

Cantel v Arc Medical - copying but without the requisite knowledge

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The High Court of England and Wales recently gave judgment in Cantel v Arc ([2018] EWHC 345 (Pat)). Of most interest for this blog is the aspect of the case which considers when an infringing party has the requisite knowledge to be liable for secondary acts of infringement (such as importation and sale). The case concerned UK unregistered design right (UDR) but the decision will also be applicable to future UK copyright cases involving secondary infringement.

A brief reminder; in the UK, copyright is not available to protect three dimensional functional designs, and registered design law explicitly excludes protection for features consequent to a product's technical function (s.1C Registered Designs Act 1949 (RDA)). To protect the functioning or internal aspects of a product, designers were having to rely on the copyright in the underlying drawings for a product. This was contrary to the intention of UK copyright law and afforded the designer an extensive period of protection, much longer than they would be entitled to under design law. To resolve this conflict, parliament legislated to create UDR in order to complement the protection afforded by copyright and registered design rights in the UK. Effectively, UDR is a quasi-copyright and has similar requirements to copyright, such as the need for the work to be original and for copying to have occurred. It subsists automatically in an original design of three-dimensional shapes or configurations, whether internal or external, and for whole or part of an article.

Background

Cantel brought the claim to clear the path for lawful marketing of a product called the AmplifEYE. Arc counterclaimed for infringement. AmplifEYE and the equivalent Arc products (the 'Endocuff' and the 'Endocuff Vision') are "cuffs" which are fixed to the end of a colonoscope to assist the colonoscopy procedure. As well as the allegations relating to infringement of UDR, the claim also included allegations relating to patent infringement and infringement of Registered Community Design right, but for the purposes of this article, we will just consider the UDR claim.

UK Unregistered Design Right

UDR can be infringed by carrying out primary acts (such as making an article to exactly or substantially the same design) and also by carrying out secondary acts (such as importing into the UK or possessing for commercial purposes). For secondary acts of infringement to be proven, a party must know or have reason to believe that the article he is dealing with is an infringing article (s.227 CDPA).

Cantel's position was that it had only carried out acts which would qualify as secondary acts of infringement of UDR, and Arc did not raise any evidence to dispute this.

The Court therefore had to consider whether Cantel had the requisite knowledge to be liable for secondary acts of infringement. The authorities are clear that a *mistaken* belief that an act is not an infringing act does not serve to deprive a defendant of knowledge under s.227, provided the defendant is aware of all the relevant facts. This includes a mistaken belief of law that the claimant has no enforceable design right, which could be inferred from the facts. For example, in a recent case concerning UDR in lockers, *Action Storage v G-Force*, [1] (reported on this blog [here](#)) the Defendant was said to be fixed with the requisite knowledge for acts of secondary infringement from a date 21 days after they were put on notice by a letter of claim (the 21 days being considered a reasonable period for investigation of the allegations after receipt of the letter before action).

In the present case, the Judge had no doubt that Arc's products were copied in the course of Cantel creating the design for the AmplifEYE. It was also clear from the documents which were disclosed in the proceedings that Cantel was fully aware of the Arc product which it copied. By way of example, one of the internal emails sent by Cantel during the process of designing its cuff said: "*We really cannot come out*

with a Endocuff clone, nor do we want to [sic]” Similarly, when Cantel applied for regulatory approval for its product it told the USFDA that *“AmplifEYE is directly based on and substantially similar to...Arc Endocuff...and Arc Endocuff Vision.”*

However, crucially, no one in the Cantel design team was aware that design rights existed and in fact it was part of Arc’s case that Cantel did not know anything about design rights. It appears that no letter before action was sent to Cantel in order to ‘fix it’ with the requisite knowledge of Arc’s right (as happened in the *Action Storage* case referred to above). Indeed, the judgment says that Arc’s only pleaded case on Cantel’s knowledge was based on “common knowledge in the trade”, a point which was not explored at trial, and an allegation that an inference could be drawn from the terms of a distributor agreement. The Court found that Cantel did not have the requisite knowledge to be liable for any secondary acts of infringement until the date of the judgment. Arc’s UDR were therefore not found to have been infringed before that date.

Commentary

This is an interesting, if somewhat unusual, case which demonstrates the importance of fixing a defendant with the requisite knowledge in order to succeed in a claim for secondary acts of infringement. This is an issue which is relevant both to UDR claims and copyright claims.

It is of particular relevance in cases such as this, where the action commences not with a letter before action, but with an ‘infringing’ party commencing proceedings in an attempt to clear the way to market their own product.

A failure to fix the defendant with knowledge could become an issue in the event that significant damages were accruing. If the defendant is only found to be infringing from the date that knowledge is fixed, which could be the date of judgment as per the present case, then the claimant could miss out on a potentially significant accrual of damages (if harm was occurring over that period). To prevent that, it pays to send a notice letter in UDR and copyright cases.

[1] See, for example, the summary at paragraph 88 of *Action Storage v G-Force*, [2016] EWHC 3151 (IPEC)