

David Takes on Goliath in Patent Infringement Battle



by P. Kandiah

THE main shareholder (and Managing Director) of a small construction company which had been in business for over 10 years, realised that the method of building construction was labour intensive and not very productive.

When he saw that there was a lot of room for improvement, he set out to solve the technical problem at hand. His aim was to increase productivity and to lower the cost of construction without compromising on the quality of the buildings. He developed a novel method of constructing and erecting wall panels and a method of producing leak-proof joints and corners of buildings. He applied for and successfully obtained a grant of patent.

Armed with a patent and detailed knowledge of the industry, he approached several potential customers. He later discovered that one project for which he had submitted proposals, was awarded to a bigger company. The appointed contractor used a building construction method that followed the method in the patent, but had refused to obtain a patent licence. The patent owner ("patentee"), wanting to defend his rights, sued the contractor for infringement of the patent.

The building contractor asserted that he merely followed the technical drawings provided by the customer, but the High Court ruled that he had:

- i. infringed the Malaysian Patent granted to the patentee and
- ii. infringed the copyright subsisting in the technical/architectural drawings of the patentee.

The patentee's Malaysian patent was in respect of a method for constructing a building using pre-cast wall panels and either pre-cast or cast-in-situ columns.

The patentee had informed the customer that the method of construction and the components were the subject of patent applications when he made a presentation of the system to them. A VCD containing technical drawings was also provided to the customer.

The Court's decision was clear. Using a patented technology without the consent of the patentee was an act of patent infringement and it was no defence to state that the "infringer" had merely followed instructions or was using technical drawings provided by the customer who had engaged the contractor.

The contractor also attempted to challenge the validity of the patent claims by arguing that the claimed invention lacked novelty and inventiveness, which the Court found was not supported by evidence. The Court found that there were material differences in the patented technology and prior art documents adduced by the infringer. On the issue of copyright infringement the Court found that the contractor had substantially copied the technical drawings which the patentee provided to the customer where the latter adopted the drawings when it prepared the technical drawings that were given in the tender documents. Surprisingly, the patentee did not initiate any copyright infringement action against the customer for reproducing its technical drawings.

EARNING MONEY THROUGH PATENT LICENSING

Now equipped with the patent and the victory in Court, the patentee was ready to fully exploit his patent by way of granting patent licences to other contractors, not only in Malaysia but also in other countries where the Malaysian patent owner had obtained similar patent rights – a classic case of earning money by way of royalty fees without big monetary investment in other countries.

Companies in any industry need to be creative and innovative. If novel methods of making a product are created, then the creativity can be exploited to make money for the creator, for as long as the patent is subsisting and no new technology for solving the same technical problem has evolved. ■

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