Neutral Citation Number: [2019] EWHC 928 (Pat)

Case No: HP-2016-000070

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY (ChD)
PATENTS COURT

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

Date: 03/04/2019

Before:

HIS HONOUR JUDGE HACON
(Sitting as a Judge of the High Court)

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Between:

(1) TECHNETIX B.V. **(2) TECHNETIX LIMITED**	**Claimants**
- and -	
TELESTE LIMITED	**Defendant**

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MR. HUGO CUDDIGAN QC and **MR. ADAM GAMSA** (instructed by **Kempner & Partners LLP**) appeared for the **Claimants**.

MR. JAMES MELLOR QC (instructed by **EIP**) appeared for the **Defendant**.

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Approved Judgment

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HIS HONOUR JUDGE HACON :

1. This is a pre-trial review in a patent action. The trial is floating from 7th May. The claimants, which I will call Technetix, have two applications. The first is for permission to extend time for serving Technetix's expert report in reply until this Friday, 5th April. The second is an unconditional application to amend the patent. The two are related but it is the second that matters.

2. Technetix's proposed amendment to its patent is straightforward: it wishes to delete claim 1. Claim 2 would be amended in form, though not in substance, to include the wording of old claim 1 and so to become the new claim 1.

3. The case management conference came before Arnold J on 7th June 2018. In his order of that date Arnold J required Technetix to state which claims are independently valid. They asserted that only claim 1 was independently valid.

4. The defendant, which I will call Teleste, argues that Technetix's wish to delete claim 1 is an acknowledgment that claim 1 is invalid. Technetix's position must necessarily now be that the current claim 2 is independently valid over claim 1. Technetix's earlier assertion that only claim 1 had independent validity was, in reality, an admission that none of the other claims is valid over claim 1. Therefore, Teleste argues, this is an admission which Technetix must now withdraw before there is any question of Technetix being given permission go ahead with its application to amend the patent. Otherwise, it would be an application to amend a patent to a form having claims all of which are invalid by Technetix's admission.

5. I was referred to the judgment of Popplewell J in *Bayerische Landesbank v. Constantin Medien AG* [2017] EWHC 131 (Comm). My attention was drawn to the following paragraphs:

> 20. There is an important distinction, in my view, between the principles which apply to amendments involving withdrawal of admissions, and the principles which apply to amendments which involve withdrawal of averments. The former always require permission of the Court by reason of Rule 14.1(5); and considerations which must specifically be taken into account are set out in paragraph 7.2 of the Practice Direction, which was described by Mr Justice Briggs, as he then was, in ***Kojina v HSBC Bank No. 2,*** as a useful and uncontentious distillation of earlier authority. Account also has to be taken of all the circumstances of the case and the overriding objective.
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> 21. By contrast, applications which involve withdrawal of averments only require permission at the appropriate stage of proceedings; and the principles are those which govern amendments more generally, which were usefully summarised by Mr Justice Hamblen, as he then was, in ***Brown v Innovatorone Plc***. In particular it is often appropriate for permission to be given to withdraw averments on the usual terms as to paying the costs thrown away because it is open to parties to choose what allegations they wish to make or pursue.

> A party is not bound to make a positive allegation by way of a positive averment merely because he believes it to represent the true position. He will often, therefore, be permitted to abandon an averment which he was free to choose whether or not to make in the first place. Admissions are different. The allegation has been put in play by the opponent, and the party is therefore obliged to state a position in respect of it. He cannot avoid the issue arising.
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> 22. When considering withdrawal of a plea, different considerations arise depending on whether what is to be withdrawn is an admission or an averment. In relation to an averment which a party wishes to pursue, the party is concerned not merely with whether the averment is true, but also whether and how it can be proved. On the other hand, in relation to an admission in response to an averment by the opposite party, what the party is concerned with is simply whether what is alleged against it is true. No question arises of it being able to prove or disprove the allegation evidentially distinct from the question as to whether the allegation is or is not true.

6. Mr. Mellor QC, who appeared for Teleste, argued that these paragraphs show that the selection by Technetix of claim 1 as being the only claim with independent validity was an admission. He said that the validity of the claim was in play on the pleadings and Technetix were required to state which of those claims was independently valid. They did so and thereby admitted that the other claims were not independently valid.

7. Mr. Cuddigan QC, who appeared with Mr. Gamsa for Technetix, argued that the assertion made by Technetix that only claim 1 has independent validity was not an admission. He said that the independent validity of the claims of the patent was not a live issue on the pleadings. All that happened was that Technetix were required to make an averment as to which claims were going to be central to the argument at trial and they did so. This did not constitute an admission of anything.

8. I think that there is substance to Mr Cuddigan's argument. A patentee might fully believe and assert that every single claim in his patent is independently valid. There could be, say, 20 claims. The patentee would know, however, that at a CMC, for reasons of procedural economy the court will not allow him to go to trial arguing that all 20 claims are independently valid. It seems to me that stating which claims have independent validity is generally better characterised as part of a patentee's enforced selection of his best case, not an admission.

9. A similar procedural requirement is imposed on parties seeking to revoke a patent. Such a party may believe that a long list of items of prior art each invalidates the patent and plead the whole list. If he does, at the CMC he will be required to limit himself to a short list of cited items of prior art on which he will be entitled to rely at trial. Selecting the short list does not constitute an admission that the abandoned items of prior art do not invalidate the patent. If he were to change his mind and substitute an item from the long list for one on the short list, he would not be required to withdraw an admission.

10. It is true, as Mr Mellor said, that the validity of all the claims are in play on the pleadings, but the selection of which of them has independent validity was, in the end, a matter of choice on the part of Technetix. I am not sure that that choice fell squarely within the category of averments which Popplewell J had in mind, but in the present instance anyway I take the view that the selection of one claim having independent validity did not involve an admission.

11. In case I am wrong about that, I will briefly consider the consequences if Technetix should be taken to have admitted that claim 2 was not independently valid over claim 1.

12. Pursuant to CPR 14.1(5), the permission of the court is required to amend or withdraw an admission. Paragraph 7 of Practice Direction 14 provides as follows:

> "7.2 In deciding whether to give permission for an admission to be withdrawn, the court will have regard to all the circumstances of the case, including - (a) the grounds upon which the applicant seeks to withdraw he admission including whether or not new evidence has come to light which was not available at the time the admission was made;
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> (b) the conduct of the parties, including any conduct which led the party making the admission to do so;
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> (c) the prejudice that may be caused to any person if the admission is withdrawn;
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> (d) the prejudice that may be caused to any person if the application is refused;
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> (e) the stage in the proceedings at which the application to withdraw is made, in particular in relation to the date or period fixed for trial;
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> (f) the prospects of success (if the admission is withdrawn) of the claim or part of the claim in relation to which the admission was made; and
>
> (g) the interests of the administration of justice."

13. On the assumption that Technetix did make an admission I must consider all the circumstances of the case, including the non-exhaustive list of matters set out in paragraphs (a)-(g) of paragraph 7.2 of the Practice Direction. The first of these, (a), are the grounds on which Technetix seeks to withdraw the admission. Mr. Mellor pointed out that no real explanation has been given on the evidence as to why the admission is now to be withdrawn. In fact, Mr. Mellor said it goes further: there was a burden on a party seeking to withdraw an admission to satisfy the court that the admission was wrongly made. He referred me to another passage of the *Bayerische* case:

> "62. What it what it amounts to, therefore, is that in this respect Dr Scherl is saying that as a result of the meeting with Mr Burgmer and the reconsideration of the evidence, BLB is no longer able to put forward a positive case which it will be in a position to prove. He does not say that anything which occurred as a result of that exercise supports a view that the admission which was previously made was untrue. In short, the evidence which BLB has chosen to put before the Court does not provide any evidential basis for thinking that the admission was wrongly made and the grounds for making the application are not, on analysis, supported by any evidence that it was an admission that was wrongly made.
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> 63. If a party seeks to withdraw an admission it is incumbent on that party to explain why he no longer contends that that which has been admitted is true. BLB has simply not adduced any such evidence. This is a factor identified in subparagraph (a) of paragraph 7.2 of the Practice Direction and is, in my view, a very important consideration in the context of this case."

14. I agree that the evidence from Technetix explaining the reasons why they wish now to assert that claim 2 is independently valid and delete claim 1 from the patent is lacking. It is safe to infer that Technetix have come to the view that it their better position is not to support claim 1 and to argue that claim 2 is valid. The lack of evidence for their underlying reasons for this shift of view does not seem to me, of itself, to be fatal. I must consider all the other matters referred to in paragraph 7 of the Practice Direction.

15. Under (b), the conduct of the parties, including any conduct which led Technetix to make the admission, is taken into account. Mr. Mellor submitted that this was a further example of the sloppy way that Technetix have conducted the case and that this is just a further manoeuvre to keep a hopeless case alive.

16. It appears to me that Technetix's conduct of the case has been less than perfect but not so bad as to make it a major factor in today's application. As to the suggestion that this is just a manoeuvre to keep a hopeless case going, I am not in a position today to reach any conclusion about that.

17. Under subparagraph (c), I consider the prejudice that would be caused to Teleste if an admission is withdrawn. Mr. Mellor, I think, fairly accepted that prejudice to Teleste will depend on the terms imposed if Teleste were to be permitted to withdraw its admission. If needs be, I will come back to that.

18. Under (d), I must consider the prejudice that may be caused to Technetix if permission to withdraw the admission is refused. Mr. Mellor said that withdrawing the admission would just allow Technetix to move from one hopeless position to another. Therefore, refusing permission would not, in practice, cause them any prejudice at all. As I have already said, I am not in a position today to decide whether Technetix's position is as Mr. Mellor would characterise it. I have no view as to whether their case on claim 2 is strong, weak or hopeless.

19. As against that, there is potentially serious prejudice to Technetix if I refuse permission to withdraw the admission. It is possible, more than possible, that in those circumstances the trial judge would consider only claim 1. If, as Technetix apparently expects, claim 1 were found to be invalid and Technetix tried to amend down to claim 2, the application to do so would be refused because the trial judge would not have considered the validity of claim 2, bearing in mind the admission given. Self-evidently, the potential prejudice to Technetix if the (assumed) admission is not withdrawn could be high.

20. Under (e), I must consider the stage in the proceedings at which the application to withdraw the admission is made, in particular in relation to the date or period fixed for trial. Mr. Mellor argued that Technetix is seeking to change the whole basis of the action, requiring the service of new expert evidence and resetting the timetable. There are about four weeks between today and the trial, which is floating from 7th May. I agree that the change in Technetix's case has been made late in the day and it is likely to lead to wasted costs. On the other hand, I do not believe that Teleste will be unable to cope with the change. I am not convinced that a change of focus from a high-pass filter to an LC-filter is something that Teleste will be unable to deal with in the next month.

21. Under (f) I must consider the prospects of success of the claim as a whole if the admission is withdrawn. As I have already said, Teleste's position is that Technetix's case would remain hopeless. Technetix obviously believe otherwise. I can reach no view on that today. I must assume that there is at least an arguable case that claim 2 is valid.

22. Finally, I must consider the interests of the administration of justice. I agree with Teleste that the change of direction in the case which Technetix wish to make by today's application, at a late stage in the proceedings, is the sort of thing which is unsatisfactory in itself and should be discouraged. However, that does not mean that the balance of prejudice ceases to be an important factor.

23. For the reasons I have given, if I refuse to give permission to Technetix to withdraw its admission, that would potentially be tantamount to ruling that Technetix's claim in this action fails. If I give permission, Teleste will be put to expense and work over the next four weeks. They point out that this includes the Easter break. If Teleste is right, it will be time and expense all for nothing because Technetix is bound to lose. However, I am not prepared to make the assumption that Technetix is bound to lose.

24. I will give Technetix permission to go forward with its unconditional application to amend the patent, whether or not this can accurately be characterised as requiring the withdrawal of an admission, and I will hear submissions on how directions may be given to minimise wasted costs, particularly with Teleste's interests in mind.

(For proceedings in open court, see separate transcript)

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