

## **PATENTS ACT 1977**

### **IN THE MATTER OF**

a reference under Sections 8 and 13

by Rexam CFP Limited

in respect of Patent Application no. GB 2,333,303 A

in the name of Thibierge & Comar SA

### **PRELIMINARY DECISION**

#### **Introduction**

- 1 This decision goes to a short point: should these proceedings be stayed or not? Thibierge & Comar SA (“T&C”), the defendant in the present proceedings, requests that they should be stayed pending the resolution of parallel proceedings in France; Rexam CFP Limited (“Rexam”), the claimant, opposes the request for a stay. The matter came before me at a hearing on 18 July, at which Mr Adrian Speck, instructed by Bristows, appeared as Counsel for T&C, and Mr Richard Arnold QC, instructed by Urquhart-Dykes & Lord, appeared as Counsel for Rexam. I must now decide whether or not to stay these proceedings.

#### **Background**

- 2 British patent application no. 9905536.0, which relates to coloured tracing paper, was printed by the UK Patent Office on 21 July 1999 under the publication number GB2,333,303 A (“the UK application”). It is derived from International Patent Application no. PCT/FR 98/00930 (“the PCT application”) which was published as WO 99/02774 A1 on 21 January 1999 and which claims priority from French application no. 9708990 filed on 10 July 1997. The applicant named in both the PCT and UK applications is T&C, and the named inventors in both are Emeric Thibierge and Jean-François Loeillot.
- 3 On 28 October 1999 Rexam filed a reference seeking under section 8 of the Patents Act 1977 (“the Act”) sole entitlement in the UK application. The reference also seeks under section 13 replacement of the named inventors by James Christopher Body and Robert Graham Bracewell. T&C filed a counterstatement on 17 March 2000 defending the claim made in the reference. Evidence rounds followed fairly smoothly and as long ago as February 2001 it was agreed that the substantive hearing should take place in the week commencing 17 September 2001. A disagreement over a request by Rexam for further information and disclosure was, however, simmering in the background, and a hearing was appointed and held on 13 June 2001 at which I gave an oral decision determining that matter.

#### **The application for a stay**

- 4 Shortly before that hearing, on 8 June, T&C wrote to Rexam proposing that the parties agree to stay these UK proceedings, and in a letter of 11 June Rexam refused T&C’s request for a stay. After further correspondence, T&C formally applied to the comptroller for a stay in a letter of 20 June, and evidence was subsequently filed by both sides in

support of their respective positions.

- 5 T&C's evidence in support of its request for a stay comprises: two witness statements with exhibits from David Wilkinson, a partner at solicitors Bristows; and two witness statements from Dariusz Szeleper, lawyer at the Court of Appeal of Paris. Rexam's evidence in opposition to a stay comprises a witness statement with exhibits from Simon Mark Raynor, a partner at patent agents Urquhart-Dykes & Lord; and a witness statement from Bernard Schaming, Avocat at the Court of Appeal of Paris.
- 6 As is clear from the correspondence since 8 June, from the evidence, and from both Counsel's skeleton arguments, the grounds for T&C's request arise from the existence of parallel proceedings in France, to which I now turn.

### **The French proceedings**

- 7 As I have already mentioned, the UK application is derived from the PCT application. However, also derived from the PCT application is European Patent Application no. 98924408.2 ("the European application"); it was not reprinted, and its contents are those of the PCT application. The European application designates among other states the UK, and the applicant and the named inventors are the same as for the UK and PCT applications. Following a request made by Rexam, processing of the European application by the European Patent Office ("EPO") was suspended with effect from 23 June 2000. I should also mention the position of the original French priority application no. 9708990 and another French patent application no. 9806138 filed on 7 May 1998 claiming priority from it; from the evidence it appears that these have now become granted patents.
- 8 On 8 March 2000, Rexam instituted proceedings before the French courts challenging T&C's entitlement in the two French applications, and in June 2000 also brought in the European and PCT applications. Those proceedings ("the French proceedings") are therefore running in parallel with the present ones. The main focus of the French proceedings, at least so far as the present request for a stay is concerned, is the European application.

### **The parties' offers**

- 9 At the hearing Counsel for both sides repeated and clarified offers each was unilaterally making. For Rexam, Mr Arnold made clear that if the dispute was determined in the UK and Rexam lost, it would not pursue the proceedings in France. Equally, for T&C Mr Speck made clear that T&C was offering that if the UK proceedings were stayed it would treat the French proceedings as determinative; if T&C then lost in France, it would not pursue the proceedings in the UK. However, these offers do not end the matter, as neither party agreed to be bound if the dispute was determined in the other's preferred jurisdiction: Rexam would feel free to continue the UK litigation if it lost in France, and T&C would feel free to pursue the French litigation if it lost in the UK. At the hearing, Mr Arnold suggested that Rexam's offer carried more weight because the UK proceedings would conclude sooner than the French ones. I shall come to the matter of timing later, but will say now that because neither side is willing to be bound by the decision in the other's preferred jurisdiction, I do not believe either offer helps a great deal.

## **Principles to be applied in considering a stay**

- 10 As Mr Arnold put it at the hearing, the jurisdictional position is that France has sole jurisdiction over the European application, and the UK has sole jurisdiction over the UK application. He therefore saw an inevitability about having separate proceedings. The question is how best does one economically and efficiently, and to make it explicit I would add justly, dispose of those proceedings.
- 11 Counsel agreed that the comptroller has the discretionary power to stay proceedings before her, and outlined the principles each thought I should apply in considering the facts of this case. With a few exceptions, I think at root they were going to similar considerations, although the basis and authorities which they cited as their foundation differed.
- 12 Both Counsel took me to the overriding objective of the Civil Procedure Rules. In her role as a tribunal, the comptroller adheres to the same overriding objective as the court for dealing with cases justly. The overriding objective requires the court, and by extension this tribunal, so far as is practicable to:
- (a) ensure that the parties are on an equal footing;
  - (b) save expense;
  - (c) deal with the case in ways which are proportionate -
    - (i) to the amount of money involved;
    - (ii) to the importance of the case;
    - (iii) to the complexity of the issues; and
    - (iv) to the financial position of each party;
  - (d) ensure that it is dealt with expeditiously and fairly; and
  - (e) allot to it an appropriate share of the court's resources, while taking into account the need to allot resources to other cases.

I accept that these factors should guide the handling of any case, and should be applied in considering the present request for a stay.

- 13 Mr Speck also took me in some detail to parts at least of the leading authority in relation to staying national proceedings when there are parallel proceedings afoot before the EPO, namely the judgment of the Court of Appeal in *Kimberly-Clark Worldwide Inc v Procter & Gamble Ltd* [2000] RPC 422. Mr Speck, in his skeleton, quotes passages from the judgment of Aldous LJ reported at line 40 of page 431 and line 20 of page 437, which respectively read:

“It is not sensible for a court in this country to allow proceedings to be heard in this country which duplicate those in the EPO unless justice requires that to happen.”

“I have already referred to the option to stay the proceedings in this country which, in my view, must be the preferred option when opposition proceedings are before the EPO.”

- 14 Mr Speck took this to mean that it is not normally in the interests of justice for there to be duplication of proceedings in the national court and the EPO, and that to stay proceedings in this country is normally the preferred option. Although he acknowledged differences between the present case and that one, he suggested that they are small and that the reasoning in *Kimberly-Clark* applies by analogy and perhaps with even more force because of the effect of section 73, a point to which I shall return. At the hearing, Mr Speck acknowledged that the present case is before the UK and French courts, not the UK court and the EPO as in *Kimberly-Clark*. He described this as “just a technicality” but I think that is too glib. He also acknowledged that in *Kimberly-Clark* there was one European patent in issue, whereas here there are (at least) two patents, but he felt that this helped his case for a stay. He based this feeling on what he described as the superior position of the European patent, and of the French court in deciding entitlement in it, deriving from the legal framework involved. I shall return to that point in detail later.
- 15 Mr Arnold, by contrast, did not seek to rely on *Kimberly-Clark*, saying that the present situation is not comparable because that case (and earlier cases in that line of authority) was concerned with a situation where one has infringement proceedings before the UK court and opposition proceedings before the EPO. In those circumstances there is no question of there being one forum, as the European Patent Convention obliges there to be parallel proceedings because infringement proceedings can only be litigated in the national court and opposition proceedings only in the EPO. The possibility of conflict has been recognised from early on, in the mid-1980s. Mr Arnold went on to make three points in regard to the situation to which *Kimberly-Clark* relates. The first was that revocation of a European patent in (later) EPO opposition proceedings can trump any (earlier) decision of a national court to uphold it, so that earlier (unstayed) infringement proceedings can be a waste of time, effort and money. Secondly, delays in the EPO may mean that national proceedings can even have gone to appeal and still be unzipped by a final decision in the EPO. Thirdly, and at the core of *Kimberly-Clark* submitted Mr Arnold, was the question of amendment and how it is available as of right before the EPO, so that the final form of the claims is unknown until the EPO proceedings have concluded. This creates a major headache for the national (UK) infringement court. *Kimberly-Clark* is significant because of the question of discretion in relation to amendment. According to Mr Arnold, those three reasons are why it is now appreciated by the patents courts in this country that there may well be good reasons for ordering a stay of proceedings here. But those three factors, he argued, have no bearing on the situation with which we are concerned here.
- 16 I was also taken by Mr Speck to the judgment of Laddie J in *Rambus Inc v Hyundai Electronics UK Limited and Micron Europe Limited* (19 December 2000, unreported). Mr Speck’s point in doing so was for Laddie J’s comment at lines 16 to 21 of page 12, which reads:
- “As is common in all these cases, a stay will cause hardship to the claimant on one view of the facts, and a failure to grant a stay may cause damage to the defendants. There is no painless course to adopt.”
- Mr Speck’s point then was that deciding on a stay was a general balancing exercise for which there was no painless course - you just have to take the least painful one.
- 17 Mr Arnold took me specifically to the passage in *Rambus* running from line 16 of page

7 to line 13 of page 8 which reads as follows (my emphasis added):

“I want to make it quite clear that although I accept that the claimant does have a fear that the message will go out that EPO oppositions will represent a near automatic veto on English patent court proceedings, that fear is not or should not be justified.

As Aldous LJ said in *Kimberly-Clark v Procter & Gamble*, the question of whether or not there should be a stay is a matter for the court’s discretion which has to be determined on the facts of each individual case.

There is no concept known to this court of an EPO opposition representing an automatic veto to national litigation. If that is the view of practitioners, the sooner they are disabused of it the better. **This court must look at each case on its own facts and decide whether the particular facts make it more just to stay the proceedings or more just to allow a claimant to exercise his normal right to litigate in the courts of his choice.**

This means that the individual facts of individual cases are of little relevance to other cases which follow. **I hope these parties, and subsequent parties, will realize that the citation of earlier decisions showing how the courts have reacted to different fact situations is of little value.** The principles are the principles I have already indicated and as alluded to by Aldous LJ in *Kimberly-Clark*.”

- 18 Mr Arnold made a particular point of noting the two passages I have placed in bold. The first sets out the principle that one must decide on the particular facts of the case whether it is more just to stay proceedings or more just to allow a claimant to exercise his normal right to litigate in the courts of his choice. The second is that when dealing with discretionary decisions which are fact-based, citable authority other than to establish the principles is of no assistance.
- 19 It is convenient at this point to record that at the hearing I drew attention to the factual differences between the present case and the authorities to which I was taken. I did so because they related to cases in which consideration was being given to whether infringement proceedings in respect of a European patent (UK) before courts in the UK should be stayed pending the resolution of opposition proceedings in respect of the same patent before the EPO. I pointed out that the present case related to quite a different class of proceedings, namely entitlement proceedings, before a tribunal in the UK and a national court in another jurisdiction in respect of different, albeit closely related, patent applications or patents. Mr Speck’s response was that the considerations in *Kimberly-Clark* given to the likely waste of costs and the risk of inconsistent decisions are equally strong, if not stronger, in the present case.
- 20 I ought at this point also mention that before the hearing I had alerted both sides that I should wish to be addressed on the relevance or otherwise to this case of the so-called *Spiliada* principles, as described for example at sections 6.21.16 to 6.21.20 of the *Civil Procedure White Book*. The thrust of both Counsel’s views on this point was that this was not the sort of case to which those principles apply. Mr Speck’s main submission

was that this was because the legislative framework in this case clearly points to France as being the primary court. Mr Arnold said that *Spiliada* was of no assistance because it was concerned with *forum non conveniens* and the choice of the single forum for the litigation, which is not the situation here. I am content to adopt Counsel's agreed view that *Spiliada* does not find material application here.

- 21 What then are the principles I must apply in exercising the comptroller's discretion in the present case? In essence, I believe I must seek to secure the overriding objective to deal with the matter justly and consider with regard to the objective's paragraphs the effect staying or not staying the present proceedings will have. As I have already noted, there are material differences between the factual circumstances pertaining in the cited authorities and those pertaining here, and I am guided by Laddie J's caution in *Rambus* about the lack of value of "different fact situations". With that in mind, I take the wisdom of *Kimberly-Clark*, so far as the present case is concerned, to be that parallel duplicative proceedings and inconsistent outcomes are to be avoided, and that I should seek to do that here. I do not believe that it creates a presumption in this case that the UK proceedings should be stayed. The onus remains on T&C to justify its request. What is clear and applicable from the authorities is that whether or not to stay in a particular case depends very much on the facts of that case. Further, as there is usually no painless course to adopt, I must carry out a balancing exercise seeking a course which carries with it the least risk of injustice. I must balance the different factors which arise in the particular circumstances of this case and minimise the risk of injustice. With these principles in mind, I turn one by one to the specific factors which have been aired.

### **Speed of determination**

- 22 As previously noted, paragraph (d) of the overriding objective requires that cases be dealt with expeditiously and fairly. The first factor I shall therefore consider is how soon the dispute will be determined in each jurisdiction; or put another way, what delay in the resolution of the dispute is likely, on the balance of probabilities, to accrue in the event of a stay, on the one hand, or no stay on the other.
- 23 Looking first at the UK proceedings, the substantive hearing before the comptroller has as I have already mentioned been fixed for the week commencing 17 September since mid-February. At the preliminary hearing on 13 June both sides made clear that, absent a stay, they would expect that hearing to proceed, as indeed I should say would the comptroller. Mr Arnold envisaged that if the Hearing Officer's decision issued by the end of October, and that if that decision were appealed, a judgment from the Patents Court might be expected by mid-2002. I did not understand Mr Speck to depart materially from that estimate either, although his main focus was on when a Court of Appeal judgment might emerge, where he thought Mr Raynor's estimate of mid-2003 was optimistic but not wholly unrealistic.
- 24 There were at the hearing submissions made about a possible appeal from the Patents Court. Indeed T&C's side seem fond of speaking of an unappealable decision and the time it might take to get there. In paragraph 15 of his skeleton, Mr Speck suggests that the parties have taken the realistic view that the Court of Appeal is the highest that this case could conceivably go in this jurisdiction. I take a more sceptical view of what, on the balance of probabilities, is realistic. At the hearing I asked Mr Speck how many

entitlement cases he could recall being heard on appeal by the Court of Appeal. He did not recall any, nor did Mr Arnold, nor do I. That is not of course a carefully researched analysis supported by evidence; it is, however, highly suggestive that there have been very few, if any.

- 25 Mr Arnold also made a submission based on Part 52.13 of the Civil Procedure Rules. This implements section 55(1) of the Access to Justice Act 1999 which requires that no appeal may be made to the Court of Appeal following an appeal heard by the High Court -
- “...unless the Court of Appeal considers that -
- (a) the appeal would raise an important point of principle or practice, or
  - (b) there is some other compelling reason for the Court of Appeal to hear it.”

Mr Arnold pointed out that such an appeal would require permission from the Court of Appeal, and gave his view that this case, which is based on a question of fact, would not satisfy either criterion. In his reply Mr Speck did not contest these specific points.

- 26 It seems to me that in considering when the likely conclusion to the UK proceedings might be, I need to take a realistic view on the balance of probabilities, not theoretical possibilities. The comptroller’s decision is likely to issue around the end of October 2001. Appeals to the Patents Court in entitlement actions are as Mr Arnold submitted rare, but are not subject to leave being given. I see no reason to suppose that if an appeal were lodged it would not be determined by mid-2002 as Mr Arnold suggested and Mr Speck, in answer to a question from me, also agreed. It seems to me that would be the end of the matter in the UK. I do not believe the prospect of the Court of Appeal entertaining an appeal, although it is a legal possibility, is a realistic one, despite Mr Speck’s general submission that it was, and I think it would be wrong for me to allow the faint shadow of a Court of Appeal stage to colour my view as to the likely UK timetable.

- 27 Turning to the French proceedings, I believe I again need to take a reasonable view of the likely timetable based on the evidence available. It is perhaps worth beginning by noting progress so far. As I have said, Rexam launched the proceedings in France on 8 March 2000, and amended them in June that year to take in the European and PCT applications. A first procedural hearing was held in September 2000, a second procedural hearing was held in January 2001, and a third as recently as 22 June 2001. It had been foreshadowed in T&C’s evidence, for example in the first witness statements of Mr Wilkinson and Mr Szleper, that it was probable that the June procedural hearing would conclude the procedural stages of the case and fix a date for the substantive hearing which could in turn take place before the end of 2001. In the event, as paragraph 6 of Mr Szleper’s second witness statement reports, at the hearing on 22 June Rexam requested more time to answer T&C’s submissions of 11 June, with the consequence that a fourth procedural hearing was set for 28 September 2001. Mr Szleper goes on to say that:

“... this will almost certainly be the final procedural hearing, at which the date for trial or “audience of pleading” will be set. The only circumstances in which T&C would need to request a further extension of time would be if Rexam served some new evidence to which T&C has to respond. At present, however, I see no reason for T&C to request any further extensions of time.”

28 In his paragraph 8, Mr Szleper adds:

“Although the date of the “audience of pleading” is difficult to predict, it normally takes place between three and six months after the final procedural hearing. It is therefore possible that, in this case, the audience of pleading could take place in December 2001, but it is more likely to take place in January or February 2002.”

In his first witness statement, Mr Szleper suggests a judgment could be given within five to six weeks of the audience of pleading; in his second statement he says four to six weeks.

29 Looking ahead to the possibilities of appeals, Mr Szleper’s evidence is that an audience of pleading generally takes place before the Court of Appeal between 1½ to two years from the lodging of the appeal, and that the period within which the appeal can be lodged can be one month or three, depending on which party it is appealing. Mr Szleper considers it very unlikely that this case would be referred to the Supreme Court, which only examines issues of law, not fact.

30 Mr Schaming, giving evidence for Rexam, makes a slightly different assessment. He emphasises the possibility of T&C filing further material and hence of the procedural stages not closing on 28 September. He estimates that the final hearing or audience of pleading will take place not before January or February 2002, or March or April if there is a further postponement. As to appeal, he says the procedure in front of the Court of Appeal may last between 1½ and 2½ years on average from lodging the appeal. Noting that the appeal may take in fresh evidence and arguments, legal and factual, and hence occasion delays, he estimates the case may not be decided on appeal before the end of 2004. He then considers possible appeal to the Supreme Court which he suggests might not be complete until 2008 or 2009.

31 At the hearing, Mr Speck suggested that a final determination by the French Court of Appeal would be towards the end of 2003 or early 2004. In his submission, Mr Arnold suggested that it would be realistic to envisage such an appeal decision in July 2004.

32 As I did in considering the UK timescale, I am inclined to ignore entirely the possibility of appeal to the French Supreme Court. It cannot be entirely ruled out, but on a balanced view of the evidence it seems to me such an appeal is very unlikely, and indeed neither Mr Speck nor Mr Arnold seriously submitted otherwise. On that basis, it appears to me that a first instance decision in the French proceedings can reasonably be expected in March or April 2002 (assuming a hearing in January or February); a decision on any appeal, if launched and permitted, might be expected no sooner than late 2003, and perhaps as late as mid-2004.

33 Tabulating these timings aids comparison:

	UK proceedings	French proceedings
First instance decision	Oct/Nov 2001	Mar/Apr 2002
Appeal decision	mid-2002	late 2003 - mid-2004

34 Several points are relevant in considering these timings. First, the UK first instance decision is before the comptroller, not the court as it is in France. I do not regard this as of great significance, and I did not understand Counsel to submit it was either. Secondly, and most importantly, both Counsel agreed that as a practical matter in entitlement disputes the first decision given in the matter generally ends the whole dispute, because the parties tend to settle any outstanding parallel proceedings on the basis of that decision. If that were to apply in this case, refusing a stay is likely to lead to earlier resolution of the dispute. However, even if an appeal in the UK were pursued, a course not to be ruled out, the second-instance decision could reasonably be expected only a matter of months after the first-instance decision in the French proceedings. At the hearing, Mr Speck tried to suggest that the likely difference between the conclusion of the UK and French proceedings was only a matter of months, and insignificant given Rexam's delay in launching the substantive proceedings. However, I do not think this stands up, especially in the light of his argument that both proceedings might be appealed to the respective second-instance. In that event, finality in the French proceedings would lag 18 months or two years behind that in the UK. In my mind therefore, time factors if viewed in isolation would point to the refusal of a stay. I must, however, also consider other factors and weigh them all together.

#### **Effect of the decisions**

35 Another factor is the likely effect of decisions given in the UK and French proceedings. Several points arise here which Mr Speck argued supported the case for a stay.

36 The first arose from what Mr Speck called the legal framework surrounding the European application. It was undisputed that, as a result of the Protocol on Jurisdiction and the Recognition of Decisions in respect of the Right to the Grant of a European Patent ("the Protocol") to the European Patent Convention, the French courts have the sole jurisdiction to settle entitlement disputes over the European patent. Mr Speck's position was that this determination will establish entitlement in the European patent not only in respect of its French designation, but also in respect of all its other designations, including that of the UK.

37 Mr Speck went on to argue that the decision of the French court (in respect of the European application) is commercially more significant than that of the UK tribunal or court (in respect of the UK application) because the former relates to the whole of Europe including the UK whereas the latter only relates to the UK. He also argued that the French decision was legally more significant because the effect of section 73(2) of the Act is to give the European application superiority in the sense that the UK patent must be revoked in favour of the European patent if and when it is granted. Section 73(2) reads:

"If it appears to the comptroller that a patent under this Act and a European patent (UK) have been granted for the same invention having the same priority date, and that the applications for the patents were filed by the same applicant or his successor in title, he shall give the proprietor of the patent under this Act an opportunity of making observations and of amending the specification of the patent, and if the proprietor fails to satisfy the comptroller that there are not two patents in respect of the same invention, or to amend the specification so as to prevent there being two patents in respect of the same invention, the comptroller

shall revoke the patent.”

38 Mr Arnold disputed the decisive effect of a decision of the French courts and questioned the inevitability of section 73(2) impacting on this case and rendering the UK proceedings otiose. He cited four main grounds which I shall consider in turn.

39 First, Mr Arnold submitted that the decision of the French courts regarding the European application need not be decisive of ownership of the European patent(UK). Postulating that Rexam succeeds in the UK proceedings and T&C in the French proceedings, he contended that Rexam could make a further reference under section 37 of the Act in respect of the European patent (UK) and rely on the prior decision in respect of the UK application as founding a plea at least of issue estoppel. T&C, he argued, would not be able to rely on the French decision under Article 9(1) of the Protocol because of the effect of Article 10(b). These parts of the Protocol, implemented in UK law by sections 82 and 83 of the Act, read as follows:

**Article 9(1) -**

“... final decisions given in any Contracting State on the right to the grant of a European patent in respect of one or more of the Contracting States designated in the European patent application shall be recognised without requiring a special procedure in the other Contracting States.”

**Article 10 -**

“Article 9, paragraph 1 shall not be applicable where:

- (a) ...
- (b) an applicant proves that the decision is incompatible with another decision given in a Contracting State in proceedings between the same parties which were started before those in which the decision to be recognised was given.”

Mr Arnold’s submission then is that the decision on the UK patent application in the UK proceedings would effectively override the decision on the European patent application in the French proceedings, so that entitlement in the European patent (UK) would follow the former not the later.

40 Mr Speck’s first comment was that if this was true, then because Article 10(b) refers to “a Contracting State”, a decision in any Contracting State would undermine the Article 9(1) regime. The effect here would be that the French proceedings would be completely sterilised. Indeed, he suggested that such an interpretation of the Protocol would make the whole system of settling European patent entitlement disputes come to a stand-still. His second rejoinder was that Article 10(b) applies only to decisions incompatible in the strict sense, that is involving the European patent. It did not apply, nor was it intended to, when the “another decision” was in respect of an equivalent national patent rather than the European patent the subject of “the decision”. Despite Mr Arnold’s suggestion that it must mean just that and applies precisely to the present situation where a European patent application exists in tandem with a national patent application for the same invention, I tend to prefer Mr Speck’s interpretation. The Protocol from its title through its articles to its conclusion speaks only of the right to the grant of a European patent, and

hence it seems to me any references in it to decisions must be decisions concerning European patents. I do not therefore find a basis for Mr Arnold's submission on that count.

- 41 Mr Arnold's second point was that there may not be two decisions at all if the parties' offers cut in. That is true, but the one-sided nature of the offers means they might not.
- 42 Mr Arnold's third point is that section 73(2) will not necessarily bite. He argued on the basis of examination reports issued by the EPO and the UK Patent Office on the European and UK applications respectively, which have been put in evidence, that the European patent may be rejected or at least have its claims narrowed down. If no European patent is granted, section 73 cannot apply; if its claims are narrowed, the proprietor of the patents will de-designate the UK from the European patent, and again section 73 will not apply. Although Mr Speck did not pick up the point, I should say I am not persuaded that de-designation of the European patent after grant will in fact evade the strictures of section 73, but that is in any event a detail. The broad point I take from Mr Arnold's submissions is that simply because there are currently very similar UK national and European applications being prosecuted does not inevitably mean that section 73 will cut in.
- 43 Mr Speck's view was that this was fanciful. His principal reasoning was that it would require two sets of inconsistent decisions for section 73(2) not to bite. The first set would be for the French courts to find in favour of T&C and the UK to find in favour of Rexam. The second would require the EPO and the UK Patent Office to reach different views on the patentability of the co-pending applications. This double requirement for section 73 not to apply he regarded as very unlikely to occur. He also argued that even if it did happen, the prejudice to Rexam would be minor given comments Rexam has made about the patent applications being worthless, a point to which I shall return.
- 44 Mr Arnold's fourth argument under this head was what he called the time factor. He estimated that the UK application would be granted next January or soon after, given the expiry of the rule 34 period. T&C may have requested suspension, but Mr Arnold was not aware that the comptroller has any power to suspend grant of the UK application indefinitely, nor had Mr Wilkinson in evidence or Mr Speck. Noting it is common for entitlement proceedings to end up under section 37 precisely because the patent application has been granted, Mr Arnold submitted there is no reason to believe the UK application will be significantly suspended. Rather it will be relatively soon granted, whereas the European patent grant will be some years off, especially if it is opposed. For this reason too he submitted section 73 does not have the import T&C places on it.
- 45 Taking Mr Arnold's third and fourth points together, I believe Mr Speck is right in arguing that at some point section 73 may bite if both sets of proceedings reach a conclusion. It seems to me, however, that the "if" there is very important. A stay may prevent that happening, if it means the French proceedings are determined and the parties then settle the UK proceedings. On the other hand, a similar effect may be accomplished if the UK proceedings are not stayed, are determined first and the parties then settle the French proceedings. I tend on this basis to concur with Mr Arnold's assessment in paragraph 17 of his skeleton that section 73 is essentially a neutral factor so far as a stay is concerned.

### **The “more appropriate” forum**

46 There have been submissions made on which is the more appropriate forum for determining the entitlement dispute between the parties. Mr Arnold in his skeleton merely pointed up the availability of disclosure and cross-examination in the UK proceedings but not in the French proceedings, and commented that cross-examination is an important tool for ascertaining the truth where there are conflicts of evidence. An alternative angle, based on something Mr Speck said on the *Spiliada* principles, might be that the French forum might be more convenient because the witnesses would not have to appear as they would in the UK. Mr Speck’s main response to Mr Arnold though was to take his submission to be a suggestion that the UK jurisdiction should be considered as more competent to consider this dispute, and to argue that this suggestion was scandalous, consistently shunned by the courts and should be rejected. In reply, Mr Arnold accepted that it is not appropriate to compare one forum with another in terms of its procedures so as to say that one is better than another. He denied that this was his submission. He pointed out that in entitlement disputes the presumption is that he who applies for the patent is entitled to it, and hence that the burden lies on Rexam as the referrer to establish affirmatively its contrary entitlement. It is quite common in such disputes for the tribunal to find that burden not discharged. So Mr Arnold was saying that there is a risk of inconsistent judgments because cross-examination is available in the UK but not in France, or that the difference in procedures between the two fora may increase the likelihood of inconsistent decisions. He added that the guidance of the courts in the UK, for example in *Norris’s Patent* [1988] RPC 159, is that conflicts of evidence should be resolved through cross-examination. These considerations he contended favour refusal of a stay. Elaborating, he made two further points. The first was that the first decision given (as between France and the UK) is more likely to be determinative of the whole dispute if it is one where there has been cross-examination. Secondly, Rexam has a legitimate reason for pressing forward in a forum in which cross-examination is available because it is more likely to assist it in discharging the burden of proof.

47 Despite Mr Arnold’s delicate phrasing of this point, at root it seems to me his submission that a hearing in the UK would be less likely to lead to inconsistent judgments is tantamount to suggesting that UK procedures are more appropriate to resolving questions of fact involving conflicts of evidence. I cannot accept the latter argument; to do so would quite wrongly suggest that jurisdictions such as that in France which lack cross-examination are less competent to deal effectively with factual disputes. As Mr Speck put it, the French and UK legal systems are different, but each has its own checks and balances and both are equally competent. I can well appreciate why Rexam, as the referrer on which the onus lies, perceives it may gain a potential procedural advantage if the case is heard in the UK where cross-examination is available, and why T&C, as the patent applicant enjoying a rebuttable presumption of entitlement, may have a similar perception of a benefit to it from a hearing in France. Nonetheless, I cannot accept that such national procedural differences should influence my decision on a stay.

### **Waste of costs, time and court resources**

48 This head goes to paragraphs (b) and (e) of the overriding objective. Mr Speck argued that to engage in a five-day hearing in the UK Patent Office, involving Counsel, solicitors and patent agents, and witnesses, would be as expensive and time-consuming as an

average patent infringement action. This would be a waste of time and costs, and a waste of the UK tribunal's resources, when the French proceedings would, in his view, be determinative. Mr Arnold rejected the idea that the UK hearing in the Patent Office would last five days, this being only a prudent outside estimate for planning purposes, and especially that it would be as costly as an average infringement case, where prior art, expert evidence and experiments are normally involved. None of those arises here, where there is a question of fact of relatively narrow compass. I tend to share Mr Arnold's view on this last point, while recognising that the Patent Office hearing will not be cheap for the parties given that legal representation will be involved.

- 49 It seems to me that Mr Speck's general argument under this head has some considerable strength - proceedings should not be pursued if costs, time and court resources are being wasted. However, whether that is the case will be dependent on whether or not the French proceedings will indeed be determinative, either because of their force or because they are concluded first. His argument here is it seems to me seriously undermined by his admissions that the UK case will be heard first and that the first decision is usually determinative of the entire dispute. I have already considered both those aspects in their own right. To that extent, this head must be considered with those, not independently. A further comment I would make is that no submissions or evidence were put in about the relative costs of the French proceedings. This is a relevant consideration when one is considering the overall costs involved and assessing which of several courses might be cheapest.
- 50 Rexam makes the point that if a stay is now granted, the costs of the proceedings already incurred will have been wasted. T&C replies that some of the work undertaken for these UK proceedings will have saved work, and so expense, on the French proceedings, for example in relation to some of the evidence. Such work has not therefore been substantially wasted. T&C also points out that costs incurred to date have now gone, and nothing can be done about them. Costs already incurred should not be the driver for considerable further expenditure on the UK proceedings. Although this last argument can be overplayed, I think in essence T&C are right on both counts. On a further related point, of whether T&C could and should have put in its request for a stay sooner, I feel Rexam have more cause for complaint, and I understood Mr Speck for T&C at the hearing to acknowledge that the request might have been made "slightly earlier". At the hearing, Mr Arnold contended that T&C had not put in any explanation why no application for a stay was filed as soon as the French proceedings were launched or indeed why it was delayed until as recently as 20 June 2001. Mr Arnold postulated it had been made then tactically to put the hearing of 13 June off, and also the substantive hearing. Mr Speck denied that strongly, and I take no view on that. Mr Arnold went on to argue a quasi-estoppel point, "quasi" because a court or tribunal is not estopped on procedural questions. Setting the delay in T&C's application for a stay as 15 months, he argued that T&C has acquiesced in the UK proceedings going forward in parallel with the French proceedings for those 15 months, and Rexam has as a result suffered detriment in that it has incurred costs which will be thrown away if the stay is now granted at this late stage. I have some sympathy with the argument that if a stay is to be requested, it should be requested at the earliest possible time. However, the fact that the request could have been made earlier does not in my view make it unallowable now if in all the present circumstances to grant it would be the right and just thing to do.

## **Delay in Rexam gaining UK patent rights and its view of the value of those rights**

51 Mr Arnold noted that processing of the European application has been suspended (at Rexam's request, pointed out Mr Speck), so the only patent to be got in the short term will be the UK application. If the UK proceedings are stayed, it will be quite some time before either party has a patent in which it has a confirmed entitlement in Europe or the UK. This bites on both parties he noted, but less on T&C as the proprietor of the application. Thus Mr Arnold mounted the argument that staying the UK proceedings would delay Rexam obtaining any patent rights in the UK. Mr Speck countered that the likelihood of this happening was small, given that it would require the French proceedings to be decided in favour of T&C, the UK proceedings in favour of Rexam, and no section 73 action, all points I have already considered. But he also argued that even if these events did all happen, Rexam could hardly claim much prejudice because it had previously been taking the position that the patent rights in question were worthless. He based this submission on Rexam's statement initiating these entitlement proceedings and a witness statement made by Mr Rundle in earlier threats proceedings and exhibited to Mr Wilkinson's first witness statement. In paragraph 29 of that witness statement, Mr Rundle says that Rexam "... does not believe that the invention shown in the relevant UK patent application is patentable at all". Mr Speck noted that T&C's evidence on this point had not been challenged in Rexam's evidence in reply. It was not open to Rexam to change its stance now.

52 At the hearing Mr Arnold reconciled those comments with Rexam's position now by saying in effect that it was Rexam's view that whatever their sceptical opinion of the value of the patent rights, they were rights to which Rexam was entitled. He drew my attention to paragraph 24 of Mr Rundle's statutory declaration of 6 July 2000 in evidence in the present substantive proceedings where he says that "we take the view that if there are any patentable features in the papers or the process for making those papers ... the Referror ... is entitled ... to the patent rights in those features". He also took me to paragraph 29 of Mr Rundle's statement in the threats action, but to the sentence immediately following that quoted by Mr Speck where Mr Rundle says that Rexam "... contends that it rather than T&C is entitled to claim ownership of such rights as there may be, or as may result from the application ...". So Mr Arnold argued that Rexam's position is strong and consistent on the proposition that this development was made applying Rexam's own know-how, and that for that reason it is indeed the case that they are sceptical of the validity of the patent. If I may put it like this, he did not see that Rexam was debarred from pursuing its entitlement action vigorously merely because it harboured and had expressed doubts on the rights' value. Although I can appreciate the inconsistency Mr Speck identifies, I cannot ignore Mr Arnold's rationalisation of it, which although not overwhelmingly persuasive is not untenable. I do not therefore believe Rexam's comments on the value of the patent applications undermines its right to dispute the entitlement to them or that they should impair Rexam's expectation that the dispute should be resolved justly according to the overriding objective.

## **Negative effects of the patent on Rexam**

53 A further point Mr Arnold made concerned the effect on Rexam of the patent application. Mr Arnold accepted that, as Mr Wilkinson has said in his second witness statement, T&C has offered to undertake not to draw the UK patent to the attention of Rexam's customers

or potential customers pending the outcome of the French proceedings. However, that was not good enough because those people might find out about it for themselves, and Rexam may be obliged to disclose its existence to customers to avoid contractual liability. This will endanger Rexam's business and create very real prejudice. Mr Speck replied that there was no evidence on this point, and that in any case the French proceedings will continue to overshadow matters even if the UK proceedings are concluded. While I take Mr Speck's points, I cannot help but feel that Rexam may suffer less prejudice from an early, that is non-stayed, resolution of the UK proceedings.

## **Conclusion**

- 54 Having reviewed in turn each of the factors which Counsel suggested should influence my decision on the request for a stay, I need now to bring them together without repeating them all in detail. First of all, I should make clear that I accept that if it is possible to avoid parallel proceedings in different jurisdictions concerning the same dispute then, all other things being equal, it is desirable to do so. I must therefore place the desirability of avoiding duplication in the balance with all the other factors, without giving undue weight to any one of them, and decide whether or not staying these proceedings is more likely, on the balance of probabilities, to meet the overriding objective in dealing with cases justly.
- 55 On doing so, it seems to me, first, that speed of determination points against a stay, and strongly so if the prospect of appeal against the first-instance decision is taken into account. On the other hand, second, the potential effect of the French decision and of the European patent the subject of it, which designates a number of states including the UK, under the overall legal framework probably points towards a stay, even though as I have said I see section 73(2) itself as a largely neutral factor. Thirdly, the costs, time and court resources which might be spent on unstayed UK proceedings also point to a stay if they are later seen to have been wasted in the light of the French proceedings. However, both the second and third of these factors fall away from the scale favouring a stay if, as both Counsel readily submitted is normally the case, the first decision issued is determinative in that it prompts a settlement of the overall dispute, as the French proceedings will not then reach a conclusion. This it seems to me means that the speed factor trumps the other two.
- 56 Other factors, such as delay in making the request for a stay, costs already expended, delays in getting UK rights and negative effects on both businesses, do not it seems to me weigh significantly by comparison. The point as to which is the more appropriate forum I have dismissed entirely.
- 57 Taking account of all these factors, in the light of all the evidence and submissions before me, I am not persuaded that the most just course is that these UK proceedings should be stayed. I therefore refuse to grant the stay requested by T&C. Subject to any appeal therefore, the substantive hearing appointed for the week beginning 17 September will proceed.

## **Costs**

- 58 Since Rexam has succeeded in opposing T&C's request for a stay, it is entitled to a

contribution to its costs in defending the matter. Applying the principles published in the *Tribunal Practice Notice 2/2000*, and the scale at annex B to that notice, I direct that T&C shall pay Rexam the sum of £600.

### **Appeal**

- 59 This being a decision on a matter of procedure, the standard period within which any appeal should be filed is fourteen days from the date of the decision.
- 60 The Patent Office has today, however, received a letter from Rexam's agents, endorsed by T&C's solicitors, requesting that the appeal period be extended by 14 days to 28 days in total. I recognise that this decision is issuing in the summer period when key personnel may be unavailable, and hence that some extension of the appeal period is reasonable. However, I am also conscious that the substantive hearing is scheduled for the week commencing 17 September, and hence that time is short if that date is to be preserved. A shorter extension of seven days was therefore proposed by the Office and accepted by Rexam's agents, but in another letter today T&C's solicitors explained why an extension of only seven days would not help. In essence, no one on their side is available before Monday 3 September.
- 61 Balancing these considerations, it seems to me reasonable in these circumstances to shorten the requested 14-day extension slightly so that the appeal period terminates mid-week. For these reasons an extension of 12 days seems to me just and fair, even though it is still tight.
- 62 The period within which any appeal from this decision shall be filed shall therefore be 26 days from the date of this decision.

Dated this 10<sup>th</sup> day of August 2001

**S N DENNEHEY**

Divisional Director, acting for the Comptroller

**THE PATENT OFFICE**