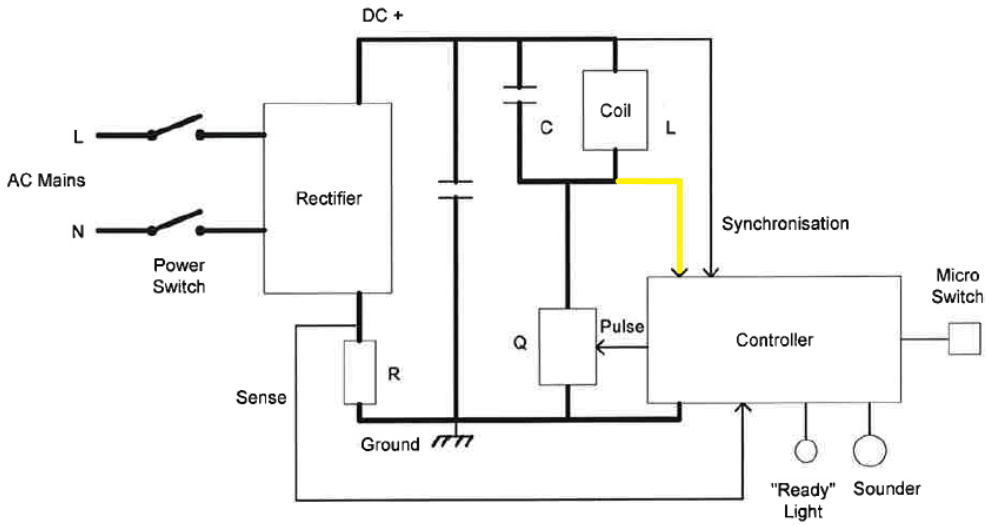
I conclude based on the results of the experiments and from my observations about the operating frequency that the controller in both products does actively monitor and respond to the signals it receives. Therefore the controller adjusts the operating frequency and so amount of heating to maximise the heating of a roller, the frequency and so amount of heating being different for different roller sizes.

42. Here, it may be seen that with larger roller size the frequency of the induction waveform decreases very slightly, of the order of 1%. The reasons are those given in section 11.3 of Mr. Martindell's report.

43. Mr. Martindell then explained in further detail how the SDL Products are arranged. I refer to sections 12 and 13 of his report (it should be noted that in oral evidence in chief Mr. Martindell corrected the word "Monitor" to "Sense" in the second paragraph of section 13):

12 CIRCUIT BLOCK DIAGRAM

Note: This diagram applies to both Ego Boost and FHI products



13 DESCRIPTION OF THE CIRCUIT AND ITS COMPONENTS

I examined the circuits for both the Ego Boost and FHI products and they are very similar. This circuit description applies to both products. I have determined the following functions and signal connections by examining the circuit and the inside of each product. Both circuits are closed loop type circuits.

There is a rectifier that converts the AC from the mains supply into a DC voltage to supply the induction heating circuit. Between the rectifier and the ground connection of the DC supply is a low value resistor, in the form of a resistive wire link. In my experience, this type of resistor is normally used to sense the current in a power circuit. The resistor is connected to the controller IC through the connection labelled "Monitor", and the controller is also connected through the circuit to the DC supply ground. This arrangement allows the controller to sense the current taken by the induction heating circuit.

There is a large coil L connected in parallel to capacitor C. This creates a resonant circuit. With the component values used, the tuned frequency of this circuit is approximately 30,000 Hertz, or cycles per second. The resonant circuit is powered off and on by switch Q. The top end of the resonant circuit is connected to the positive of the DC power supply, and the other end is connected to Q, and to the Synchronisation connection to the controller.

> The control gate of Q is connected to the Controller integrated circuit (IC) through the connection "Pulse". The controller has two sensing connections to the resonant circuit, marked "Synchronisation", which enables it to monitor the voltage in the resonant circuit.
>
> To make the induction heating circuit work, Q must be initially switched on to let current build up in the capacitor C. Q will then be quickly turned off when a voltage is generated across C. The coil L will then take current from C, and a resonance will exist where a current passes back and forth between C and L, at a period or frequency governed by the values of C and L. This oscillating signal is used as the synchronisation signal fed to the controller.
>
> A good analogy is to consider the current as a garden swing, with C behind the swing and L in front. The swing travels back and forth once "pushed" by the pulse from switch Q.
>
> To maintain the swinging current in the resonant circuit, the controller must time the "push" pulse from switch Q to match the direction of current travel. The controller will use the "Synchronisation" signal to time each pulse from switch Q.
>
> I note that on the circuit diagram supplied for the FHI product, the components connected between the coil monitor connections and the controller are labelled "Synchronisation Circuit".
>
> For confirmation, I connected an oscilloscope to the pin of the controller that is the "Pulse" connection, and when the circuit was in active heating mode I observed a continuous stream of pulses coming from this controller pin at the same rate as the frequency of the induction heating field.

44. I found the diagram in section 12 extremely useful. NRL's case is that the "signal" of claim which enables the "controller" (so marked) to adjust the amount of heating is that carried by the line entering the controller on the left hand side of its upper face, coming from the lower side of the L/C circuit formed by capacitor C and inductance L. I have coloured it on the diagram in yellow.

45. It is useful at this point to expand slightly on Mr. Martindell's section 13 to explain NRL's infringement case.

46. The L/C circuit can be thought of as a sort of "tank" of energy, and indeed this kind of circuit is sometimes called a tank circuit. It is "filled" when the circuit is powered up, and once "filled" current resonates between the capacitor and the inductance at a frequency of about 30kHz (the precise figure depending on the values of L and C and the size of the roller used, among other things, and as measured by Mr. Martindell – see his section 11). The circuit has an inherent "resonant frequency".

47. The resonant circuit loses energy for a number of reasons, including undesired loss through inefficiency, and the deliberate and desired transfer of energy to the rollers to heat them. This energy has to be replenished. This is done by a frequent "push" (as Mr. Martindell put it) to top up the energy. The push is adminstered by the fast switch Q. As Mr. Martindell points out, it is preferable to 'time the "push"' so that it matches the inherent resonant frequency of the L/C circuit. If the "push" is delivered out of synchronisation the circuit will be inefficient and heat less well (rather as if one pushes a child on a garden swing at the wrong time they will go less high). I return to this below as it is central to an aspect of NRL's infringement argument.

48. NRL contends that the signal to which I have referred above fulfils the claim as follows:

49. First, the precise frequency of the signal is dependent on the amount of ferromagnetic material involved including the amount of ferromagnetic material in the roller. Hence, NRL says, the SDL Products monitor the roller (this in fact relates to integer 1G but provides context for what follows).

50. Second, the synchronisation arrangement I have described above enables the controller to "adjust the amount of heating in accordance with the size of the roller" because it allows provision of the pushes in synchronisation, so that the heating is efficient, and this is "in accordance with the size of the roller" in that the precise frequency needed depends in part on the roller size, as explained above.

51. Fully to understand how SDL meets this argument requires me to say a little more about the operation of the SDL Products, but before I move on to do that, I should mention three other points.

52. First, various aspects of the parties' arguments prior to trial were directed to the sense resistor at the lower left of the circuit diagram in section 12 of Mr. Martindell's report. This fell away at trial.

53. Second (and related to the first), both sides had addressed evidence to the source code of the products. Some source code was available from the manufacturers, but it was common ground that not all of it was. A rather complex dispute arose as to whether it could be inferred from what was or was not in the source code that the sense resistor did or did not play a part in controlling heating in normal operation. This all fell away when NRL focused its infringement case on the synchronisation mechanism in the L/C circuit, and with it the evidence of Mr Bowden (addressed entirely to the source code) and Mr. Archard insofar as it related to the source code. So I am afraid to say that the source code and the sense resistor were two red herrings. Although I am clear that they were irrelevant I was left in some confusion about how they came into the case and who, if anyone, is to blame. I will return to them in relation to costs if asked to do so, but for now I need say no more about them.

54. Third, it is informative to relate back the discussion about the synchronisation of the pulses in the L/C circuit to the earlier section of Mr. Martindell's report at 5.1 where he discussed how to generate the high frequency field for the roller heating. He gave two options (both of which I understood it was common ground were well known, although my reasoning does not depend on whether they were common general knowledge as such, and I should make it clear that when I say they were well known I am referring just to this aspect of circuitry and not to the alleged invention as a whole, validity not being in issue). In the first an amplifier would be used in an "open" circuit, i.e. by direct generation of the desired high frequency "pushes", with no feedback. The second is the arrangement of the SDL Products, with its "closed" (feedback) loop. It is a consequence of NRL's argument, as Ms. Edwards-Stuart accepted, that even if the second infringes (given all the other features of the claim), the first does not because it lacks the feedback signal. Hence the question of

whether there is infringement depends, according to NRL, on the detailed means used to generate and maintain the high frequency field.

55. I return to the narrative to explain the technological matters relied on by SDL to meet NRL's case.

56. SDL essentially contends that the feedback mechanism I have referred to above is a minor aspect of the system of the SDL Products, which, it says, essentially operate in a rather crude way.

57. SDL points out that the more ferromagnetic material there is involved, the more current is drawn by the heating units as a whole. It refers to admissions made by it which are common ground: for the Ego Boost product, for example, with 21mm, 31mm and 41mm rollers respectively 2.8A, 3.5A and 4.0A are drawn by the unit. This can be thought of rather simply as analogous to the way that other domestic mains appliances (not using L/C circuits) draw current: a fan heater draws more than a lightbulb. This, SDL says, is nothing to do with any monitoring or control signal but is an inherent aspect of the behaviour of an induction heater. I accept this and do not think it was in dispute.

58. The greater current draw with larger rollers does not necessarily mean that they get hotter than smaller rollers, because they have more material in them to heat. I am not able in the circumstances of the case to decide to what temperature the ferromagnetic material in the SDL rollers is heated and nor do I need to. There were some temperature measurements made by Mr. Martindell but they were not directed to this point and were not intended to assess absolute temperatures, so they really fell away. It was not suggested that all the rollers of different sizes are heated to the same temperature.

59. So a first factor affecting the heating of the rollers relied upon by SDL is the amount of ferromagnetic material in the roller and the corresponding current draw. Put crudely: bigger rollers need more current and draw more

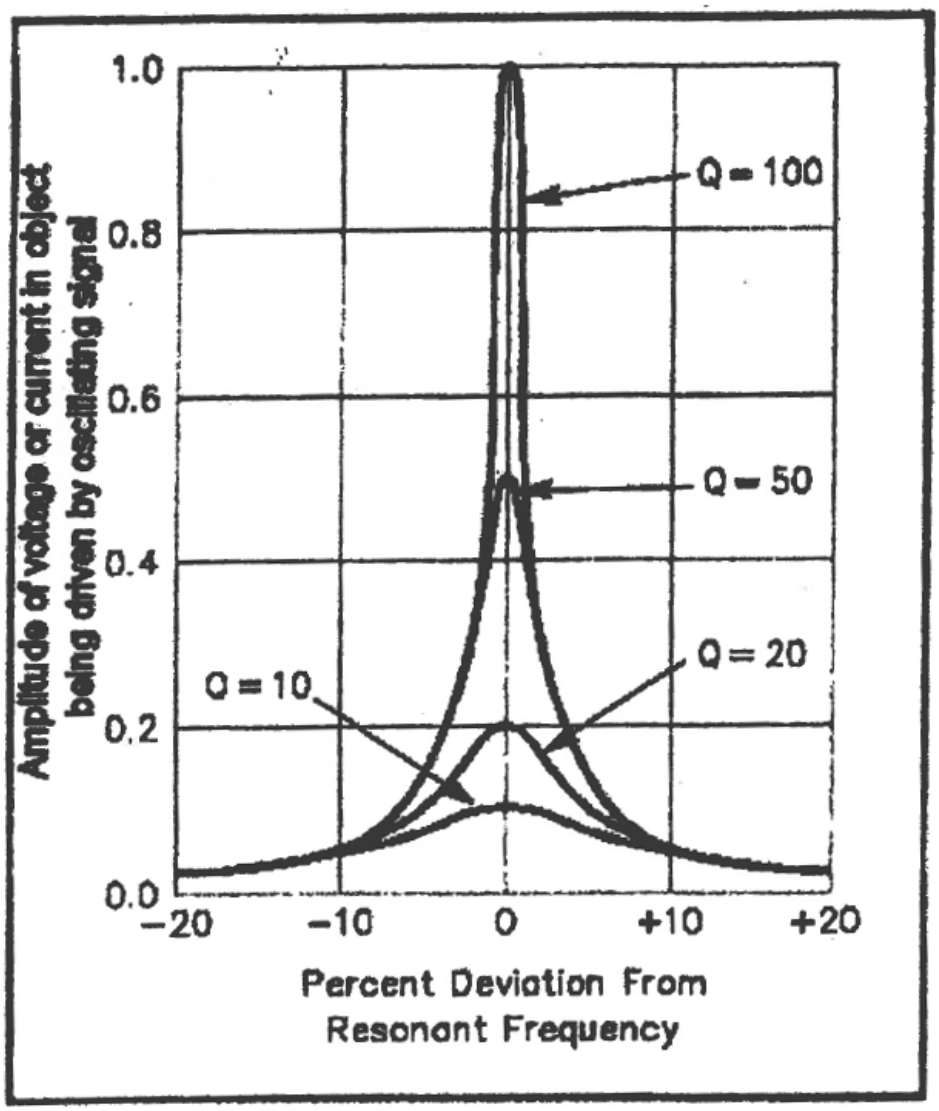
current, but they draw whatever they draw. There is no control of it and no control signal involved.

60. SDL also points out that the SDL Products heat their rollers for a fixed time (8 or 10 seconds as the case may be).

61. Hence, SDL submits, the SDL Products work in a crude way: the rollers draw whatever current they draw, fixed by the amount of ferromagnetic material in them, for a fixed period of time. Dr. Pritchard characterised it as "entirely passive".

62. As to the synchronisation feedback arrangement, SDL submits that it is, in a sense, a minor tweak. It points to the very small change in frequency (of the order of 1%), and it argues that this change is not directed to controlling the amount of energy going into the roller, but to keeping the rate of energy flow optimal and continuous.

63. Perhaps anticipating SDL's point that the synchronisation feedback arrangement has only a minor effect, Ms. Edwards-Stuart directed some cross examination to the topic. She put to Mr. Archard the following diagram:



64. What this shows is that for circuits with a high Q or "quality" factor, small changes in frequency can affect efficiency considerably. For the circuit with the sharpest peak (Q of 100) a 1% change in frequency (comparable to the frequency adjustment between different roller sizes in the SDL Products) reduces the amplitude of voltage or current by about 50%. On the other hand, if the Q is only 50 a similar change reduces the amplitude by about 20% (from about 0.5 to about 0.4).

65. The difficulty with this argument for NRL is that the Q factor for the SDL Products is, as Ms. Edwards-Stuart accepted, simply not known, and I note that NRL did not seek the information necessary to assess it prior to or during trial (there was as it happened some cross examination of Mr.

Martindell loosely on the same subject, but he did not know the answer either). So it is impossible to say that the frequency adjustment brought about by the synchronisation feedback arrangement of the SDL Products has a quantitatively material effect on the efficiency or amount of heating. For reasons that appear below I have rejected NRL's infringement argument in any case as a matter of interpretation of the claim, not dependent on the size of the synchronisation effect relied upon, but the fact that it cannot prove that that which it relies on has any quantitatively significant effect is a further obstacle to it.

Construction and infringement – assessment

66. There was no argument or dispute over the principles of claim construction, and I have approached the matter by reference to the approach set out in *Kirin-Amgen v. Hoechst Marion Roussel Limited* [2005] RPC 9 and *Virgin v. Premium Aircraft Interiors* [2010] RPC 8.

67. This is the kind of case where the issues of claim construction are easiest to understand in the specific context of the alleged infringement, and that is certainly the way in which the case was argued. Nonetheless, I remind myself that the Court's task is to construe the claims in the context of the specification.

68. The parties' contentions may be summarised as follows.

69. Ms. Edwards-Stuart for NRL argues that the feedback signal used for frequency adjustment is a signal which allows adjustment of the amount of heating in accordance with the size of the roller because it ensures the heating operates optimally – in the absence of the feedback arrangement the rate of heat transfer would be reduced. She pointed out that the feedback signal is generated in dependence on the amount of ferromagnetic material, including in the roller, and hence varies with roller size.

70. Implicit in this argument, it seemed to me, were the contentions (1) that any adjustment of the amount of heat energy transferred to the roller satisfies feature 1H, and (2) that the claim only requires that roller size should play some part in determining the heat transfer.

71. Dr. Pritchard for SDL contends that the feedback adjustment is just a minor part of the picture to the extent it is relevant to heating at all, and that the overall, total amount of heat transferred to the rollers is determined (or at least primarily determined) by the effect of the size of the roller on the current drawn (which involves no control signal) and the fixed heating time of 10 or 8 seconds. He expressed this by suggesting that the claims are directed to "intelligent control" of the heating or an "active means of control" that "provided accurate heating". He argued that the claims are directed to control of the total amount of heating by means of the required signal. In support of this he relied on the three embodiments of the Patent which he said all did this.

72. I prefer the overall thrust of the submissions of Dr. Pritchard, although I do not agree with all of them.

73. Starting with the Patent's specification, it seeks to distinguish over the identified prior art in which the eventual heat of the roller was set in a crude way by mechanical operation based on the alloy insert reaching its Curie point.

74. The three preferred embodiments work in different ways but have this in common: what is controlled is either the eventual, measured temperature of the roller (in the first embodiment) or the total amount of heat energy to be transferred (in the second and third embodiments). The overall heating effect is controlled essentially exclusively by the signal arising from monitoring the roller. I must of course take care not to confine the scope of the claims to the preferred embodiments, which are there for illustration and not limitation, but it seems to me that this common approach is very

important context for the interpretation of "adjust the amount of heating" and feature 1H as a whole.

75. Further, feature 1H itself makes a firm connection between the signal, the amount of heating and the size of the roller.

76. I therefore hold that in the context of the specification feature 1H requires that the total amount of heating energy used must be controlled, and must be determined based primarily on the control signal.

77. Thus far I am in agreement with Dr. Pritchard's submissions, but I would not accept his contention that what the claim requires is "intelligent" control, a characterisation which I think is vague and not supported by the specification. I did not find it helpful to anthropomorphise the heating unit in this way. I also do not think it is correct to say that the claim requires accurate control of heating. What is required is that the total heating is controlled; it might be done poorly and still infringe.

78. Focusing more specifically on Ms. Edwards-Stuart's argument for infringement, I found it difficult to accept that something which essentially goes only to the (marginal) efficiency of the heating components can have been intended to be covered by this part of the claim. The feedback arrangement in the SDL Products just enables the heating components to provide heat optimally. I do not think the specification is directed to this level of detail, and I think the fact that, as I have mentioned above, the argument leads to the conclusion that an open-loop arrangement for generating the high frequency field would not infringe illustrates this.

79. It seems to me that Ms. Edwards-Stuart's argument would also lead to the conclusion that the prior art arrangement deprecated in the Patent would nonetheless infringe if the high frequency field in it were generated with a closed loop arrangement akin to the SDL Products, even if the heating still ended when the alloy insert reached its Curie point. That would not make sense.

80. I also felt that Ms. Edwards-Stuart's approach was excessively literal and acontextual, and focused on the individual words of feature 1H rather than looking at it as a whole.

81. Since it is common ground that the heating in the SDL Products depends on the current draw of the heating unit with a particular size of roller in it, and on the fixed heating time, neither of which involve a signal derived from monitoring the roller, my conclusion as to the interpretation of feature 1H means that there is no infringement by either of the SDL Products.

82. I was unclear whether Ms. Edwards-Stuart's argument involved the contention that the effect of the feedback circuit on the heating of the rollers in the SDL Products was, or needed as a matter of claim construction to be, material. In case it did, and in case this matter goes further, I make the following findings as to the facts.

83. First, because the Q values (referred above) are unknown it is not possible to calculate the magnitude of the effect of the feedback circuit.

84. Second, the effect of the feedback circuit on the degree of heating was not measured experimentally, at least not in any useful or reliable way so as to quantify how much additional energy is transferred owing to any optimisation from synchronisation.

85. Third, the variable current draw and fixed heating times clearly do have a very significant effect on the heating of the rollers, so it follows that the effect of the feedback circuit is not a dominating factor, or the main factor.

86. Fourth, albeit based on limited materials, my impression was that the effect of the feedback circuit is at most a minor one. This is supported by (1) Mr. Martindell referring to it as fine tuning in section 6 of his report and (2) the fact that the variation in frequency is only about 1%, which means that the effect on energy transfer will be modest unless the Q values are extremely

high, and although they are just not known there is no reason to suppose they are of extreme values in one direction or another.

87. I therefore conclude that NRL, on whom the onus lies as the party alleging infringement, has not discharged that onus so as to prove that the effect of the feedback circuit is material. The limited materials available weakly suggest that it is not material and that is my finding on the balance of probabilities. I am able to conclude with confidence that is not the dominant or main factor affecting the degree of heating.

Threats

88. The relevant statutory provision is s. 70 of the Patents Act 1977 ("the Act"), the relevant parts of which are as follows:

70.— Remedy for groundless threats of infringement proceedings.

(1) Where a person (whether or not the proprietor of, or entitled to any right in, a patent) by circulars, advertisements or otherwise threatens another person with proceedings for any infringement of a patent, a person aggrieved by the threats (whether or not he is the person to whom the threats are made) may, subject to subsection (4) below, bring proceedings in the court against the person making the threats, claiming any relief mentioned in subsection (3) below.

[

…

…

…

(4) Proceedings may not be brought under this section for–

(a) a threat to bring proceedings for an infringement alleged to consist of making or importing a product for disposal or of using a process, or

(b) a threat, made to a person who has made or imported a product for disposal or used a process, to bring proceedings for an infringement alleged to consist of doing anything else in relation to that product or process.

(5) For the purposes of this section a person does not threaten another person with proceedings for infringement of a patent if he merely–

(a) provides factual information about the patent,

(b) makes enquiries of the other person for the sole purpose of discovering whether, or by whom, the patent has been infringed as mentioned in subsection (4)(a) above, or

(c) makes an assertion about the patent for the purpose of any enquiries so made.

89. It will be seen that, in broad terms, s. 70(4) exempts threats made against primary infringers including importers, and s. 70(5) exempts statements which are limited to ("merely") conveying specified information, making specified enquiries, or making assertions about a patent for the purposes of such enquiries. S. 70(2A) (not quoted above) provides a defence of justification if the patentee can prove that there was in fact infringement, but that fails on the facts as I have already found that the SDL Products do not infringe.

90. The issues on threats are as follows:

a. Did the communications complained of contain actionable threats? The communications were referred to as the Nielsen Letter[1], the Ideal Hair Letter, the Alan Howard Letter, the QVC Letter, and the Alan Howard E-Mail.

b. If the communications would otherwise contain actionable threats, is any of them saved by s. 70(5)?

c. Was Alan Howard an importer of the SDL Products (since if it was then communications to it are not actionable by virtue of s. 70(4))?

d. Is Gavin Rae liable for the sending of the Alan Howard E-Mail, given the capacity in which he sent it?

The communications complained of

91. As identified above, a number of communications are complained of. Of these, the Nielsen Letter fell away when (as I explain below) SDL changed its pleadings to assert that Nielsen was in fact the importer of the SDL Products, so I will say no more about it and when I refer to "the letters" from here on I mean the other three.

92. The Ideal Hair Letter, the Alan Howard Letter and the QVC Letter were in essentially common form and so I can consider them as one. I incorporate as Annex 1 to this judgment a copy of the Ideal Hair Letter, and as Annex 2 a copy of the Alan Howard E-mail.

93. The relevant test is to ask how the communication would be understood by the ordinary reader in the position of the actual recipient. The threat need not be explicit and may be implicit or veiled. See *Terrell on the Law of Patents* 17th Ed. 22-12.

[1] This is misspelt as Nielson in some places in the case, including in the order of 20 February 2013.

The letters

94. The letters were sent at a point in time when the Patent was still only a published application and must be read in that context.

95. Ms. Edwards-Stuart argued that additional context to the letters was to be found in the fact that at the time SDL were making representations in the market that the "O" product of NRL was not covered by patent protection. Even assuming that SDL were making such assertions it was not established that they were known to the particular recipients of the letters and in any case it seems to me that if it been the concern of NRL to address those representations then the way to do so would have been to tell the market that the "O" product was patented, rather than to make assertions about SDL's products. So I reject this argument.

96. Turning to the letters themselves, it is clear that some of their contents, for example the second paragraph of the Ideal Hair Letter, would be covered by s. 70(5) if the letters had been restricted to those statements. However, it is equally clear in my opinion that other parts are outside s. 70(5) on any view, in particular the assertion in the paragraph following the heading "Patent Infringement" that "We have advised our client that the 'EGO BOOST' product falls within the scope of at least claim 1 of our client's published patent application."

97. I therefore hold that the letters are not entitled to the protection of s. 70(5) and indeed I understood Ms. Edwards-Stuart substantially to accept this. She focused her argument instead on the contention that the letters do not contain a threat of patent infringement proceedings in the first place. Her main point was that they do not mention infringement proceedings at all.

98. Mr Pritchard relies on 10 features of the letters (which he identified by reference to the Ideal Hair Letter), as follows:

    a. The statement that NRL is the proprietor.

b. The provision of details of the application.

c. The statement that another company selling the Ego Boost product had been identified.

d. The reference to Ideal Hair being a distributor of the products.

e. The heading "Patent Infringement".

f. The reference to advice that the product fell within at least claim 1.

g. The reference to pre-grant rights.

h. The statement that the patent would be granted soon.

i. The request for names and addresses.

j. The heading "URGENT".

99. Individually some of these features lack cogency. For example, quite apart from s. 70(5) I would not accept that mere identification of the relevant patent application in the second paragraph would convey a threat.

100. On the other hand some of the features he relies on even on their own are significant, for example the reference to advice that the product falls within the scope of claim 1.

101. My task, however, is to look at the letter as a whole and to consider whether it conveys a threat. In my view it clearly does. It is an "URGENT" letter from solicitors which says that in their view the products concerned fall within the claims of a patent application, and it contains the subheading "Patent Infringement". The sense of urgency and that something is intended to follow the letter is strongly reinforced by the last sentence on

the first page that steps have been taken to expedite the application process. I think it is obvious that an ordinary reader would understand that the thrust of the letter was that some consequence was intended to follow, and that consequence could really only be proceedings for patent infringement, as the subheading itself said.

102. I consider that Ms. Edwards-Stuart's argument that the letter does not expressly refer to infringement proceedings takes far too dry and literal an approach.

103. I have to say that I think NRL has only itself to blame for this conclusion. It could safely have sent a letter containing only the first second and last paragraphs of the letter and so remained within the protection of s. 70(5) (although even then I think the last paragraph would be rather artificial since there was no reason to think that the addressee knew the names of the manufacturers or importers). Instead, it included in addition the middle three paragraphs and the subheading to which I have referred, which were quite unnecessary if the object was simply to put the addressee on notice of the patent applicant's rights.

The Alan Howard E-mail

104. This, in my view, is an even clearer threat. I refer in particular to the third sentence: "I would very much like the opportunity to discuss with you this product and our concerns regarding a possible patent infringement.", the statement that "we intend to defend our intellectual property vigorously", the reference to "English law", and the statement that "Selling a product that breaches a patent could make you liable for substantial damages."

105. The superficially softening sentence "Of course I am saying 'possible' and 'could' as it is for a judge to decide whether an infringement has occurred." seems to me rather to emphasise the prospect of infringement proceedings and the final sentence with its reference to a discussion "at a convenient time in a convivial place" is obviously calculated to make the reader think

of the likelihood of a discussion in a less convivial place, namely a court of law.

106. As with the letters, it is clear that the information contained in the e-mail goes beyond that permitted by s. 70(5) and I did not really understand Ms. Edwards-Stuart to contend that it was saved by that provision. She acknowledged that this was a more difficult argument for her clients than that in relation to the letters. Her argument was that the gist of the e-mail was simply and only that Alan Howard should get in touch with the sender to have a discussion. I agree that the e-mail did contain an invitation to get in touch for discussion but it certainly did not stop there and that invitation was made against the clear background of the likelihood of infringement proceedings, for reasons I have given above.

Importation

107. NRL alleged that Alan Howard was the importer of the SDL Products which it bought. The significance of this is that the communications with Alan Howard would not be actionable by virtue of s. 70(4), and in turn that would mean that Mr. Rae was not liable to SDL, since it is only in relation to the Alan Howard E-mail that he is alleged to be personally liable.

Commercial role and status of SDL

108. Before coming to the specific facts relevant to importation, I have to address the role SDL itself plays in relation to the SDL Products, as this is potentially relevant to my assessment of the primary facts, and occupied quite some time at trial. It may also be relevant to relief.

109. At the earlier stages of these proceedings SDL asserted in its pleadings and evidence that it was the importer of the SDL Products and that it sold them in large quantities in the UK. I refer in particular to paragraph 10 of the original Particulars of Claim and to the witness statements of Mr Stuart Laing. Those statements were made in connection with SDL's efforts to have the proceedings expedited.

110. Subsequently, SDL changed its position to assert that the SDL Products are in fact imported by SDL's Danish parent company ID Hair Company A/S ("IDHC"). It obtained permission to amend its pleadings accordingly, and invoices from IDHC showed that the products were sold and shipped directly from it to customers (the particular example invoices I was shown were to Alan Howard).

111. This left the specific role of SDL most unclear and led to a very fair objection by NRL that SDL's original position was quite wrong. At one point NRL even went so far as to question whether SDL could maintain its position as a person aggrieved in relation to the threats complained of; as a formal matter, however, its status as a person aggrieved was admitted and not one of the issues for trial.

112. I formed the clear impression that SDL's original pleadings and evidence were prepared with a lack of attention to detail, and this led to the misdescription of it as importer and vendor of the SDL Products. However, SDL's focus at that point was much more on addressing urgently the threats of patent infringement which were seen by it as damaging its position in the market. So while its lack of precision was avoidable and unfortunate it was not in any way malicious.

113. As to SDL's status as a person aggrieved, it was clear that although it did not in fact import or sell the SDL Products, it is involved in promoting and arranging their sale on behalf of IDHC. The threats therefore affect its commercial position, as was graphically illustrated by an email from Alan Howard to SDL of 15 June 2012 complaining of the problems in the market experienced as a result of NRL's solicitors' letter, and this is enough to make it a person aggrieved for the purposes of s. 70. Ms. Edwards-Stuart realistically accepted this and in the end no attempt was made to withdraw the admission that it was a person aggrieved.

114. I will return to consider SDL's position further when I hear argument on the form of order to be made. The unnecessary confusion about its activities may affect costs, and given that it neither imports nor sells the SDL Products consideration will have to be given to the proportionate management of its claim for damages for threats: the quantum of its claim may be a lot less than was foreseen when the action began and it was believed to be an importer and seller of large quantities of the products.

115. As I have explained above, SDL's approach was not satisfactory and lacked care and precision, but that is not a reason to reject anything it says. In relation to the issue of whether Alan Howard was an importer there are two facts of central potential relevance.

116. The first is that shipping was arranged and paid for by IDHC and not by Alan Howard. This is demonstrated in my view by the documents in the case, in particular the shipping invoices billing IDHC for the shipping. I do not think the confusion caused by SDL's procedural misfortunes really affects this at all.

117. The second is that risk in the goods remained with IDHC until the goods were delivered to Alan Howard. There are no source documents which can be examined to test this. It is however verified by the Amended Reply in the Threats Action, which is supported by a Statement of Truth. In the Patents County Court it is common practice for Statements of Case to stand as evidence at trial, and a direction to that effect was made in the Order of 20 February 2013. Since this is the only evidence on the question of where risk passed, I accept it, taking into account also that it seems perfectly plausible. On this point I think NRL's general objection to SDL's evidence has more force, because of the lack of verifying documents, and in addition the pleading is merely conclusory and lacks any detail, but NRL could have sought to explore the matter by asking for documents or seeking some other means to test the relevant Statement of Truth, and it did not do so. Trials in the Patents County Court must be conducted proportionately and inevitably this will mean that on less central issues matters may be proved by a

Statement of Truth on a Statement of Case without more, as I hold is the case here.

The law

118. The Patents Act 1977 does not contain a definition of "import". I was referred by the parties to the decision of the House of Lords in *SABAF v. MFI Furniture Centres Limited* [2005] RPC 2010, the twin decisions of Floyd J and Norris J in *Fabio Perini SPA v. LPC Group PLC*, respectively [2009] EWHC 1929 (Pat) and [2012] RPC 30, and briefly to *Waterford Wedgwood plc v. David Nagli Limited* [1998] FSR 92.

119. Neither party submitted that any of those cases give a definition of "import", and I do not think they purport to do such a thing. Dr. Pritchard and Ms. Edwards-Stuart each submitted ultimately that it was a question of fact and case-dependent. While I accept that, it seems to me that based on *SABAF* it is possible to say that if title to goods passes abroad to a UK-based purchaser then the purchaser will or at least very probably will be the importer, whether it arranges for the transport into the UK, or pays the vendor to arrange such transport. However, based on *Fabio Perini*, and in particular the judgment of Norris J at paragraph 36(vii), the fact that title passes in the UK does not itself mean that the UK-based purchaser is not the importer.

120. Ms. Edwards-Stuart's written submissions for trial focused heavily on the VAT arrangements as between IDHC and Alan Howard, but it seemed to me that how a transaction was characterised for that purpose was unlikely to be helpful as to whether is amounted to an act of "import" under the 1977 Act. In addition, detailed materials as to the VAT treatment were not before me and the point was not foreshadowed prior to the skeleton arguments for trial. In the event, Ms. Edwards-Stuart put little emphasis on it as the argument developed.

Discussion

121. I have limited materials to go on, as a result of the fact that the case management directions and the parties' own approaches have been to devote only modest resources to this relatively peripheral issue. I do not suggest that there is anything wrong with this and if patent cases are to be tried in 2 days at an affordable cost it is positively necessary to direct effort and expense to that which really matters. In addition, there has been the confusion occasioned by SDL's change of position, which I have dealt with above.

122. I therefore approach the issue on the basis that I must do the best I can with the materials before me.

123. On that basis, my finding is that the combination of IDHC paying for and arranging transport and risk remaining with it until the goods reach the customer are enough to say that it and not the customer (in this case Alan Howard) is the importer. This is consistent with the impression I have referred to above that SDL is the sales face of the SDL Products so that it is plausible that the customer has little knowledge of the sourcing and transport arrangements, but I am reluctant to place real weight on this aspect of the matter given that the lack of knowledge of SDL's role is very largely its own fault.

Personal liability of Mr. Rae

124. Mr. Rae signed the Alan Howard E-mail as "Gavin Rae Commercial Director Cloud Nine". It is not disputed that he sent the e-mail, but it is pleaded that he did not do it in a personal capacity but "for and on behalf of" Unil C9 Limited, the Third Defendant in the Threats Action.

125. In turn, SDL did not dispute that Mr. Rae sent the e-mail in that capacity but said that it made no difference to his liability (assuming the e-mail to be an actionable threat in the first place, which is what I have found).

126. The issue between the parties was therefore whether an individual acting in the course of an office or employment is liable under s. 70, or escapes because they are not doing it for themselves.

127. Dr. Pritchard relied on the fact that it has long been the case that solicitors' firms can be liable for sending threatening letters, and he referred to *Terrell on the Law of Patents* 17th Ed. 22-03 and 22-04 (and 22-24 with the cases cited there also seem relevant to me, although not specifically drawn to my attention). He also drew support from the opening words of s. 70 which refer to "… a person (whether or not the proprietor of, or entitled to any right in, a patent …").

128. Ms. Edwards-Stuart did not cite authority in support of this aspect of her client's position.

129. I prefer the argument of Dr. Pritchard, supported as it is by *Terrell* and the case law.

130. I therefore find that Mr. Rae is liable for the threats contained in the Alan Howard E-mail. I am unsure why it was necessary to join him as a defendant, however, and I will wish to receive submissions on the appropriate relief against him, if any.

Conclusions

131. My conclusions are that:

a. MDL is an exclusive licensee under the Patent and entitled to bring proceedings as such.

b. However, neither of the SDL Products infringes the Patent.

c. Each of the communications complained about amounts to an actionable threat under s. 70 of the Act.

d. Alan Howard is not an importer of the SDL Products and the Alan Howard E-Mail is therefore not saved by s. 70(4).

e. The Fourth Defendant in the Threats Action, Mr. Rae, is personally liable for the Alan Howard E-mail.

f. Therefore, the Threats Action succeeds and the Infringement Action fails.

Postscript

132. When this draft judgment was close to completion, I was made aware of a post-trial application by SDL to amend the Claim Form to increase the value of the claim from £50,000 to £300,000. NRL has indicated by a letter from its solicitors that it opposes this application, primarily as I understand it on the grounds of delay, and that it would or might have conducted the litigation differently had the claim value been specified as £300,000 earlier.

133. I will deal with this application at the same time as dealing with costs and other matters going to relief. NRL should file evidence with more detail than that in its solicitors' letter if it wishes to pursue the argument that the conduct of the litigation has or may have been affected by the stated claim size. I say that without prejudging the issue in any way, but simply because I do not consider the letter has enough detail to allow me to form an adequate view.

ANNEX 1

[redacted]

lupton fawcett
the law of advantage

Our ref: SMM.173910-0001
Ask for: Sarah Marsden
Your ref:

COMMERCIAL LAW GROUP
DIRECT TEL : 0113-280-2057
DIRECT FAX : 0113-280-2230
e-mail : sarah.marsden@luptonfawcett.com

SENT BY REGISTERED POST

FAO: The Managing Director
Ideal Hair & Beauty Supplies Limited
Vicarage Farm Road
Eastern Industrial Estate
Peterborough
PE1 5TP

9 May 2012

URGENT

Dear Sirs,

Induction Heating Unit for Rollers - UK Patent Application Number 2 472 483A

We act for Next Row Limited and RMG Hair Limited, both of Unit 1, Drill Hall Industrial Estate, Ilkley, West Yorkshire LS29 8EZ. You will be aware of our client's Cloud Nine products and in particular TheO products, which are manufactured under a licence provided by Next Row Limited.

Our client is the applicant of UK patent application number 2 472 483A, which was filed on 8th June 2010 claiming an earliest priority date of 5th May 2009 and later published on 9th February 2011 (the Application). We enclose details of our client's patent application for your information. In summary, our client's invention relates to an induction heating unit which is intended for heating hair rollers by electromagnetic induction.

Our client discovered at the Professional Hairdresser Live Trade Show in Manchester between 1st and 2nd April 2012 that SDL Hair Limited has been offering for sale a product named "EGO BOOST" with the caption "*Hair Power in a Pod*". The "EGO BOOST" product apparently heats a roller in an "ego pod" within 4 seconds and allows the end user to use the heated roller on the hair for styling. We enclose a copy of the brochure illustrating and marketing the product at Appendix B.

Patent Infringement

We understand that you distribute and sell the "EGO BOOST" product. We have advised our client that the "EGO BOOST" product falls within the scope of at least claim 1 of our client's published patent application.

The purpose of this letter is to draw to your attention to our client's rights under s69 Patents Act 1977 in relation to a published patent application. Our client has taken steps to expedite the application process, so that the grant of a patent is expected to be completed in the next few months.

Further Information

We should be grateful if you could please confirm the names, addresses and contact details of the manufacturers and/or importers of the "EGO BOOST" product.

We look forward to hearing from you.

Yours faithfully

Lupton Fawcett LLP

Enc.

ANNEX 2

[redacted]

Subject: FW: Cloud Nine/Ego Boost

From: Gavin Rae [mailto:gavin.rae@cloudninehair.com]
Sent: 18 September 2012 12:21
To: howard@alanhoward.co.uk
Subject: Cloud Nine/Ego Boost

Dear Howard,

I have contacted your office this morning in an attempt to discuss the Ego boost product you are now selling. Unfortunately I was informed you don't take phone calls. I would very much like the opportunity to discuss with you this product and our concerns regarding a possible patent infringement. The cloud nine induction heated roller system has been granted a patent in the UK and we intend to defend our intellectual property vigorously. Under English law it does not matter whether you are a manufacturer, wholesaler or salon. Selling a product that breaches a patent could make you liable for substantial damages. Of course I am saying "possible" and "could" as it is for a judge to decide whether an infringement has occurred. However like ourselves I am sure you would rather discuss the issue at a convenient time in a convivial place.

Kindest Regards

Gavin Rae

Commercial director Cloud Nine

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