

OPINIONS
OF THE LORDS OF APPEAL
FOR JUDGMENT IN THE CAUSE

Sabaf SpA (a company incorporated under the laws of Italy)
(Respondents) v. MFI Furniture Centres Limited and others
(Appellants)

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(Respondents)
(Conjoined Appeals)

ON
THURSDAY 14 OCTOBER 2004

The Appellate Committee comprised:

Lord Nicholls of Birkenhead
Lord Hoffmann
Lord Hope of Craighead
Baroness Hale of Richmond
Lord Brown of Eaton-under-Heywood

HOUSE OF LORDS

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[2004] UKHL 45

LORD NICHOLLS OF BIRKENHEAD

My Lords,

1. I have had the advantage of reading in draft the speech of my noble and learned friend Lord Hoffmann. For the reasons he gives, with which I agree, I would allow this appeal and dismiss the cross-appeal.

LORD HOFFMANN

My Lords,

2. SABAF Spa (“SABAF”) was the proprietor of a United Kingdom patent GB 2,100,411 for a burner for gas cookers and hobs. The application was filed on 12 June 1981 and the patent expired on 11 June 2001. In these proceedings it alleges that Meneghetti Spa (“Meneghetti”) infringed the patent during its term by importing infringing products into the United Kingdom. Meneghetti counterclaims for a declaration that the patent was invalid because the invention was obvious. Laddie J held that Meneghetti had imported the products but that the patent was invalid. The Court of Appeal (Peter Gibson, Jonathan Parker and Longmore LJ) [2002] EWCA Civ 976; [2003] RPC 264 held that the patent was valid but that Meneghetti had not

imported the products. I shall first address the validity of the patent and then the question of importation.

The invention

3. During the first half of the last century, gas cookers consisted of a single unit with an oven below and a hob and grill above. The introduction of the eye level oven and work surface hob as separate units made it desirable for the hob and its burners to take up as little vertical space as possible and not intrude into the space below. The problem for designers was how to combine this obviously desirable goal with the functional needs of the burner.

4. The air surrounding a pure gas flame provides insufficient oxygen to enable it to burn steadily, especially when there is a pot sitting over the flame. It is therefore necessary to mix the gas with air before it is ignited. In addition, its pressure must be sufficient to expel it through the holes in the burner in a steady stream. In an old gas cooker, both of these requirements were met by the use of a tube which passed horizontally below the hob and then turned upwards to connect with the burner. The tube had an inlet for air to be drawn in and entrained by the gas flow. It also had a slight flare, that is to say, the passage along which the mixed gas and air flowed increased in diameter along the direction of flow. This slowed down the stream of gas and therefore, by a conversion of kinetic into potential energy known as the “Venturi effect”, increased its pressure.

5. The pipe was a substantial piece of hardware taking up space beneath the hob. The specification of the patent in suit described the disadvantages of such burners:

“they are relatively tall, for which reason they are not suitable or cannot be used for hobs which must have the most compact and flat structure possible. Furthermore in burners of the known type the channels for the primary air intake always lead downwards, more specifically below the hob, or towards the oven, in the case of cookers provided with an oven, or towards a chamber or in any event towards the intakes provided for the purpose below the hob. In addition to this the fitting and centering of burners of the known type is rather laborious and difficult,

and once fitted the burners have little stability and are therefore susceptible to undue movement. Thus they are fitted in such a way that access to and dismantling of the needle and gas injector, when necessary, requires the removal or lifting of the top plate of the appliance or the removal of the front, with the result that the operation is never easy and convenient.”

6. An object of the invention was therefore said to be “to provide a gas burner of very low height which can therefore be used with advantage in hobs which must be flat”. This was to be achieved by enabling both the air intake and the Venturi effect to take place above instead of below the hob.

7. The air was to be?

“drawn from the exterior directly above the cooker top or hob, eliminating the provision of a closed and isolated box or air intakes below the said level as happens when traditional gas burners are used.”

8. The way this was achieved was by bringing the gas into a circular chamber which sat on a support above the hob but left a small gap between its circumference and the hob surface as well as an opening into the chamber itself. Air could enter through this gap and be mixed with gas in the chamber.

9. The Venturi effect also took place in the burner above the hob. The top of the chamber in which the gas had been mixed with air was in the form of a shallow metal dish with a hole in the middle through which the gas could emerge from the chamber. The dish was covered by a fitting lid with holes around its circumference. The mixture of air and gas was completed in the horizontal disc-shaped space between the dish and the lid. In addition, the sudden increase in the breadth of the passage through which the gas could travel radially from the central pipe to the circumference of the dish produced the Venturi effect which increased the pressure. The device has been conveniently referred to during the hearing as a “radial Venturi”.

10. In addition to having these advantages, the invention was said to consist of “units which can be combined with ease, are conveniently accessible and are easily separable” and which would “provide a gas burner which is easier to locate and centre and is stable when placed directly on the top of a cooker or hob”.

11. The drawings showed an embodiment of the invention as consisting of three parts: first, a circular support unit with a flange to fix it to the hob plate and through the centre of which the combustible gas could enter from below; secondly, the unit which contained the chamber in which the gas could be mixed with air which had entered from above the hob and which had the dish-shaped top in which the mixing was completed and the Venturi effect took place; and thirdly, the lid over the dish, called the flame spreader, with its holes around the circumference.

Obviousness

12. Section 1(1) of the Patents Act 1977 provides that a patent may be granted only for an invention which, among other things, “involves an inventive step”. By section 3, an invention is to be taken to involve an inventive step if:

“it is not obvious to a person skilled in the art, having regard to any matter which forms part of the state of the art...”

Section 2(2) provides that the “state of the art” is to be taken to comprise:

“all matter (whether a product, a process, information about either, or anything else) which has at any time before the priority date of that invention been made available to the public (whether in the United Kingdom or elsewhere) by written or oral description, by use or in any other way.”

13. Laddie J summarised SABAF's claim, at para 12, to inventiveness by reference to three disadvantages in the prior art which the invention was said to be designed to overcome. They were:

“(i) existing burner units are tall, so that they do not fit into slim hob units, (ii) the primary air which is entrained with the combustible gas comes from underneath the hob unit and (iii) existing burner units are difficult to disassemble. The third of these can be left to one side because, save in one very limited respect, it has not been suggested that there is anything inventive in the specific arrangement or design of parts required for the burners the subject of the patent, other than those arrangements or designs which are included to overcome the first two disadvantages. Therefore it is the first two disadvantages and the way in which they can be overcome which are significant to the issues in this case.”

14. When he came to deal with the question of obviousness, at para 44, he returned to this analysis:

“As I have mentioned already, the two important features of the SABAF burners which are said to constitute an invention are (i) drawing primary air in from above the hob unit and (ii) the use of a flow path under the flame spreader in which the Venturi effect will be present. As I have also mentioned, there is nothing in the specification to suggest, nor has it been seriously argued, that these two features interact with each other.”

15. Meneghetti relied upon certain foreign publications as matter which, if regard to them was had by the skilled man, would make both of these features obvious. It is only necessary to mention four. A design published in 1958 in *Energie Technik* by a Dresden state enterprise depicted a three-part burner consisting of a base, a mixing chamber and a conical top. The air was drawn in from above the hob. *Houdry*, a French patent of 1958, depicted a radial Venturi very similar to that of the patent in suit but drew its air from beneath the hob. *Alpes-Inox*, an actual hob unit on sale before the priority date, had burners which took air from above the hob but no radial Venturi. *Zanussi*, an Italian patent

of 1963, had a radial Venturi but was not in three parts and did not draw air from above the hob.

16. Laddie J decided, after hearing expert evidence, that both of the inventive features relied upon were obvious in the light of the prior art. Having regard to *Houdry* and *Zanussi*, it would have been obvious to the skilled man to use a radial Venturi to attain the desirable goal of a low hob unit for use on a work surface. Likewise, having regard to *Energie Technik* and *Alpes-Inox*, it would have been obvious not to have an air intake which intruded into the space beneath the hob but to take the air from above. On the other hand, *Houdry* and *Zanussi* did not teach the taking of air from above the hob and *Energie Technik* and *Alpes Inox* did not teach a radial Venturi. There was no item of prior art which taught both. But neither made the other function any differently or produced any combined effect except that each contributed separately to produce a slim hob which was suitable for a work surface over a cupboard.

17. On the basis of these findings, Laddie J applied what he called “the law of collocation” as formulated by Lord Tomlin in *British Celanese Ltd v Courtaulds Ltd* (1935) 52 RPC 171, 193:

“a mere placing side by side of old integers so that each performs its own proper function independently of any of the others is not a patentable combination, but that where the old integers when placed together have some working inter-relation producing a new or improved result then there is patentable subject-matter in the idea of a working interrelation brought about by the collocation of the integers.”

18. Although this statement was made by reference to the pre-1977 United Kingdom law, the same principles are applied by the European Patent Office. The judge referred to the EPO Guidelines for Substantive Examination, where the following statement of principle appears in the current (Dec 2003) edition in Chapter IV:

“9.5 Combination vs. juxtaposition or aggregation

“The invention claimed must normally be considered as a whole. When a claim consists of a ‘combination of features’, it is not correct to argue that the separate

features of the combination taken by themselves are known or obvious and that ‘therefore’ the whole subject-matter claimed is obvious. However, where the claim is merely an ‘aggregation or juxtaposition of features’ and not a true combination, it is enough to show that the individual features are obvious to prove that the aggregation of features does not involve an inventive step. A set of technical features is regarded as a combination of features if the functional interaction between the features achieves a combined technical effect which is different from, e.g. greater than, the sum of the technical effects of the individual features. In other words, the interactions of the individual features must produce a synergistic effect. If no such synergistic effect exists, there is no more than a mere aggregation of features...

“Chapter IV, Annex 2.1 Obvious and consequently non-inventive combination of features:

The invention consists merely in the juxtaposition or association of known devices or processes functioning in their normal way and not producing any non-obvious working inter-relationship.

Example: Machine for producing sausages consists of a known mincing machine and a known filling machine disposed side by side.”

19. The judge rejected a submission on behalf of SABAF that the combination would lack an inventive step only if it was obvious to combine the two obvious features. This, he said, would “turn the law of collocation on its head.” It would mean that the less the technical incentive for combining the two features (and therefore the less obvious it was to do so) the more the combination was likely to be patentable.

20. The judge remarked that it was difficult to fit the law of collocation into the well-known “structural approach” to obviousness described as follows by Oliver LJ in *Windsurfing International Inc v Tabur Marine (Great Britain) Ltd* [1985] RPC 59, 73-74:

“There are, we think, four steps which require to be taken in answering the jury question. The first is to identify the inventive concept embodied in the patent in suit. Thereafter, the court has to assume the mantle of the normally skilled but unimaginative addressee in the art at

the priority date and to impute to him what was, at that date, common general knowledge in the art in question. The third step is to identify what, if any, differences exist between the matter cited as being ‘known or used’ and the alleged invention. Finally, the court has to ask itself whether, viewed without any knowledge of the alleged invention, those differences constitute steps which would have been obvious to the skilled man or whether they require any degree of invention.”

21. Having referred to the *Windsurfing* case in this way, the judge said no more about it. He considered that his findings that the two individual features were obvious and the law of collocation were enough to dispose of the case.

22. The Court of Appeal were upset by the judge’s references to the “law of collocation”, which they regarded as an illegitimate gloss on section 3 of the Act. On the other hand, they were equally upset by the judge’s failure to apply the *Windsurfing* analysis, which they did not regard as a gloss upon section 3 of the Act. In their opinion, there was no separate law of collocation. Peter Gibson LJ said, at p 279, para 43:

“[I]t seems to us inevitable that in a case said to involve a mere collocation of two known concepts, the question is whether it will be obvious to the skilled man, using his common general knowledge, to combine those concepts.”

23. He said that the omission to apply the *Windsurfing* analysis was a dangerous short cut because application of the third step would have revealed that the matter cited as prior art consisted of two separate disclosures and that it was impermissible to combine them for the purposes of the fourth step unless it would have been obvious to do so.

24. In my opinion the approach of the Court of Appeal is contrary to well established principles both in England and in the European Patent Office, as stated in the quotation from Lord Tomlin and the EPO Guidelines to which I have referred. I quite agree that there is no law of collocation in the sense of a qualification of, or gloss upon, or exception to, the test for obviousness stated in section 3 of the Act. But before you can apply section 3 and ask whether the invention involves an inventive step, you first have to decide what the invention is. In particular, you

have to decide whether you are dealing with one invention or two or more inventions. Two inventions do not become one invention because they are included in the same hardware. A compact motor car may contain many inventions, each operating independently of each other but all designed to contribute to the overall goal of having a compact car. That does not make the car a single invention.

25. Section 14(5)(d) of the Act provides (following article 82 of the EPC) that a claim shall “relate to one invention or to a group of inventions which are so linked as to form a single inventive concept”. Although this is a procedural requirement with which an application must comply, it does suggest that the references in the Act to an “invention” (as in section 3) are to the expression of a single inventive concept and not to a collocation of separate inventions.

26. The EPO guidelines say that “the invention claimed must normally be considered as a whole”. But equally, one must not try to consider as a whole what are in fact two separate inventions. What the Guidelines do is to state the principle upon which you decide whether you are dealing with a single invention or not. If the two integers interact upon each other, if there is synergy between them, they constitute a single invention having a combined effect and one applies section 3 to the idea of combining them. If each integer “performs its own proper function independently of any of the others”, then each is for the purposes of section 3 a separate invention and it has to be applied to each one separately. That, in my opinion, is what Laddie J meant by the law of collocation.

27. If one approaches the matter on this basis, it is clear that Laddie J correctly applied the relevant principles at each stage. He found that taking the air above the hob and having a radial Venturi had no effect upon each other and that he was therefore dealing with two alleged inventions, each of which had to pass the test laid down in section 3. He identified the inventive step in each. He asked himself what in each case were the differences between the relevant prior art and the invention. He found that there were virtually none. He concluded that it would have required no invention on the part of the skilled man armed with common general knowledge in the art to design a product in accordance with the alleged invention. In other words, he applied section 3 according to the *Windsurfing* structure to each of the features alleged to constitute the invention.

28. Mr Thorley QC, who appeared for SABAF, did not in the end dispute the validity of these principles or try to defend the Court of Appeal's proposition that one should combine separate inventions and then ask whether the combination would have been obvious. Instead, he argued a point which does not appear to have been argued before Laddie J, namely, that there was more to the inventiveness of the product than the two features identified by the judge. The additional feature upon which he relied was the division of the burner into three parts: the base, the unit containing the mixing chamber and the flame spreader acting as a lid over the mixing chamber and creating the radial Venturi. This, he said, made for elegant design and easy maintenance.

29. In my opinion this argument fails on the facts. The judge, in a passage which I have already cited, said that it had not been suggested that there was:

“anything inventive in the specific arrangement or design of parts required for the burners the subject of the patent, other than those arrangements or designs which are included to overcome the first two disadvantages”

30. Mr Thorley said that this was not so. SABAF's expert Mr Crowther had said in his witness statement that the essence of the invention was:

“a combination of:

- (a) an air supply from above the cooker plate, with
- (b) the replacement of the traditional long mixing tube (either horizontal or vertical) with a very short vertical mixing tube followed by an elegantly designed horizontal mixing section shaped so as to produce a venturi effect within the area below the flame spreader so as to complete the mixing of the air and gas in that region and restore the pressure of the mixed gas and air sufficient to permit complete combustion at the burner ports

all encompassed within an elegant mechanical arrangement to give a very compact burner, easily capable of being assembled and disassembled in situ and operating with all three gas families.”

31. Mr Thorley said that Mr Crowther was not cross-examined upon this compendious statement of the inventive concept. But that was not the case. It was accepted by Mr Crowther that although the invention could be operated with all three gas families, it taught nothing about how this should be done. As for the elegant mechanical arrangement, it was very much the subject of further investigation in oral evidence. Mr Crowther was asked about the *Energie Technik* design:

“Q. It has essentially the same three components as the components in the patent, of course we can argue about how different they are in terms of the passage shapes?

A. Yes...

Q. It looks as if this body is located on a support?

A. Yes.

Q. In essentially the same way as the patent?

A. Yes.

Q. This is also taking air in the same way from above the hob?

A. Yes.

Q. Apart perhaps from the depth of the burner...it seems to have the same elegant mechanical arrangement as the patented object?

A. Yes.”

32. And then he was asked about *Houdry*, which had a radial Venturi but did not take air from over the hob:

“A. But of course there are other things which are not displayed on this Houdry patent which the Sabaf patent does display.

Q. ...One of them, I suppose, is the fact that it takes air from over the hob?

A. Yes.

Q. What else?

A. It is principally the airflow at the hob...

Q. What else is there?

A. Apart from prejudice against the fact that it came from a first family gas, not a lot.”

33. It therefore seems to me that the judge was amply justified in concluding that the only issues on obviousness were concerned with the two features which he had identified. I think that he was right and would therefore allow the appeal and declare that the patent had always been invalid.

Infringement

34. In view of my conclusion on the outcome of the appeal, the question of infringement does not strictly arise. But since it also gave rise to a difference of opinion between the judge and the Court of Appeal and may be of some significance in other cases, I shall express a view on the matter.

35. Section 60(1) of the Act defines infringement as the doing of various things in the United Kingdom in relation to the invention without the consent of the proprietor of the patent. If the invention is, as in this case, a product, a person infringes if he:

“makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise.”

36. The evidence in this case was that Meneghetti had made the product in Italy and sold it to MFI Furniture Centres Ltd (“MFI”). The property had passed to MFI in Italy and until November 1998 MFI had arranged for the hobs to be collected by its lorries from the Meneghetti plant in Italy. So, apart from its participation in the acts of MFI by virtue of having sold them the products, Meneghetti had done no acts in the United Kingdom.

37. In November 1998, however, there was a change in the transport arrangements. MFI ceased to send their own lorries and asked Meneghetti to arrange for transport to the United Kingdom. The evidence about the new contractual arrangements was sparse. Mr Antonio Brotto, Meneghetti’s sales manager, said in a witness statement:

“From November 1998, Meneghetti, at [MFI’s] request...arranged transportation of the hobs to England for which a separate invoice was issued.”

38. In a further statement by way of amplification, he said that insurance of the goods was “automatically arranged” by the transport company selected by Meneghetti, which was reimbursed by MFI for the carriage and insurance. The judge found that there was no dispute that title to the goods passed to MFI in Italy. It was their goods which Meneghetti arranged to be transported to the United Kingdom.

39. SABAF put their case on infringement in two ways. First, they said that MFI had done acts of infringement in the United Kingdom by importing the products, using them and disposing of them or keeping them for disposal, and that Meneghetti had participated as a secondary party in these acts so as to make itself a joint tortfeasor. The test for such secondary liability in English law is whether the acts were done pursuant to a common design so that the secondary party has made the act his own. Both the judge and the Court of Appeal rejected this form of liability on the facts and there is no appeal against that decision.

40. The alternative submission was that by arranging the transport, Meneghetti had itself done the act of importing the goods into the United Kingdom. On the face of it, this is a startling submission. MFI was obviously the importer of the goods. Meneghetti’s arranging the transport may or may not have been sufficient to amount to participation in the act of importation so as to make itself jointly liable as a secondary party, but in view of the abandonment of any allegation of joint liability, no such argument has been advanced. The contention is that Meneghetti was the importer.

41. In my opinion this argument must fail. Meneghetti made arrangements on behalf of MFI for the importation by MFI of its goods into the United Kingdom. The contract of carriage is presumed to have been made on behalf of the consignee and owner of the goods: see Clarke, *International Carriage of Goods by Road* (3rd ed 1997) at pp 428-429, para 216a. If there had been short delivery, MFI would have been the proper party to sue on the contract. But I do not think that one need rely on the technicalities of the contract of carriage. Meneghetti was not the importer because, whoever had contracted with the carrier, MFI was the importer.

42. I must mention some of the cases on which Mr Thorley relied. In *Waterford Wedgwood plc v David Nagli Ltd* [1998] FSR 92 the sellers supplied counterfeit Waterford crystal to a buyer in New York. They had arranged for the goods to be shipped from Ireland to Spain and then from Spain to Felixstowe, where they were transhipped and sent to New York. The question was whether the sellers had infringed the Waterford trade mark in the United Kingdom by importing the goods into Felixstowe.

43. Sir Richard Scott V-C decided that they had imported the goods into the United Kingdom and I respectfully think that he was right. The buyer had not imported them into the United Kingdom. He had imported them into New York. The passage of the goods through Felixstowe was entirely the act of the seller and he was therefore the importer in relation to the United Kingdom. I have no doubt that Sir Richard Scott would have given a different answer if he had been asked whether the seller, having arranged the carriage, should for that reason be treated as having imported the goods into New York.

44. Mr Thorley also relied upon cases in the Netherlands, France and Germany in which foreign sellers had been held liable for patent infringement. In *Probel v Parke Davis* (1964 NJ 1372, No 494) the Supreme Court of the Netherlands decided that a Belgian seller had infringed by despatching infringing articles to customers in the Netherlands by transport which he had arranged. In that case, however, the infringement relied upon was “bringing the goods into the market” (“in het verkeer-brengen”) contrary to article 30(1) of the Patent Act then in force. This is a much wider expression than importing the goods.

45. The French and German cases (*Quivogne v Bucher Guyer* (19 January 1988) Court of Appeal, Nancy - Decree 140/88 MR 1870/86 and “*Pipe Branching*” (*Rohrverzweigung*) in the Landgericht Düsseldorf (7 November 2000 438/99) are both concerned with the secondary joint liability of a foreign exporter for infringement by the importer. In my opinion they do not support the proposition that both the buyer and the seller can each be the importer.

46. For these reasons I would agree with the Court of Appeal that infringement was not established and would dismiss the cross-appeal.

LORD HOPE OF CRAIGHEAD

My Lords,

47. I have had the advantage of reading in draft the speech of my noble and learned friend Lord Hoffmann. For the reasons that he has given, with which I am in full agreement, I too would allow the appeal and declare the patent always to have been invalid. I would dismiss the cross-appeal.

BARONESS HALE OF RICHMOND

My Lords,

48. I have had the advantage of reading in draft the opinion of my noble and learned friend Lord Hoffmann. For the reasons he gives, with which I agree, I would allow this appeal and would dismiss the cross-appeal.

LORD BROWN OF EATON-UNDER-HEYWOOD

My Lords,

49. I have had the advantage of reading in draft the opinion of my noble and learned friend Lord Hoffmann. For the reasons he gives, with which I agree, I would allow this appeal and would dismiss the cross-appeal.