



13 March 2013

PATENTS ACT 1977

BETWEEN

Tek-Dek Ltd

Claimant

and

Flexiteek International A/S

Defendant

PROCEEDINGS

Application under section 71(1) of the Patents Act 1977 in
respect of European patent (UK) number 1 196 672

HEARING OFFICER

A C Howard

The patent attorneys Wilson Gunn represented the Claimant

The patent attorneys Marks & Clerk LLP represented the Defendant

PRELIMINARY DECISION

Introduction

- 1 This preliminary decision relates to a request by the claimant (hereafter “Tek-Dek”) to amend their statement of case in respect of the substantive proceedings.
- 2 The substantive proceedings concern an application (“the application”) under section 71(1) of the Patents Act 1977 (“the Act”) for a declaration of non-infringement in respect of European patent (UK) 1 196 672 (“the patent”).
- 3 Tek-Dek is in the business in the UK of marketing composite decking material and has been supplying material under licence from the defendant (hereafter “Flexiteek”), who is a Norwegian company and the proprietor of the patent.
- 4 An earlier preliminary decision has issued in relation to a request by Flexiteek that the substantive proceedings be stayed, and a separate request by Flexiteek that the application be struck out or amended. More of this below.

Background

- 5 The patent was granted on 29 November 2006, and derives from international patent application number PCT/SE2000/001302 having a filing date of 19 June 2000.
- 6 The patent was maintained in amended form with effect from 16 November 2011 following a decision of the Opposition Division of the European Patent Office (“the EPO decision”).
- 7 The patent relates to a surface covering suitable for use as decking for a boat. Claim 1 is the only independent claim, and reads as follows:

“A shape conforming surface covering useful for covering a boat or yacht deck, said surface covering being made of a flexible plastic or resin material that can be laid in curved formations, like PVC, having a colour and luster imitating the grain effect of a wooden material like teak, mahogany, pine, Oregon pine, redwood, etc, and which, at the upper surface of the covering, is roughened, for instance sanded or filed, so as to imitate any unique grain effect of wooden material, in which

*-the surface covering is made up by plank strips (1,2),
-in which the surface covering is formed with caulking strips (3) intermediate each pair of planks (1,2), and
-in which the planks (1,2) are of a colour and luster imitating the colour and grain structure of a wooden material, and the caulking strips are of a different colour, preferably a dark colour,*

characterized in

-that the plank strips are formed with matching male and female means at opposite longitudinal edges for interconnecting same aside of each other thereby forming, with caulking strips between each pair of planks, an assembled surface covering an optional length and width, and

-that the caulking strips (3) are formed with a male connection part and the mating edge of the adjacent plank with a female connection part, or vice versa.”

- 8 On 20 January 2012, Tek-Dek made an application for a declaration of non-infringement in respect of the patent. An official letter dated 30 January 2012 outlined the Office’s preliminary view that the application did not meet the requirements of section 71(1), because no evidence had been filed to show that Tek-Dek had applied in writing to Flexiteek for a written acknowledgment as required by section 71(1)(a), and because it had not been made clear what acts the applicant was carrying out or intending to carry out for which a declaration was sought.
- 9 On 9 February 2012, Tek-Dek filed an amended statement of case along with further evidence aiming to satisfy the requirements of section 71(1). The papers

were served on Flexiteek, who was invited to file a counterstatement by 30 March 2012.

- 10 In a letter dated 22 March 2012, Flexiteek requested that substantive proceedings be stayed pending outcome of Norwegian proceedings concerning an alleged breach of a licence under the patent. Separately, they requested strike-out or amendment of the statement of case on the basis that it did not comply with the requirements of section 71. They also requested an extension to the period for filing a counterstatement, at least until the comptroller issued a preliminary decision on these other matters.
- 11 A preliminary decision was issued on 10 August 2012¹, refusing both the application to stay and the application for strike out or amendment of the statement of case. Flexiteek was allowed until 19 October 2012, six weeks from the end of the appeal period of the preliminary decision, in which to file a counterstatement regarding the substantive proceedings.
- 12 On 19 October 2012, Flexiteek filed a counterstatement in which they provided arguments concerning, *inter alia*, the construction of the claims. In a letter dated 6 November 2012, Tek-Dek requested that discretion be exercised to allow the statement of case to be amended in response to the arguments put forward by Flexiteek. In a letter dated 29 November 2012, Flexiteek requested that Tek-Dek's request to amend the statement of case be refused, providing arguments in support of their request.
- 13 On 8 January 2013 Tek-Dek confirmed that they were content for the preliminary matter regarding allowability of amendment of the statement of case to be decided on the basis of the papers on file, providing further comments in response to Flexiteek's letter of 29 November 2012. On 11 January 2013 Flexiteek confirmed that they too were content for the preliminary matter to be decided on the basis of the papers on file.
- 14 I therefore must decide whether the comptroller's discretion should be exercised to allow Tek-Dek to amend their statement of case as outlined in their letter of 6 November 2012.

The law in relation to amendment of statement of case

- 15 The procedural rules governing these proceedings are set out in Part 7 of the Patents Rules 2007 (as amended) ("the Rules").
- 16 Rule 74 refers to the overriding objective of dealing with cases justly. Paragraph (2) of rule 74 states:

Dealing with a case justly 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—

¹ BL O/311/12

- (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) ensuring that it is dealt with expeditiously and fairly; and

(e) allotting to it an appropriate share of the resources available to the comptroller, while taking into account the need to allot resources to other cases.

17 Furthermore, rule 82(1) of the Rules reads:

Except where the Act or these Rules otherwise provide, the comptroller may give such directions as to the management of the proceedings as he thinks fit, and in particular he may—

[...]

(e) allow a statement of case to be amended;

[...]

Arguments concerning the request to amend the statement of case

The proposed amendments

18 In their letter of 6 November 2012, Tek-Dek seeks amendment of their statement of case “In response to argumentation put forward by the defendant in their counterstatement”.

19 For the purposes of this decision it is sufficient to note that Flexiteek’s counterstatement of 19 October 2012 provides arguments concerning:

- (i) interpretation of the terms “plank strips”, “planks” and “caulking strip”, with reference to the EPO decision; and
- (ii) infringement of the patent by one particular product referred to in Tek-Dek’s original statement of case, whilst declining to consider in detail the remaining products on the basis that the application relates to an unreasonably large number of disparate possible products or combination of products.

20 It is also pertinent to note that, with regard to the EPO decision, the “Grounds for the decision” dated 14 April 2009 (hereafter “the Grounds”) concluded that the term “plank strips” in claim 1 should be read as having the same meaning as the term “planks”, and that the term “caulking strip” was not considered to encompass strips which imitate the appearance of a caulking strip without functioning as a watertight seal.

21 Tek-Dek’s proposed amendment comprises a supplementary statement which mainly seeks to address the potential consequences should Flexiteek’s construction of the terms “plank strips” and “caulking strip” be accepted. In particular, the supplementary statement argues that if Flexiteek’s construction of “plank strips” is accepted then the patent is invalid for added subject matter, and

if their construction of “caulking strip” is accepted then at least claim 1 of the patent is invalid for lack of inventive step over two prior art documents.

- 22 The proposed supplementary statement also addresses Flexiteek’s refusal to consider all of the products referred to in the original statement of case, despite the earlier preliminary decision having rejected Flexiteek’s argument that the application places an undue burden on them or the comptroller. Tek-Dek’s supplementary arguments state that Flexiteek’s “position in refusing to either submit detailed arguments on infringement regarding all the claimant’s products referred in the application or to admit that the products not detailed do not infringe is unreasonable and amounts to an abuse of proceedings”.

Flexiteek’s arguments

- 23 In their response of 29 November 2012, Flexiteek requests refusal of Tek-Dek’s request to amend the statement of case, providing supporting arguments presented under the headings “Reason 1” and “Reason 2”.
- 24 Under “Reason 1”, Flexiteek argues that Tek-Dek’s request “appears to be based on fundamentally new arguments directed to, *inter alia*, the validity of the patent”. Flexiteek cites Chapter 2 of the *Patent Hearings Manual* which, they say, makes clear that amendment of a statement of case “should only be allowed when justified by the particular circumstances of the case”. Flexiteek cites two particular passages from the *Patent Hearings Manual*, reproduced below (including Flexiteek’s emphasis):

*“Sometimes, the counter-statement and/or the evidence highlight **further issues** that the claimant may want to address, or points that one side no longer wishes to pursue. **This is to be avoided if possible** by the parties assessing carefully how their case should be made and the evidence needed to support it. However, when it happens, a party may seek the **comptroller’s discretion** to amend its statement.” (Paragraph 2.40.)*

*“Each party is expected to do its best to put its whole case forward **at the outset**.” (Paragraph 2.42.)*

- 25 Flexiteek notes that the issue of construction of the terms “planks” and “plank strips” was already considered and discussed in Tek-Dek’s original statement of case, which also included reference to the Grounds of the EPO decision. Flexiteek states that the Grounds summarised their submissions regarding interpretation of the terms “planks” and “plank strips”, which they say is fully consistent with the interpretation set out in their counterstatement, such that nothing in the counterstatement could be considered new or unexpected.
- 26 Flexiteek argues, therefore, that their counterstatement does not highlight any further issues of which Tek-Dek was not aware, and Tek-Dek’s new grounds and arguments could have easily been put forward at the outset. Therefore, Flexiteek submits that there is no reason why the comptroller should use discretion to allow the claimant to amend their statement of case at this stage.
- 27 Flexiteek also requests compensation for costs if Tek-Dek’s request to amend

their statement of case is allowed, arguing that it would cause prejudice to them “in that the new grounds and arguments directed to, *inter alia*, the validity of the patent, create a significant additional burden ... with significant associated legal costs”.

- 28 Under “Reason 2”, Flexiteek submits that Tek-Dek’s request is in breach of the Licence Agreement between the two parties (submitted as evidence in relation to the substantive proceedings) which requires that Tek-Dek “withdraw all litigations and/or other legal actions, objections and protests instituted against all the Flexiteek ... patents”. Flexiteek argues that while the wording refers to withdrawal, it must also be understood to prohibit the initiation of new invalidity cases or objections. Flexiteek argues, therefore, that using discretion to allow Tek-Dek to amend their statement of case “could not be considered to be equitable or fair, as doing so would result in the breach of a legal contract”.

Tek-Dek’s arguments

- 29 Tek-Dek says that amendment is sought “In response to argumentation put forward by the defendant in their counterstatement”. They deny that allowance of the request will create a significant additional burden on Flexiteek.
- 30 In particular, Tek-Dek argues that the question of whether Flexiteek’s construction of the term “plank strips” adds subject matter will have to be considered when assessing the application anyway, when considering the proper construction of claim 1 for infringement purposes. They argue, therefore, that amending the statement of case to request a formal decision on validity of claim 1 on the same grounds of added matter will have no significant impact on the proceedings or on Flexiteek.
- 31 In respect of their request to amend the statement of case to include consideration of validity with regard to inventive step, Tek-Dek submits that the two prior art documents were both considered in relation to the EPO decision and both relate to simple technology. They argue, therefore, that Flexiteek will be familiar with those documents and so will be in a position to assess the question of validity without any undue effort, such that amending the statement of case will not be overly burdensome on Flexiteek.

Analysis of the arguments

- 32 As I have noted above the Rules explicitly permit amendment of a statement at the comptroller’s discretion. However, the general principle to be followed is that a claimant’s statement must set out the case in full. This would include the facts relied on which, if proved, would result in the success of the claim, together with the legal basis and the remedies sought. Similarly the counterstatement should set out Flexiteek’s complete response to the points made in the statement. Since statements and counterstatements normally comprise allegations of fact and/or rebuttals it is not normally necessary or appropriate for a statement to be amended in response to a counterstatement.
- 33 Tek-Dek’s reasons, as advanced in their letter of 6 November 2012, and as elaborated in their letter of 8 January 2013, are that the requested amendment is

in response to argumentation put forward by Flexiteek in their counterstatement.

- 34 In the present proceedings relating to the question of non-infringement, an important point at issue is claim construction. Both sides have put forward their respective submissions as to the proper construction of claim 1. It is to be expected that at the hearing both parties will defend their own positions and argue against those of their opponents. In my view it would not normally be necessary for the statement to be amended to allow this to happen
- 35 However Tek-Dek wishes to go further than simply argue against a particular claim construction. They say that if the construction argued by Flexiteek is accepted then the patent will be invalid by reason of added matter and want of inventive step. They therefore want to add these as new grounds of their case.
- 36 In my view this kind of situation is, as a general principle, unsatisfactory. The validity of a claim in dispute will frequently turn on the detailed construction placed on it, and in that regard a party wishing to commence an action ought to cover every possible base from the outset. It should not be assumed that a second bite of the cherry will be permitted.
- 37 However this situation is unusual. Certain elements of claim 1 were considered in the course of opposition proceedings before the EPO. Claim 1 as it now stands was held valid on the basis of a construction placed on it by the Opposition Division that Tek-Dek argues is narrower than the construction now being advanced by Flexiteek. In Flexiteek's counterstatement it is clearly indicated that certain of the Opposition Division's findings are disputed.
- 38 Flexiteek argues that the "Reasons for the Decision" of the Opposition Division summarised their submissions on this point and Tek-Dek should therefore have anticipated Flexiteek's response. While I do not rule this out as a possibility, I am not of the view, in these particular circumstances, that it is reasonable to expect them to have done so. It would accordingly not be fair or in the interests of justice between the parties to allow consideration of the construction now being offered by Flexiteek without permitting all the arguments to be fully aired. This weighs strongly in favour of allowing the amendment.
- 39 I need also to deal with Flexiteek's second reason for opposing the amendment. This refers to clause 4 of the licence agreement, under which Tek-Dek undertakes to withdraw all challenges against Flexiteek's patents. Flexiteek argues that this must be taken to imply a prohibition against initiation of any new invalidity objections and says that I should not exercise discretion to allow an amendment to the statement which would result in the breach of a legal contract.
- 40 "No challenge" clauses raise complex questions and it is not self-evident to me that this particular clause would cover the present situation in the manner that Flexiteek would have me believe. This is not only because of the need to interpret the particular wording, but also because Tek-Dek is not asking for revocation or even arguing that the claim construction advanced in its own case would result in an invalid patent; rather invalidity is being raised as a ground for a finding of non-infringement in the event that the construction advanced by Flexiteek is accepted. In the light of my finding above that it is legitimate to permit these questions to be

fully considered, I therefore do not regard clause 4 of the licence agreement as a persuasive factor.

Conclusion and order

- 41 For the above reasons I conclude that it is appropriate to allow the amendment requested.
- 42 I direct that Tek-Dek should, within one week of the date of this decision, file a consolidated amended statement incorporating the additional material set out in their letter of 6 November 2012. In turn, Flexiteek has a period of five weeks from the date of this decision to file an amended counterstatement. The proceedings will then continue in the normal manner.

Costs

- 43 Flexiteek has asked for compensation for costs in the event that I allow Tek-Dek's request. In situations such as this it may be appropriate to make an interim order for costs in respect of avoidable additional work created by the need to consider the amendment.
- 44 In the present case however I have found that Tek-Dek could not have been expected to anticipate the response of Flexiteek. Any additional costs incurred cannot therefore be said to have been avoidable. In these circumstances I do not think it appropriate to make an interim award, although, depending on the outcome of the main proceedings, I will naturally, in making any final award of costs, take account of the work involved at all stages.

Appeal

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

A C Howard

Divisional Director acting for the Comptroller