



BL O/163/05

17 June 2005

PATENTS ACT 1977

BETWEEN

Yeda Research and Development Co. Ltd.

Claimant

and

Rhone-Poulenc Rorer International (Holdings) Inc. and
ImClone Systems Inc.

Defendants

PROCEEDINGS

Reference under section 37 of the Patents Act 1977 in
respect of patent number EP(UK) 0667165 B1

HEARING OFFICER

R C Kennell

PRELIMINARY DECISION

Introduction

- 1 This decision addresses the preliminary point of whether the proceedings should be stayed. It arises from a request by the defendants - the named proprietor Rhone-Poulenc Rorer International (Holdings) Inc ("Rorer") of the patent in suit and their exclusive licensee ImClone Systems Inc ("ImClone") - to stay the proceedings to await the outcome of earlier launched parallel proceedings in the United States, which is opposed by the claimant.
- 2 The patent in suit, No EP 0667165, was granted on 27 March 2002, some 12½ years after the application was filed. The named inventors are Françoise Bellot, David Givol, M Richard Kris and Joseph Schlessinger. The patent relates to a therapeutic combination of a monoclonal antibody and an anti-neoplastic drug for treating certain tumours.
- 3 On 26 March 2004 the claimant Yeda Research and Development Co. Ltd. ("Yeda") filed a reference under section 37 of the Patents Act 1977 ("the Act") seeking that the patent be transferred into the co-ownership of Rorer and Yeda and amended to name Professor Michael Sela, Dr Esther Pirak and Dr Esther Hurwitz of the Weizmann Institute of Science as

co-inventors. Yeda is an Israeli corporation and is the technology transfer arm of the Weitzmann Institute, an Israeli academic body.

- 4 In its accompanying statement the claimant says that marketing authorizations for the monoclonal antibody product cetuximab (or “Erbix”) have been granted, and this product is intended for the treatment of colorectal cancer in combination with a conventional anti-neoplastic agent as claimed in the patent.

Background

The application for a stay

- 5 In a letter dated 26 May 2004 Rorer requested that the proceedings be stayed pending the outcome of the various oppositions that have been filed against the patent in the European Patent Office (“EPO”). In a letter of 4 June 2004 Yeda opposed the request for a stay. ImClone, the exclusive licensee for the patent joined with Rorer in requesting a stay pending the EPO opposition proceedings in a letter dated 23 July 2004.
- 6 However, on application by Yeda under rule 13 EPC the EPO suspended the opposition proceedings pending resolution of the entitlement dispute in the UK and a similar dispute in Germany. In letters dated 1 and 2 November 2004 Rorer and ImClone now sought to stay proceedings in the UK to await the outcome of proceedings in the United States (see below). Their position and the position on which I need to decide is that it would be inappropriate for the matter to be considered in the UK before a decision at first instance has been issued in the proceedings in the US.
- 7 There has been a very substantial correspondence on the matter between the parties and the Patent Office, the detail of which I do not need to go into, except where mentioned below. In the absence of agreement between the parties, the matter came before me at a preliminary hearing on 4 March 2005 at which Mr Andrew Lykiardopoulos, instructed by Bird & Bird, appeared as counsel for Rorer, Mr Daniel Alexander QC, instructed by Millbank Tweed Hadley & McCloy, appeared as counsel for ImClone and Mr Tim Powell of Bristows appeared for Yeda. Both sides submitted skeleton arguments before the hearing, that for the defendants being submitted jointly on behalf of both ImClone and Rorer. At the hearing a joint submission was made by Mr Alexander on behalf of both ImClone and Rorer.
- 8 In the proceedings leading up to the hearing, I declined to allow the parties a series of evidence rounds as proposed by ImClone, but I gave them an opportunity (see letter dated 25 November 2004) to file evidence if they considered it necessary to prove some fact which was in dispute in the preliminary matter. In the result, I allowed ImClone to file a witness statement from its Vice President of Intellectual Property, Mr Thomas Gallagher, relating to actual and projected sales of “Erbix”.

Nature and state of proceedings elsewhere

- 9 Before I address the arguments put forward by both sides it might be useful to consider the

current position of the various proceedings that appear to have a bearing on this case. Entitlement proceedings in respect of the equivalent US patent, No 6217866, were commenced on 28 October 2003 in the District Court for the Southern District of New York. The oral deposition phase for these proceedings has been concluded. The expectation, which both parties seem to share, is that a hearing at first instance will take place at the end of 2005 or early 2006.

- 10 Parallel proceedings in the UK and for the corresponding patent in Germany were commenced simultaneously. In Germany, substantive briefs have been exchanged and there has already been a hearing before the Munich Court in December 2004 to consider a request from Rorer and ImClone to stay the German proceedings pending the outcome of the US proceedings. The indication from the German Court, which again both sides appear to agree on, is that this request for a stay will not be acceded to. According to Mr Alexander, and not disputed by the claimant, it is unlikely that the proceedings will be completed even at first instance until some time in 2006.
- 11 The application to commence proceedings in the UK was accompanied by the required statement of case. No counterstatement has yet been filed. If I decide not to grant a stay then, following the usual timetable for the evidence rounds and in the absence of any further slippage, the UK proceedings should come to a hearing around April 2006. Clearly with timetables for any proceedings there is the chance of some slippage. However, if I do not grant a stay then it is possible that the UK and US hearings may occur at or about the same time, and may require scheduling to avoid clashing commitments. I certainly do not think I can rule out the possibility, if no stay is granted, of the UK proceedings being heard before the US, and I have had this to mind in reaching my decision, as will appear below.

Preliminary issues at the hearing

- 12 I should also briefly mention two preliminary points. First, it was agreed between the parties that the projected sales figures mentioned in Mr Gallagher's evidence should be treated as confidential, and I have issued directions under rule 94(1) of the Patents Rules 1995 in respect of these figures in the evidence, and in other documents including the claimant's skeleton argument. In the event it proved possible for the hearing to proceed without mentioning these figures, and so no need arose for any part of the hearing to be held in private.
- 13 Second, it appears that following corporate restructuring Rorer has now become Aventis Holdings Inc. An application to change the name on the register has been made, but for the time being Rorer remains the registered proprietor. It was accepted that this did not affect the matter which I have to decide.

Principles to be applied when considering stay.

- 14 Both sides outlined the principles that I should apply in considering the facts of this case and they supported their arguments with a number of authorities. However, it is not disputed that the determination of whether to stay proceedings hinges on the facts in the particular case,

and that previous authorities seldom if ever provide a clear answer as to whether a stay should or should not be granted. Often, and this case is no exception, a number of reasons are put forward and usually no one factor is decisive.

- 15 In their skeleton argument, the defendants summarise their reason for seeking a stay as follows, essentially based on where they see the “centre of gravity” of the dispute:

“The main purpose of the stay is to avoid conflict with well-advanced US proceedings concerning the US equivalent currently before the Federal Court. The relevant facts and witnesses have no natural connection with the UK and it makes practical sense for these proceedings to be heard after the US proceedings which are likely to involve an intensive and comprehensive review of the relevant facts. The product to which the patent relates is of great commercial significance but primarily in the US, not the UK, and it is undesirable for the UK proceedings, which were commenced considerably after the US proceedings – mainly to avoid a limitation point – to be determined before them.”

- 16 The claimant in its skeleton points out that the application is not being made on the basis of *lis alibi pendens* or *forum non conveniens* on the grounds that the same cause of action has come before different courts in different jurisdictions. It says that its claim to rights in the European patent (UK) provides a different cause of action to its claims in respect of the corresponding US and German patents, and is one that cannot be settled anywhere except the UK. It believes that the defendant is improperly seeking to use domestic case management powers in order to have a claim properly brought in the UK stayed at its election and for its convenience – because the US market is much bigger than the UK.

- 17 Both sides made reference to the overriding objective of the Civil Procedure Rules and to the relevant parts of the Patent Office’s “Patent Hearings Manual” (see paragraphs 2.74-2.76, March 2005 edition). It is perhaps worth detailing these as they provide a useful reference point.

- 18 As explained in Tribunal Practice Notice 1/2000 (see [2000] RPC 587), the comptroller has the same overriding objective as the courts to deal with cases justly; as stated in rule 1.1(2) of the Civil Procedure Rules, this includes so far as is practicable:

- a. ensuring that the parties are on an equal footing
- b. saving expense
- c. dealing 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
 - iv to the financial position of each party
- d. ensuring that it is dealt with expeditiously and fairly; and
- e. allotting to it an appropriate share of the Court’s resources while taking into account the need to allot resources to other cases.

19 Paragraph 2.74 of the Patent Hearings Manual addresses specifically the type of issues that might need to be considered when deciding whether to grant a stay and these follow on from the overriding objective. The list is not exhaustive of possible reasons, but includes:

- i. The potential to save costs
- ii. The desirability of avoiding proceedings that could turn out to unnecessary
- iii. The desirability of avoiding inconsistent decisions in different legal fora
- iv. The extent to which one or other party would be prejudiced by a stay
- v. The public interest
- vi. The likely length of the stay

20 The parties' submissions cover these points. What I need therefore to do is to carefully consider their various reasons, and then weigh them all up and decide where the balance lies, but I will start by considering some legal provisions and case law referred to by the parties.

The legal background

Whether stay can be granted – Affymetrix v Multilyte

21 Mr Powell sought to distinguish the present situation from the numerous cases where proceedings in the UK have been stayed to await the outcome of opposition proceedings before the European Patent Office. Mr Powell took me to one of these, *Beloit v Valmet* [1997] RPC in which Aldous JJ commented that:

“The fact that there may be proceedings both in the national courts and before the EPO is inevitable as patent rights, both under the convention and under the Act, are national rights to be enforced by the national courts with revocation and amendment being possible in both the national courts and in certain circumstances before the EPO. That overlap can mean that there are parallel proceedings in this country and the EPO with potential for conflict. It is desirable for that to be avoided. Therefore the Patents Court will stay the English proceedings pending a final resolution of the European proceedings, if they can be resolved quickly and a stay will not inflict injustice on a party or against the public interest. Unfortunately that is not always possible as resolution of opposition proceedings in the EPO takes from about 4-8 years.”

22 Mr Powell pointed out that the present case was not was not a situation where there was any overlapping jurisdiction, since an order of the US court could not be determinative of the UK proceedings. He then took me to *Affymetrix Inc v Multilyte Ltd* [2004] EWHC 291 (Pat), [2005] FSR 1 which he regarded as the closest case on its facts. In this case the defendant in the UK proceedings Multilyte had commenced infringement proceedings in Germany. The claimant commenced proceedings in the UK and parallel proceedings in the US seeking a declaration of non-infringement and revocation, and supplementary proceedings in Germany challenging validity. An application was made by the defendant to stay the UK proceedings pending the outcome of proceedings in Germany. Patten J in

refusing the stay stated that:

“It is a feature of any exercise of the discretion that the court should, so far as is reasonably practicable, create an even or level playing field for the parties concerned. But this application is unusual, and in the experience of counsel before me unprecedented, because it requests the court to exercise what are essentially domestic powers designed to case manage proceedings ongoing in this jurisdiction by simply adjourning those proceedings to await the outcome of proceedings in another jurisdiction, whilst at the same time not basing that application on the usual considerations of the forum non conveniens. In other words, in considering this application it is not the applicants’ case and indeed cannot be the applicants’ case that Germany is the more appropriate forum for the resolution of this dispute. The reason for that is that the patents in suit in these proceedings are such that England is the only possible forum for the determination of issues of infringement and validity in relation to those inventions, notwithstanding the fact that the European patents in Germany are, as things stand, in an identical form. Therefore the exercise of the discretion which is requested, although put in terms of the overriding objective, seems to me to raise serious jurisdictional issues”.

- 23 Mr Powell argues that exactly the same jurisdictional issues arise in this case. In his view Rorer and ImClone are also asking that domestic case management powers are applied to adjourn these UK proceedings to await the outcome of foreign proceedings. This he submits would not be an appropriate exercise of the discretion afforded to the Comptroller.
- 24 Mr Alexander not surprisingly puts a different interpretation on the case. His main contention is that no general findings of principle can be taken from that case due to the numerous factual differences between that case and this one. These are set out in his skeleton argument. I will briefly summarise them as follows:
- a. one side was seeking to stay the other’s action whilst keeping its own action alive;
 - b. the UK patent needed amendment therefore the issue at the heart of the dispute on which a stay was requested, the validity of the patent, was likely to have been considered anyway;
 - c. there was an acceptance that issue estoppel would not arise;
 - d. the stay was likely to have been around 4 years, with an obvious adverse impact on the business of one of the parties;
 - e. there would be a continuous unresolved uncertainty concern about the legality of one of the parties’ trade if a stay was granted;
 - f. there were procedural differences between the UK and Germany which weighed heavily with the judge.
- 25 I have already indicated that previous authorities in applications for stays are rarely determinative given the often different factual context, and I think that I need to be very cautious in applying Patten J’s findings to the present situation. The *Affymetrix* case clearly

has some similarities but equally has differences. It therefore doesn't of itself provide the answer to this dispute but I believe it to be of assistance in reinforcing the issues that I need to consider and providing some guidance to the considerations that should be given to each of these issues.

Whether there is a public policy to avoid irreconcilable judgments

26 A central plank of the defendants' argument for a stay is that there is a strong public policy to avoid duplication of proceedings where there is a risk of irreconcilable judgments. This according to Mr Alexander is well recognized in general case law and in international conventions such as the "Brussels regime" (the Brussels and Lugarno Conventions, and Council Regulation (EC) No 44/2001 which has largely replaced the Brussels Convention).

27 Mr Alexander took me particularly to *The El Amira* [1981] 2 Lloyds 119 where Brandon LJ states:

"I do not regard it merely as convenient that the two actions in which many of the same issues fall to be determined should be tried together; rather than I regard it as a potential disaster from a legal point of view if they were not, because of the risk inherent in separate trials, one in Egypt and the other in England, that the same issues might be determined differently in the two countries".

28 Whilst admitting that the facts of that case are different to the present, the judgment was in Mr Alexander's view indicative of a general public policy to avoid duplication. This general public policy was he suggested further illustrated in cases on the Brussels Convention and Regulation 44/2001. Mr Alexander took me particularly to Article 28 of the Regulation which reads along very similar lines to Article 22 of the earlier Brussels Convention. It states:

1. *Where related actions are pending in the courts of different Member States, any court other than the court first seized may stay its proceedings.*
2. *Where these actions are pending at first instance, any court other than the court first seized may also on the application of one of the parties, decline jurisdiction if the court first seized has jurisdiction over the actions in question and its law permits the consolidation thereof.*
3. *For the purposes of the Article actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments from separate proceedings.*

29 Mr Alexander contends that the courts have generally taken a broad interpretation of what constitutes "related proceedings". In support of this he took me to particularly to the preliminary ruling of the European Court of Justice in *The Tatry* C-406/92 [1994] ECR-I 5439 and the judgment of the House of Lords in *Sarrio S A v Kuwait Investment Authority* [1999] 1 AC 32, both decided under Article 22 of the Brussels Convention.

30 *The Tatry* was concerned with actions brought against a shipowner by several groups of cargo owners seeking damages for loss which occurred during shipment of the joint cargo based on contracts which were separate but identical, and the Court ruled at paragraphs 53 and 55 of its judgment that:

“53 - In order to achieve proper administration of justice that interpretation must be broad and cover all cases where there is a risk of conflicting decisions, even if the judgments can be separately enforced and their legal consequences are not mutually exclusive”;

55 - The objective of the third paragraph of Article 22 of the Convention, however, is, as the Advocate General noted in his Opinion (paragraph 28), to improve coordination of the exercise of judicial functions within the Community and to avoid conflicting and contradictory decisions, even where the separate enforcement of each of them is not precluded.”

31 *Sarrio* was concerned with proceedings in Spain claiming sums due under a put option in respect of the sale of a business and concurrent proceedings in England for damages for negligent misrepresentation. The House of Lords, declining to exercise jurisdiction (as opposed to staying the English proceedings), held (see headnote) that the question whether actions were related needed to be determined in a broad commonsense manner and that in deciding whether there was a risk of irreconcilable judgments no distinction should be drawn between issues necessary to establish a cause of action and other matters.

32 I am happy in the light of this case law to accept that Article 28 should be interpreted broadly. However, as Mr Alexander accepted, the Brussels regime does not govern proceedings in the US, and so the real question is whether this all points to a wider public policy that would govern proceedings in States not covered by the regime. Mr Alexander says it does. Indeed he contends that just such an approach was taken in the case of *GAF Corporation v Amchem Products Inc* [1975] 1 Lloyd's 601 which involved related proceedings in the UK and US. The main issue in that case was whether it was appropriate to allow service out of jurisdiction under the old Rule of the Supreme Court O 11, r 1. The case essentially involved a dispute over the entitlement to a UK patent which was allegedly obtained as a result of a breach of contract made in the US between the plaintiff and the defendant. The particulars of the case are further set out in the judgment of Russell LJ in the Court of Appeal at page 608:

“First both the plaintiff and defendant are US corporations resident and carrying on business there. Second the proper law of the contract is not English; it is either the law of the State of Delaware or of I think Pennsylvania. Thirdly any factual evidence about the circumstances of disclosures by the plaintiff to the defendant, and any other matters, will necessarily relate to events that took place in the US. Fourthly there are proceedings pending in the US by the plaintiff against the defendant which have gone some considerable distance, including (as I understand it) pre-trial depositions, in which the same

claim is made by the plaintiff in respect of, among other matters, this United Kingdom patent upon the same factual and contractual basis as is proposed in the English action. Fifthly, all relevant documents and witnesses are in the US”

33 Mr Alexander sought to impress upon me the similarities with this case - it has no natural connection with the UK; all the players are either based in the US, France or Israel; none of the relevant acts are said to have taken place in the UK; and none of the relevant documents are in the UK. It would therefore be artificial to force this jurisdiction to be the first to hear this matter. He concluded on this authority by directing me to the paragraph subsequent to the one set out above. This reads

“In the light of those facts, it is my view plain that the appropriate and proper forum for the decision of the matters which are sought to be ventilated in the English court is the American Court and American proceeding”.

34 In reply Mr Powell agreed that the US was the appropriate place to hear that case because it was a dispute that arose out of a US contract concluded in the US between two US corporations. It was, like the *El Amira* case, a classic example of *forum conveniens*, unlike the present situation where there were different causes of action and different national rights.

35 I prefer Mr Powell’s reasoning on this point. In my view a key difference between *GAF* and the case in question is the cause of action – the second of Russell LJ’s factors. In *GAF* the case turned on breach of a contract made under US law by two US companies, and the case would seem to be concerned at bottom about what was the appropriate forum to deal with this point. Indeed I note that the court in *GAF* declined to impose a stay whereby no further proceedings should be taken in the English action depending upon the outcome or progress of the US proceedings, and took the view that it was either right that the English action should proceed or that it should not be left hanging in suspense. I do not think the present situation is comparable since (i) there does not seem to be any dispute that the US court is the correct forum to decide the entitlement to the US patent and the comptroller is the correct forum to decide the entitlement to the patent in suit, and (ii) I have been directed to no provision of US law on which the entitlement to the latter patent might turn. I do not therefore think that *GAF* provides any authority for the application to it of the Brussels regime, and unlike Brandon LJ in *The El Amira* I do not foresee any potential legal disaster at this stage in continuing the separate proceedings.

36 In any case, Mr Powell also believed that the argument put forward by Mr Alexander suggesting a general public policy that encapsulates in a broader sense the principles deriving from the Brussels Convention and Regulation 44/2001 was flawed. He referred me to the judgment of Laddie J in *Coin Controls v Suzo International (UK) Limited and others* [1997] FSR 660 concerning the effect of the Convention on the common law rules concerning *forum conveniens*, where the paragraph bridging pages 670 and 671 reads:

“When considering the Convention it is necessary to have at the forefront of one’s mind the profound changes it is designed to effect to the ground rules used for deciding in which court actions shall be brought. Our judge-made

rules are we hope, based on the common sense principle of deciding which court is the most suited to determine the issues between the parties, in other words which is the forum conveniens. Most practitioners familiar with disputes with an international flavour will have experienced the somewhat unseemly tussles which have sometimes taken place between courts of different countries trying to assert exclusive jurisdiction over a common dispute.

One of the purposes of the Convention is to replace the differing domestic rules, at least in relation to forum, by a simple set of rigid provisions forcing litigation into the courts of one country and out of the courts of the others. ”

- 37 In Mr Powell’s view this shows that comments made about the policy under the Convention or the Regulation cannot simply be extended under the guise of public policy to embrace parallel litigation in countries not bound by them. I share Mr Powell’s caution and conclude that in the absence of more compelling evidence it is simply not possible to deduce a wider public policy extending to countries that are not bound by the Brussels regime. Therefore if a stay is to be granted, the justification must come from the particular facts of the case, to which I now turn.

Potential to save costs and avoid unnecessary duplication of proceedings

- 38 A number of considerations appear relevant here. Thus, if I stay the proceedings then it is possible that either because of the decision of the US Court or perhaps for some other reason the parties may agree to settle their dispute in the UK. This would make the filing of further submissions and evidence and also a UK hearing unnecessary. This will save costs. There is also the possibility that a stay will enable any subsequent proceedings in the UK to be better focussed because of the development or outcome of proceedings elsewhere. This too has the potential to save costs. Equally if I do not grant a stay and the case goes forward to a hearing first in the UK - which is by no means an impossibility, as I have stated above - then this too might also bring about a settlement or conceivably result in actions elsewhere becoming unnecessary. Alternatively if this case goes forward but the hearing in the US takes place before a hearing here and this leads to a settlement then this too may make the UK hearing unnecessary. The likely nature of any decision at first instance and the impact of procedural differences in the various jurisdictions may also have an effect. The matter is therefore not clear-cut, and I need to consider carefully the submissions made by both sides.

Likelihood of settlement

- 39 The greatest cost savings are likely to flow from a settlement that renders some or all of the hearings unnecessary. Not surprisingly there were differing views on whether granting a stay would make a settlement more or less likely. Mr Alexander indicated that as the US is the largest potential market for the invention, a decision there may well lead to a global settlement. A decision by the Comptroller as he suggested unlikely to have a similar effect. Indeed Mr Alexander suggested that proceeding with the UK action could hinder rather than help a settlement, but in the absence of anything to back that up I do not understand why that would be the case.

40 Mr Powell in contrast noted that it is entirely normal in any multijurisdictional dispute for parties to carry on until decisions in one forum or another clarify the merits of the case. Thus, one of the factors that went against granting a stay in *Thibierge & Comar SA v Rexam CFP Ltd* [2002] RPC 18 was the impact that it would have had on any possible settlement. In that case one side argued for a stay in UK entitlement proceedings pending the outcome of related proceedings in France, which was deemed by the party seeking the stay to be the commercially more significant market. In his judgment Jacob J, upholding the decision of the comptroller not to stay the proceedings, noted in paragraph 23 that:

“General experience shows that the settlement of litigation often happens at the last minute. It is the Dr Johnson effect: ‘there is nothing like a hanging to concentrate a man’s mind wonderfully’.What is of major importance is a date by which the parties should ‘put up or shut up’. The sooner such a date is set the sooner a dispute is likely to be settled.”

41 Mr Powell referred me also to *Affymetrix v Multilyte* to further illustrate the point that when parties have multinational disputes, the best approach is to keep everything moving and then whichever jurisdiction gets there first will have the mind focussing effect. In *Affymetrix* at paragraph 18, Patten J was of the view that postponing the English trial would remove the pressure to settle the dispute, although I note that his view appeared to be coloured by likelihood that cross-examination was available in England, but not in Germany, to test expert evidence, and might well make the English proceedings determinative of the matter.

42 It is clear that at present both sides intended to proceed with the action in the US. I suspect that at present neither side has yet reached a point at which their minds are really focussed on a settlement. That being the case it is difficult for me to determine with any certainty what the real impact of any stay would be on the prospects for a settlement. I do not think that the defendants have made out a sufficient case that granting a stay will increase the likelihood of a settlement. Indeed, mindful of the comments in *Thibierge* and *Affymetrix*, I think that proceeding at this stage with the UK action might keep the pressure on and be marginally more likely to lead to a settlement.

Other points on cost and duplication

43 There was some debate about whether the cost of continuing with the UK action including holding a hearing would be disproportionate to matters at stake. In this respect Mr Alexander again noted that the US is the clear financial centre of gravity for the dispute, and thought that the cost of the UK proceedings might significantly exceed any reasonable return that might be expected – which Mr Powell found difficult to accept. Mr Powell in contrast referred me to sales figures of 77 million Euros achieved in the first year of marketing in Europe and other figures including those submitted in evidence by Mr Gallagher, to demonstrate that sales are significant and accelerating, and that this is a significant dispute in its own right in the UK. The additional cost of proceeding in the UK would according to Mr Powell be of an order of magnitude lower than the US, because of the more streamlined and less involved nature of the UK proceedings.

- 44 I have to say that I find Mr Powell's argument more persuasive. Despite Mr Alexander's attempt to downplay the significance of the UK market, and even though Mr Gallagher's evidence points to sales of "Erbix" in the UK of only 1.5% of those in the US for 2004, those sales still amounted to US\$ 3,913,300. I should note that, as explained above, "Erbix" does not itself appear to be the product protected by the patent, but I do not think this affects my conclusion that, whatever the respective sizes of the US and UK markets, this is still a significant dispute in the UK.
- 45 Savings may also arise if the US proceedings reduced the amount of effort that would have to go into the UK proceedings. Both Mr Alexander and Mr Powell addressed this point at the hearing. Mr Alexander sought to highlight the factually intensive nature of the underlying entitlement dispute, noting that in the US proceedings there had already been discovery of 23,500 pages of documents submitted and 25 witnesses deposed or expected to be deposed. In the light of his experience of entitlement disputes before the comptroller, he thought a hearing of at least 10 days might be necessary and that substantial disclosure would be involved. Mr Powell on the other hand said that only 300 of the document pages had made their way in front of deposition witnesses and that 5000 of the total were publicly available documents which were disclosed only for US purposes and would have no relevance to proceedings before the comptroller. He thought the hearing before the comptroller should not take more than a few days. I pointed out at the hearing that there was unlikely to be a similar level of disclosure in the UK and indeed there appeared to be some agreement between the parties that there would be fewer potential witnesses and documents submitted in proceedings in the UK. Both sides took differing views as to the number of witnesses that might need to be called. Notwithstanding the diverging views of the two sides, it seems to me that given the issues in this case and the economic significance of the invention that there will need to be a substantial hearing over a number of days. Even before the Comptroller this is going to involve considerable expense, and I should therefore consider whether staying proceedings might enable savings to be made.
- 46 Mr Powell did seek to highlight that at least in terms of the proceedings leading up to any hearing, in other words the statement and evidence rounds, there is the potential to benefit from some of the work done for the US proceedings. As he pointed out, any disclosure exercise in the UK would not be starting from scratch. I think that Mr Alexander in his submission actually lent support to Mr Powell's view when he noted that a large part of the claimant's statement had simply been copied over from the US complaint.
- 47 Mr Alexander made the point that allowing the US case to go first might help to better define the issues for consideration in the UK. In his skeleton argument he listed a number of areas where this might give a better understanding - whether the US judgment might lead to global settlement, what was said in the course of the US trial, whether the US decision would be appealed and the grounds for any appeal; whether all findings of fact had been appealed; and the facts determined by the US court and their potential application to the UK. This may have some potential to save costs and (see below) the likelihood of irreconcilable judgments. However it seems to me that this argument cuts both ways, and that the UK proceedings - which as I have explained above are likely to be substantial - could equally influence the

course and outcome of the US proceedings.

- 48 Mr Alexander however highlighted the uncertainty that could arise about which would be the lead action if I did not grant a stay in this case. As a consequence of that uncertainty it would be necessary to devote equal resources to both the UK and US cases. Mr Alexander referred me again to *Thibierge v Rexam* where Jacob J recognizes that generally the first proceedings to be decided is the basis for resolution of the whole dispute. This line of argument is slightly at odds with Mr Alexander's argument that action in the US would be necessary irrespective of the outcome in the UK. I can see the point that Mr Alexander is making about the difficulties of having potentially two lead actions. However that seems simply to be a fact of life with parallel jurisdictions.
- 49 I ought also to consider possible cost savings in the light of the financial position of the parties. Although neither side presented me with any detailed argument on this, I do not think it in dispute that both Rorer and ImClone are substantial concerns. Yeda may not have quite the same resources but I do not think their financial position is a particularly significant factor since it is they who are seeking to proceed with litigation in multiple jurisdictions.
- 50 Allowing the UK action to proceed may well mean that additional resources need to be devoted to it, additional to what might be required if the US proceedings were allowed to progress to a hearing first. However there is nothing before me to suggest that these additional resources would be disproportionate to the issue at hand or to the financial position of the defendants. As I noted above, the greatest cost saving is likely to happen if there is a settlement of the dispute, and that might be marginally more likely if the UK action is allowed to proceed. Therefore on the issue of costs and duplication I believe the answer points against granting a stay.

Likelihood of irreconcilable judgments

- 51 Mr Alexander's argument is that both tribunals could potentially be reviewing disclosure, reading evidence and hearing cross-examination from the same witnesses without the benefit of knowing what had been said or decided before the other. There was thus a risk of irreconcilability which could be reduced if the second court had the benefit of understanding the reasoning of the first, and had the benefit of evidence put before the first court. This would seem to be another facet of Mr Alexander's argument above about focusing the arguments for the later tribunal. However, although the risk of inconsistent judgments might be reduced if I granted a stay, I am not convinced that it necessarily follows that I should stay the UK action at this point in time.

Issue estoppel

- 52 The question of whether the US actions might create an estoppel that would prevent the parties re-litigating the same issue in the UK was raised. Mr Alexander thought there was a risk that issue estoppel might arise as a result of the US trial and that this is something that I should take into account. Mr Powell however thought that it was fundamentally wrong to stay one action and then wait and see if the other court formulates its judgment in such a way that

an estoppel on a particular point arises. Both sides sought support from the same case *Kirin-Amgen Inc v Boehringer Mannheim GmbH* [1997] FSR 289. As Aldous LJ explains in that case (see pages 299-300), in the light of the decision of the House of Lords in *Carl Zeiss Stiftung v Rayner & Keeler Ltd (No 2)* [1987] AC 853, for an issue estoppel to arise there must be (i) identity of issues, (ii) the same parties or their privies in the first proceedings as the parties in the later proceedings, and (iii) finality in the decision said to create the estoppel.

- 53 Mr Alexander argued that this case indicated that there will be occasions when issue estoppel might arise in world-wide patent disputes. Mr Powell however believed that the case makes it clear that the circumstances in which issue estoppel can potentially arise are highly restrictive. Having read *Kirin-Amgen* carefully I am drawn to the following statement at page 303:

“As Lord Reid pointed out in Carl Zeiss (No 2) supra at page 11, it is necessary to be cautious when applying issue estoppel in a case of a foreign judgment because the English courts are not familiar with the modes of procedure in many foreign countries and it may not be easy to be sure that a particular issue or resolution was the basis of the foreign judgment and not merely collateral or orbiter. Secondly, there can be practical difficulties in the way of a defendant in deciding whether to incur the trouble and expense of deploying his full case in that foreign jurisdiction, and thirdly, there can be difficulty in deciding whether the matter has been finally disposed of in that foreign jurisdiction”.

- 54 The last point was something that Mr Powell referred to. As he said, the request before me is to stay these proceedings pending a decision at first instance in the US and he firmly believes that whatever the outcome in the US there will be an appeal. Therefore the decision at first instance in the US will almost certainly not be the final judgment in the US. He also pointed out that there was no harmonization of the law on entitlement between the two jurisdictions.
- 55 I agree with Mr Powell and believe that the possibility of issue estoppel is too remote a factor to have any bearing on my decision whether to grant a stay.

The likely length of stay

- 56 The defendants are seeking a stay pending a decision at first instance in the US. There appears to be common ground that the US action will come to trial either towards the end of 2005 or early 2006, around two years from the date the initial request for a stay. Mr Alexander classes this as a modest request. I am not so sure.
- 57 First, there is no definite date yet for the US hearing. There has already been slippage in the US proceedings, and it seems to me entirely possible that further delays might occur. I have considerable unease about granting a stay in these circumstances. Then there are also the consequences of any appeal in the US to consider. Mr Alexander’s skeleton stressed that no request is made at this stage for a stay pending any appeals to the US court decision. Mr Powell viewed this as an attempt to chop up the application for a stay with one application

now and another afterwards. I think I need to be mindful of that possibility. If I grant a stay now I suspect that it may be difficult to refuse a further request along similar lines if, as seems all too likely, the US decision is appealed. This then might lead to a total stay of three years or more assuming that a decision on appeal is unlikely to issue before sometime in 2007.

- 58 The overriding objective makes it clear that tribunals should seek to ensure that cases are dealt with expeditiously. The stay sought would be a stay of around two years from the request, and is at present open-ended and might well turn out to be longer. Absent other considerations, and distinguishing the situation of overlapping jurisdiction in the case of EPO opposition proceedings where stays of this order of magnitude have sometimes been considered justified, I do not think this constitutes expedition of proceedings, and I consider that it counts against granting the stay sought.

Prejudice

- 59 Mr Alexander sought to convince me that throughout these proceedings Yeda had acted with no sense of urgency. He pointed out that the patent is a divisional from an application which was published in 1990 and granted in 1995, and that it was public knowledge in 1999 that the present patent was to be granted, but the claimant had taken no action. However, even though the claimant was aware of the patent by 2000, the action in the UK had been launched on the last day of the period of two years from grant prescribed by section 37(5) of the Act for a reference to be made without having to show that the proprietor knew at the time of grant that he was not entitled to the patent. This he argued pointed to there being no prejudice for Yeda. Also, Mr Alexander said, none of the correspondence leading up to this preliminary hearing had even hinted at any prejudice for Yeda. Indeed if there were to be any prejudice then it would be on the defendants if the stay is not granted in terms of duplication of effort and extra cost.
- 60 For his part Mr Powell sought to satisfy me that the claimant had in fact acted without undue delay throughout the proceedings. He explained that Yeda's patent function consisted simply of one patent manager and they had not the resources to carry out standing watches on patent applications across the world. Thus, Yeda only became aware of any patent in 2000 when ImClone approached the Weizmann institute with a view to examining notebooks. Mr Powell handed up correspondence on the matter, from which it appears that Yeda tried to obtain information from ImClone about any patents but was unsuccessful. Mr Powell said that it was only in 2002 when the patent was granted that Yeda became aware that Rorer had claimed rights in the invention. He explained that negotiations then started but that these came to nothing. Consequently proceedings were launched in US in October 2003 and a few months later similar proceedings were commenced in the UK and Germany. Mr Powell was also at pains to demonstrate that throughout these proceedings his client had acted with some urgency.
- 61 I am satisfied in the light of this explanation that the claimant has acted throughout without any undue delay. I am not persuaded otherwise by a recent case, *Ivax Pharmaceuticals (UK) Ltd v AstraZeneca AB* [2004] EWHC 1264 (Ch), which Mr Alexander referred me to at the hearing. In this case Mann J allowed a stay of a revocation action to await the resolution

of parallel EPO opposition proceedings, on the grounds that the claimant's actions – bringing the opposition proceedings on the latest possible date and further delaying in bringing the UK action – did not square with its supposed wish to exploit a pressing commercial opportunity. I do not consider that there is a culpable delay of that nature in the present case.

62 I have to say that in respect of the proceedings before the comptroller, it appears to me that the claimant has indeed been trying to press matters onwards without delay, and in view of the large volume of correspondence filed particularly by ImClone I have some sympathy with Mr Powell's comment that there has already been an effective stay of 11 months between the initial request for a stay and the hearing.

63 This does not however prove that the claimant will be prejudiced if there is a stay. In that respect Mr Powell argued that no proposal had been forthcoming from the other side to safeguard the substantial income (eg by accumulating it in an escrow account) which the claimant would expect to receive should they be successful in their dispute, but Mr Alexander believed that Yeda was unlikely to be unduly financially prejudiced by any further delay in bringing these proceedings to a conclusion. Mr Powell also referred to the possibility that if Yeda are successful then they would be able to enter into licence arrangements with apparently already interested third parties. Further delaying these proceedings would impact on the royalty streams that might flow from any such licences. There was some argument at the hearing on whether licences could be granted by Yeda as a co-owner particularly given the exclusive licence agreement already entered into with ImClone, although I do not think it necessary for me to go into that here. Overall, given the income that appears likely to be generated, I think that there is some prejudice to the claimant if this dispute is not resolved speedily, and this militates against a stay.

64 Mr Powell also referred to possible prejudice against the alleged inventors. He argued that this case involves scientific research of some complexity and some distinction, and it cannot be right that someone else's name is on the patent. He stressed that some of the alleged inventors are not young - Professor Sela is in his 80s. I do not think that there really is an issue here. If I grant a stay then the US action together with the German action still seem likely to proceed. If the claimant succeeds the Yeda inventors will be recognized when the US and German actions are decided. It is difficult to see how having that recognition initially in respect of only two out the three possible actions would unduly prejudice any of the inventors.

65 I have dealt above with Mr Alexander's suggestion that there might be prejudice, in terms of the forced duplication and cost, from a refusal to grant a stay.

Public interest

66 Mr Alexander thought the public interest pointed towards a stay on the grounds of taking a course likely to avoid duplication, saving costs, and saving public money and time. I have dealt with these factors above.

- 67 Mr Powell put forward the argument that there is a strong public interest for the case to proceed, because of the EPO opposition proceedings which have been suspended until final decisions have been issued in both the German and UK proceedings. Therefore, he says, depending on the length of any stay it is a possibility that the EPO opposition proceedings could not be concluded within the lifetime of the patent, which is due to expire in 2009.
- 68 If a stay is granted, I have already noted that an appeal in the US might well make it difficult to resist a further stay. This would lead to further delay in settling the UK proceedings, and in turn the EPO opposition proceedings. Bearing in mind the lengthy period it usually takes to deal with oppositions in the EPO, I am of the view that the public interest would be best served if the UK proceedings are brought to a conclusion as soon as possible. This points away from granting a stay.

Possible amendment of pleadings

- 69 I should mention that the defendants' skeleton contained a footnote that the claimant had proposed an amendment to the US proceedings alleging sole ownership. At the hearing Mr Powell said that this was indeed being considered, but that no concluded view had yet been taken and that even if an amendment resulted the issues and factual background remained the same. Mr Alexander saw this as further supporting his argument for stay, in that it suggested that the claimant had yet to define what case it wanted to pursue and so the UK proceedings were barely launched. I am not however persuaded that I should stay the proceedings simply to await the possibility that an amended statement might at some stage be forthcoming for the UK proceedings.

Conclusion

- 70 Whilst I think it is undoubtedly desirable to avoid proceedings if at all possible, especially parallel proceedings in multiple jurisdictions where the likelihood of considerable duplication is increased, I do not think this of itself justifies a stay. Taking account of my conclusions above on the various factors, I am not persuaded that the most just course is that that these UK proceedings should be stayed at the present time. It particularly weighs with me that a lengthy stay has been sought to take account of proceedings for which no hearing date is yet fixed, which are not necessarily going to be decided ahead of any decision by the comptroller, and which will not bind the comptroller unless - which is far from certain as I have explained above - an estoppel arises. I therefore refuse to grant the stay requested by the defendants, but without prejudice to any subsequent request for a stay if the circumstances change.
- 71 The defendants have already had a lengthy period of time in which to consider the issues raised in the claimant's statement. Having regard to the period for appeal below, I give them a period of 28 days from the date of this decision to file their counterstatement. Thereafter the evidence rounds should follow in accordance with the timetable laid down in rule 54 of the Patents Rules 1995. As I have observed above, if this timetable is followed it should enable a hearing to be held around April 2006, especially if some advantage can be taken of the work that has already been done in gathering evidence for the US proceedings in order to

avoid delay.

- 72 If the claimant does at any stage file an amended statement, the defendants will have an opportunity to amend any counter-statement they have filed.

Costs

- 73 The claimant has not asked for costs in its statement and this matter was not raised at the hearing. However, I am minded to make an award of costs for this preliminary point in accordance with the principle of associating costs with their cause set out in Tribunal Practice Notice 2/2000 [2000] RPC 598 at paragraph 12. I will therefore allow the parties a period of 28 days to make submissions confined to this matter, and will then issue a supplementary decision.

Appeal

- 74 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

R C KENNELL

Deputy Director acting for the Comptroller.