



PATENTS ACT 1977

BETWEEN

Kayfoam Woolfson	Claimant
and	
Recticel SA & Recticel Ltd	Defendant

PROCEEDINGS

Application for revocation under section 72 of the Patents Act 1977 of patent number
EP(UK) 2 336 223 B1

HEARING OFFICER Phil Thorpe

Mr James Whyte of 8 New Square and Mr John Runeckles, Mr Rory Hishon, Ms
Veronica Astashonak & Ms Shaw of White & Case LLP for the claimants
Mr Hiroshi Sheraton of Baker & McKenzie LLP, for Recticels
Hearing date: 21 March 2014

PRELIMINARY DECISION

Introduction

- 1 This is a preliminary decision in a revocation action against EP (UK) 2 336 223 B1 (“the patent”) in the name of Recticel SA & Recticel Ltd (“Recticel”). It concerns whether the Comptroller has jurisdiction to hear the revocation case, and if he does, should he nevertheless either stay the proceedings pending the outcome of related proceedings before the Courts or certify that it would more properly be determined by the court.
- 2 This preliminary matter came before me for a hearing on 21st March 2014 at which the claimant, Kayfoam Woolfson (“Kayfoam”), was represented by Mr James Whyte instructed by White & Case LLP and Recticel was represented by Mr Hiroshi Sheraton from Baker & McKenzie LLP.

Background to these proceedings

- 3 Revocation proceedings before the Comptroller under section 72(1)(c) of the Patents Act 1977 (“the Act”) were commenced by Kayfoam on 1st November 2013.

- 4 The IPO wrote to Kayfoam on 13th November 2013 noting that the statement of grounds was not in order and requesting that it be amended to more adequately disclose the grounds for revocation. A copy of this letter was sent to Recticel. Recticel was advised that it was not at that time being invited to file a counterstatement given the deficiencies in the statement of grounds
- 5 On the 11th December 2013 Recticel informed the IPO in writing that infringement proceedings with respect to the patent were pending in the Court and that pursuant to section 74(7) of the Act the Comptroller does not have jurisdiction to proceed with the application under section 72.
- 6 An amended statement of grounds was filed on 13th December 2013. On that date Kayfoam also made submissions on the jurisdictional point raised by Recticel.

The law on jurisdiction

- 7 Recticel relies on section 74(7) of the Act which reads:

Where proceedings with respect to a patent are pending in the court under any provision of this Act mentioned in sub-section (1) above, no proceedings may be instituted without the leave of the court before the comptroller with respect to that patent under section 61(3), 69, 71 or 72 above.

- 8 Recticel contends that the clear intention of this provision is to avoid duplicate proceedings before the comptroller and the court. This is consistent with the corresponding objectives under the Brussels and Lugarno Conventions¹. Under those conventions the question of when a court is seised of the matter is determined in accordance with national law.
- 9 It goes on to argue that at the time that the reference under section 72 was instituted proceedings were pending in both the English Intellectual Property Enterprise Court (IPEC) and in the High Court in Northern Ireland.

The IPEC Proceedings

- 10 Recticel issued infringement proceedings² against Kayfoam in respect of EP (UK) 2 336 223 B1 on 14th August 2013 in the English Intellectual Property Enterprise Court (IPEC). Shortly before the deadline for Kayfoam to file its defence, Recticel filed a Notice of Discontinuance of these proceedings on 22nd October 2013. The Notice was sent to the Kayfoam on the same day under cover of a letter which noted

“We enclose by way of service a Notice of Discontinuance which is being filed with the Court today. This brings the proceedings to a close.”

- 11 On the same day Kayfoam’s representative wrote to Recticel confirming receipt of the Notice of Discontinuance. The letter went on to note that

“We are taking instructions from our client in relation to the contents of your fax and in the meantime our client reserves its rights in relation to the Notice

¹ Convention on jurisdiction and the enforcement of judgments in civil and commercial matters

² Claim no HP 13FO3491

of Discontinuance, including in relation to whether or not it was properly served and our client's right to apply to have the Notice set aside".

12 Recticel claims that these proceedings were still pending on 1st November 2013 when the reference under section 72 was filed. I will take for the moment the 1st November 2013 to be the date that proceedings were "instituted" before the comptroller. Recticel runs a further argument that relies on a different date for the proceedings being instituted before the comptroller. I will consider that later but for the purposes of the IPEC proceedings I will take the date to be 1st November 2013.

13 Recticel submits that even though by that date it had served its notice of discontinuance in the IPEC proceedings that did not bring those proceedings to an end. It refers to the Civil Procedure Rules (CPR) and in particular rules 38.4 and 5 which read:

Rule 38.4: Right to apply to have notice of discontinuance set aside

(1) Where the claimant discontinues under rule 38.2(1) Recticel may apply to have the notice of discontinuance set aside.

(2) Recticel may not make an application under this rule more than 28 days after the date when the notice of discontinuance was served on him.

Rule 38.5: When discontinuance takes effect where the permission of the court is not needed

(1) Discontinuance against any defendant takes effect on the date when notice of discontinuance is served on him under rule 38.3(1).

(2) Subject to rule 38.4, the proceedings are brought to an end as against him on that date.

14 Recticel's case is that Kayfoam in its letter of 22nd October 2013 had expressly reserved its rights, including whether to seek to set the notice aside and also to question whether the notice had been properly served. Therefore the proceedings were not at an end.

15 Neither side took the point about whether the notice was properly served any further hence I believe I must presume that it was properly served.

16 Recticel argues that in explicitly reserving its rights Kayfoam was in effect invoking CPR 38.5(2) and implicitly threatening to make an application to set the notice aside. This was more than just raising the possibility of an application. It goes on to argue that Recticel relied on this statement in refraining from issuing infringement proceedings in Northern Ireland against the applicant until after the 28 period for making an application had expired.

17 Recticel also suggests that the arguments against backdating the date of service in proceedings, which are set out in *Phillips v Nussberger* ("Phillips")³, *Dresser UK Ltd*

³ *Phillips v Nussberger and other* (suing as administrators of the estate of Christo Michailidis) (Appellants) v *Symes and others* (Respondents) and others [2008] UKHL 1

v Falcongate Freight Management Ltd (“Dresser”)⁴ and *Neste Chemicals SA v DK Line SA* (“The Sargasso”)⁵ are equally applicable against proceedings dying and coming back to life under rule 38. Hence it contends that rather than dying, the IPEC proceedings were pending up to the time when Kayfoam gave up its opportunity to set aside the notice.

- 18 Kayfoam’s response is that the particular cases referred to be Recticel were considering something entirely different to the regime provided by rule 38 and hence provide no support for the proposition that proceedings did not end when the notice of discontinuance was filed. Kayfoam submits that the wording of rule 38.5 is clear and unambiguous on this point. Proceedings are brought to an end when the notice of discontinuance is served. All the reference to “Subject to rule 38,4” adds is that if an application to set the notice aside is made then the proceedings would not be at an end. Kayfoam’s letter to Recticel merely indicated that it was reserving its rights as to whether to request to apply to set the notice aside. This did not amount to keeping the proceedings alive. The proceedings were in accordance with rule 38.5 already at an end. In the alternative, it notes also that if it is wrong on this then the filing of the section 72 action before the comptroller constituted an implicit waiver of its rights to apply to set the notice aside. Hence even if the proceedings were somehow still proceeding during the 28 day period for applying to set the notice aside then they would have ended when it filed its reference under section 72.
- 19 Kayfoam also argues that Recticel is estopped from arguing now that the proceedings in the IPEC did not end on the 22nd October 2013. This is because in its letter serving the notice on Kayfoam it stated that “This brings the proceedings to a close”. Recticel’s response on this point is that estoppel in a situation such as this requires reliance by one party on a statement made or position taken by the other party. It goes on to note that Kayfoam did not rely on the statement by Recticel because it clearly reserved its rights to apply to set aside the Notice. Kayfoam counters that it did rely on the statement from Recticel. It took the statement to mean that Recticel would not subsequently challenge the jurisdiction of the comptroller should it decide to launch revocation proceedings before the comptroller.

Findings in respect of the IPEC Proceedings.

- 20 It is clear to me that if the drafters of the legislation had wanted to keep the proceedings alive during the 28 day period for applying to set the notice aside or at least until the defendant had expressly waived its right to make such an application, then they would have drafted the legislation differently. It is not difficult to imagine how that could have been achieved. Instead they chose to draft it as it is. This does as Recticel notes create the possibility that proceedings could be brought back to life if the notice of discontinuance is subsequently set aside. But whether that is or is not desirable, it is simply how the legislation is drafted. Hence I believe that on a normal reading of rule 38.5 proceedings in the IPEC were brought to an end when Recticel served its notice of discontinuance on Kayfoam. That Kayfoam then indicated it was reserving its right as to whether to apply to set the notice aside does not in my opinion

⁴ *Dresser UK Ltd v Falcongate Freight Management Ltd* (The Duke of Yare) [1992] Q.B. 502

⁵ *Neste Chemicals SA & Ors v DK Line SA & Anor* Court of Appeal (Civil Division).25 March 1994 [1994] C.L.C. 358

change anything. An indication that it was reserving its right is not the same as actually making an application. It has not made an application hence the proceedings in the IPEC ended on 22nd October 2013.

- 21 I am also of the view that Recticel is estopped from now arguing that the IPEC proceedings did not end when it served its notice of discontinuance. There have not been any material changes in the circumstances that would release Recticel from the clear implications of its statement that it considered those proceedings at an end. Kayfoam's response did not put the proceedings back on foot. It was in essence merely a statement that whilst Recticel might consider the proceedings closed, Kayfoam was considering its position with a view to possibly applying to set the notice aside. It was only an indication of its right; it was not the exercising of that right implicitly or otherwise. In the event it chose not to take that option but to proceed through section 72. It is I believe fair to presume it did so on the assumption that Recticel considered the IPEC proceedings to be at an end. It would be unjust for Recticel now to be allowed to argue differently.

The Northern Ireland High Court Proceedings

- 22 Recticel is also of the view that proceedings were pending in the Northern Ireland High Court when the action under section 72 was instituted. There are apparently two sets of proceedings ongoing in Northern Ireland which were commenced at different times but have now I believe been consolidated into a single action.
- 23 There was an initial point concerning whether section 74(7) required the pending proceedings to involve the same parties. By the time of the hearing it was common ground that all that section 74(7) requires is for there to be proceedings in respect of the same patent. That those proceedings involve different parties, in this instance a subsidiary of the claimant, is not relevant. As a result of this Recticel no longer needed to place any reliance on the second set of Northern Ireland proceedings.
- 24 The first set of Northern Ireland proceedings is an infringement action against Kayfoam Woolson (Belfast) Limited, the UK distributor of the applicant's products. The facts are apparently the same as those relied on in the IPEC proceedings.
- 25 The question here is whether these Northern Ireland proceedings were "pending" at the time these proceedings were instituted? It is common ground that the claim form in the Northern Ireland proceedings was issued on 30th October 2013 and served on 9th January 2014.
- 26 Recticel contends that for the purposes of section 74(7), proceedings are pending when they are issued rather than when they are served. Kayfoam in contrast argues that proceedings become pending only upon service, not upon issue. Kayfoam contends that this is settled law set out most prominently in *Dresser*..
- 27 Recticel argues that *Dresser* is no longer good law following its consideration by the House of Lords in *Phillips*. The relevant speech according to Recticel is that of Lord Mance, in particular paragraphs 43-50. It is not I believe necessary to repeat these passages here. It is sufficient for me to note that Lord Mance does cast considerably doubt on the correctness of *Dresser*. Kayfoam does not suggest otherwise. What it does suggest is that the remarks of Lord Mance do not represent the majority and do

not form part of the *ratio* of the decision. The majority view, as expressed by Lord Brown was that *Dresser* accurately reflects the English law position on when a court is seised of proceedings and hence when proceedings are definitely pending. It goes on to note that far from overturning *Dresser*, the majority of the House applied it in *Phillips*.

- 28 Kayfoam has also directed me to a number of other references to show that *Dresser* is still good law. These include the notes to the White Book and Messrs Briggs and Rees' textbook "Civil Jurisdiction and Judgements". I was also referred to the case of *Foseco International Ltd's Patent ("Foseco")*⁶ which is referred to in *Dresser*. Although this is a case under the Patents Act 1949, the relevant section in that act was worded similarly to that of section 74(7). In particular it referred to actions or proceedings "pending in any court". The Patents Appeal Tribunal confirmed in *Foseco* that proceedings were not pending unless a writ was both issued and served. This case has according to Kayfoam not been overturned and is cited with approval in the IPO's own Manual of Patent Practice (MoPP)⁷. The MoPP notes in respect of section 27(2) of the Act, which refers to post grant amendments to a patent not being permissible if there are pending before the court or the comptroller proceedings in which the validity of the patent may be put in issue, that "Proceedings are not regarded as pending merely because a writ has been issued but are considered to have begun only when it has been served". This according to Kayfoam provides further support for *Dresser* still being good law and also that proceedings are not pending within the meaning of the Patents Act until served. Recticel stresses that *Foseco* was based on the 1949 Patents Act and as such is old law that is no longer applicable particularly given the consideration of *Dresser* in *Phillips*.

Findings in respect of the Northern Ireland Proceedings.

- 29 Notwithstanding the clear concerns raised by Lord Mance and also Baroness Hale in *Phillips*, that judgement did not in my view overturn *Dresser*. *Dresser* is still good law. A court is thus seised of a case, or in other words proceedings are definitively pending when the claim is served on the other party. Hence when the Patent Act refers to proceedings pending before the courts, as it does in section 74(7), it means proceedings in which the claim has been issued and served on the other party. In this instance that date is January 9th 2014. I would add for completeness that there was no argument that there should be any distinction drawn between a case being "definitely pending" or just being "pending".

When were proceedings "instituted" before the comptroller?

- 30 The next question I need to consider is whether the action under section 72 had been instituted before that date. It is not disputed that Kayfoam filed with the comptroller the relevant form (Form 2) and provided what it considered to be an adequate statement of case on 1st November 2013. Recticel had initially sought to argue that the application made to the comptroller on the 1st November 2013 was so obviously deficient that it couldn't be corrected without filing a new application for revocation. By the hearing it had however conceded that Kayfoam had corrected any deficiencies with its amended statement filed on 13th December 2013 and that by

⁶ Foseco International Limited's Patent 5 February 1976 [1976] F.S.R. 244

⁷ <http://www.ipo.gov.uk/p-manual-practice>

that date a properly filed application had been made. What Recticel did however pursue was its argument that the test for determining when an action is “instituted” under section 74 should in effect be the same as that for determining when proceedings are “pending” before the court. If that is the date when the claim is served then that would presumably be when the IPO sent the amended statement to Recticel which was 27th January 2014.

- 31 I would note first that Kayfoam maintained its position at the hearing that its original application was not deficient and even if it was, then it could be corrected without the need to make a new application. Hence the date of first filing ie 1st November 2013 is the date proceedings were instituted before the comptroller. The second point is that even if it was so deficient that a fresh application was necessary, then that fresh application was made when the amended statement addressing the deficiencies was filed. This was done on 13th December 2013 before the claim in Northern Ireland had been served.
- 32 As I have indicated I do not believe that Recticel was by the time of the hearing relying any longer on any deficiencies in the original application. The argument that it was pursuing was that “instituted” required service. Kayfoam argued it didn’t. On this point I am with Kayfoam. The ordinary meaning of the verb “to institute” is to establish or to initiate. Neither side has directed me to any authority that would suggest that this term, which is only sparingly used in the Patents Act, should have a different meaning in this context. I would note that the term “instituted” is used in Article 27 of the CPC⁸ in respect of the period in which entitlement proceedings need to be brought. The corresponding part of the act, which is required to have the same effect as Article 27 is section 37(5), refers to a reference being “made”. This provides some, and I say no more than that, further support for my view that proceedings are instituted before the comptroller when they are initiated or first made. That does not require service. In this instance the proceedings under section 72 were instituted no later than 13th December 2013 which is when the amended statement was filed. It is also I believe arguable that proceedings were instituted before the comptroller on 1st November 2013 when the reference was first filed. It is not necessary for me to decide between the two dates as on my reasoning nothing ultimately turns on that.

Conclusions on Jurisdiction

- 33 In accordance with CPR rule 38.5 the IPEC proceedings ended when Recticel filed its Notice of Discontinuance. This was on 22nd October 2013. The action under section 72 was instituted before the comptroller on either 1st November 2013 when the reference was filed or alternatively on 13th December 2013 when a corrected statement of case was filed. I am also of the view that the proceedings in the High Court of Northern Ireland became pending when the writ was served on Kayfoam. That date was 9th January 2014.
- 34 Hence there were no proceedings pending before the court when Kayfoam instituted proceedings under section 72. I am therefore satisfied that the revocation proceedings under section 72 in respect of EP(UK) 2336223 B1 were properly

⁸ 89/695/EEC: Agreement relating to Community patents - Done at Luxembourg on 15 December 1989

brought before the comptroller and that the comptroller has the jurisdiction to determine the matter.

Should the proceedings be stayed or should comptroller certify that the question would more properly be determined by the court?

35 Recticel has asked that if it fails on the question of jurisdiction that I should certify that the question of revocation would more properly be determined by the court or failing that I should stay these proceedings pending the outcome of the Northern Ireland proceedings. It has in its submissions presented a single set of arguments covering both possible courses of action. Kayfoam has essentially adopted a similar approach with its response.

36 Before I turn to those arguments I will say a little about the relevant legal provisions. Paragraph 7 of section 72 reads as follows:

(7) Where the comptroller has not disposed of an application made to him under this section, the applicant may not apply to the court under this section in respect of the patent concerned unless either -
(a) the proprietor of the patent agrees that the applicant may so apply, or
(b) the comptroller certifies in writing that it appears to him that the question whether the patent should be revoked is one which would more properly be determined by the court.

37 I would observe firstly that section 72(7) does not refer to the comptroller declining to deal. Rather it refers to him certifying that the question would more properly be determined by the court. This contrasts with other parts of the Act which refer explicitly to the comptroller declining to deal. For example section 37(8) reads:

8) If it appears to the comptroller on a reference under this section that the question referred to him would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.

38 Similar wording can be found in other sections of the Act⁹.

39 In terms of the effect of the comptroller certifying in writing as in section 72(7)(b), Part 63 of the Civil Procedure Rules provides that

63.11 Where the Comptroller –

...

*(c) certifies under section 72(7)(b) of the 1977 Act that the court should determine the question of whether a patent should be revoked,
Any person seeking the court's determination of that question or application must issue a claim form within 14 days of the Comptroller's decision.*

40 It is therefore clear that if I provide the certificate Recticel requests, Kayfoam will be able to issue a claim form with the court should it wish to. What Recticel actually wants is for the comptroller to certify the case as being more properly determined by the court and then for him to terminate the proceedings before him. I have no doubt

⁹ See for example sections 12, 37, 40 and 61

that the latter step is possible under those sections of the Act that provide for the comptroller to decline to deal but is it possible under section 72(7)? Recticel refers to paragraph 2.77 of the IPO's Hearings Manual¹⁰ which does appear to suggest that the comptroller's power under section 72 is similar to the power to decline to deal under other sections. Kayfoam points out, quite rightly that the manual has no legal effect. Kayfoam goes on to suggest that it might not be possible for the comptroller to decline to deal under section 72 even where he has certified the question as being one that would more properly be determined by the court. I will leave this point for the moment and consider first whether such a certificate is appropriate in this instance.

- 41 I would add that it was not disputed that the comptroller does have the power to stay proceedings before him. This is provided in rule 82(1)(f) which reads:

General powers of the comptroller in relation to proceedings before him

82.—(1) 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—

(f) stay the whole, or any part, of the proceedings either generally or until a specified date or event;

- 42 Also relevant is rule 74 which imports the overriding objective explicitly into proceedings before the comptroller and requires the comptroller to seek to give effect to the objective when exercising his discretion for example as to whether to stay proceedings. Rule 74 reads:

Overriding objective

74.—(1) The rules in this Part set out a procedural code with the overriding objective of enabling the comptroller to deal with cases justly.

(2) 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—

(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.

(3) The comptroller shall seek to give effect to the overriding objective when he—

(a) exercises any power given to him by this Part; or

(b) interprets any rule in this Part.

(4) The parties are required to help the comptroller to further the overriding objective.

¹⁰ <http://www.ipo.gov.uk/p-manual-hearing.htm>

Arguments of the parties

- 43 Both sides have sought support from *Luxim v Cervasion* (“*Luxim*”)¹¹. This case considered in some length the principles to be applied when considering whether a case is more properly determined by the court. The issue in that case was one of entitlement under section 12 but the judgment of Warren J. went broader and looked at the comptroller declining to deal under other provisions of the Act. The predominant issue in that case was the extent to which complexity should influence the exercise of the comptroller’s discretion. Warren J addressed this point at paragraphs 55 & 68:

55 Mr Thorley draws attention to four sorts of issue which an entitlement dispute might throw up, and considers the suitability of a hearing officer to deal with them bearing in mind that he is a technical person not a lawyer:

a. Technical issues: this may need expert evidence to assist the decision maker. Ordinarily, a hearing officer will be equipped to deal with such issues.

b. Factual issues unrelated to technical issues: these are bread-and-butter matters for a judge. Of themselves, they may not merit a referral to the court. But the issues may be seen to be sufficiently complex to merit transfer, especially, I would observe, if findings of fraud or breach of fiduciary duty are to be found against a party or a witness, a factor which, whilst not by itself conclusive, one might normally expect to be more appropriate for a judge.

c. Patent law issues; the hearing officer is usually to be expected to be a suitable tribunal to deal with such issues, be they English or foreign law issues.

d. Non-patent law issues: I agree with Mr Thorley in thinking that issues of this sort (whether of English or foreign law) would ordinarily be regarded as the province of the judge. Of course, it cannot be said that any case which involves a point of law is one which would more properly be dealt with by a judge, but it is a factor and may very well be an important factor.

68 So, provided that one recognizes what is complex is not an absolute standard, I do not think that the Comptroller can go far wrong if he were to consider exercising his discretion [to decline to deal] whenever a case is complex; he is to be the judge of what is and is not complex in this context. What he should not do is start with a predisposition to exercise his discretion sparingly, cautiously, or with great caution. Complexity can be manifested in various aspects of a question or the matters involved in a question and counsel have identified different areas to which different considerations may apply – technical issues, factual issues, patent legal issues and non-patent legal issues to name some. What may seem technically complex to a lawyer may not seem technically complex to a hearing officer; and, the other way, what may seem complex legally to a hearing officer may seem straightforward to a lawyer. It is for the Comptroller to judge how each relevant matter or question appears to him given its complexity.

- 44 Recticel first point is that parallel proceedings in the two jurisdictions will lead to a complex factual interface particularly in respect of claim construction given that the significance of any particular construction on the question of infringement would only

¹¹ *Luxim Corporation v Cervasion Limited* [2007] EWHC 1624

be considered by the Northern Ireland Court. Recticel goes on to argue that the issues of fact of prior publications will be central to the dispute on validity and that such issues are clearly more suited to be determined by the court.

- 45 Kayfoam notes that the issue of validity in this case turns on technical and patent related issues. There are no issues of a factual nature unrelated to technical issues nor are there any non patent law issues. It accepts that there may be the need for cross examination of witnesses and some disclosure but those are issues that are common to a hearing officer. It goes on to note in respect of the issue of the comptroller only being able to consider claim construction in respect of validity, that if Recticel really wanted construction to be considered both in terms of infringement and validity then it should not have discontinued its action in the IPEC.
- 46 Recticel also contends that there is a risk that if I do not at least stay these proceedings of there being concurrent overlapping proceedings and that would significantly increase the costs for both parties. It notes that the Northern Ireland proceedings will deal with both infringement and validity and thus will make these proceedings unnecessary. Recticel also contends that having the matter dealt with by the court will remove a possible layer of appeal thus potentially saving time and expense.
- 47 In reply Kayfoam notes that it is not necessarily the case that the Northern Ireland proceedings will continue even if I decide not to stay these proceedings. Kayfoam contests that it will in that event seek a stay to the Northern Ireland proceedings pending the outcome of these proceedings¹². It also notes that if the Comptroller determines that the patent is invalid then the question of infringement falls away. Even if such a stay is not granted in the Northern Ireland proceedings then the mere fact that there are parallel proceedings does not point to there being a need to stay these proceedings. The legislation clearly allows for the possibility of parallel proceedings covering essentially the same issues. It seeks support from the consideration of the impact of parallel proceedings in the Comptroller's decision in *John Samuel Webster and John Kenneth Gilbert and Solsys Ltd ("Solsys")*¹³.
- 48 *Solsys* is a section 72(7) decision that post dates *Luxim*. There are according to Kayfoam, a number of close parallels between *Solsys* and the case here. In *Solsys* the issue on which revocation was sought was sufficiency– that is of course different to the situation here where prior disclosure is the issue. Where similarities do arise however is around parallel proceedings. In *Solsys* the defendant filed its counterstatement but at the same time initiated proceedings in the Northern Ireland courts for breach of contract, breach of fiduciary duties, breach of confidentiality and non-compete obligations, and for a declaration that the patent is valid. It requested that the proceedings before the Comptroller be either stayed or transferred to the Northern Ireland Court. The hearing officer in *Solsys* decided neither to certify it as being more properly determined by the court nor to stay the proceedings before the comptroller.

¹² I am led to believe that Kayfoam did not request a stay to the NI during a hearing on that case on 23rd June 2014. Kayfoam contends that this was because it was awaiting clarification of the comptroller's jurisdiction

¹³ *John Samuel Webster and John Kenneth Gilbert and Solsys Ltd* BLO/325/12

49 Paragraph 23 of that decision which considered duplicate proceedings noted:

“23. Finally, on the question of costs and duplicated proceedings, it seems to me that the most significant overlap between the proceedings is the question of validity of the patent. As this question was first raised before the comptroller, and from my reasoning above, appropriately, the only duplication of cost would be if the patentee continues to seek a declaration of validity despite these existing proceedings. It would not seem just to deny the claimants the access to the comptroller’s low cost tribunal on those grounds. This is especially so given the apparent lack of progress in the Northern Ireland proceedings.”

50 Kayfoam also highlights that it was Recticel who created this possibility of duplicate proceedings in the first place by discontinuing the IPEC action. It suggests this was done so as to avoid Kayfoam’s counterclaim of invalidity. Kayfoam also suggests it is an abuse of process for Recticel now to argue that the revocation action should not be heard by the comptroller. On the possibility of additional layers of appeal if the matter is heard before the comptroller, Kayfoam notes firstly that the issue of any appeal on jurisdiction simply has no bearing on the issue of staying or certifying. It contends that whether or not there is an appeal on the substantive matter is again simply a consequence of the statutory regime.

51 Kayfoam goes on to note that there is a real question as to whether the Northern Ireland High Court is equipped to properly deal with patent cases. It notes that there have been very few such cases in Northern Ireland and that the judges there are not technically qualified. In contrast the comptroller is a specialist tribunal well accustomed to dealing with revocation issues. It also notes that their rules on for example evidence have not been updated to the extent the rules before the English Courts or the comptroller have. In the experience of Mr Whyte proceedings in Northern Ireland can be very slow, this being brought out also in *So/sys*.

52 Kayfoam’s final point goes to costs. It accepts Recticel’s observation that both sides have already engaged expensive representation, however it argues that there is still a significant attraction in having the proceedings subject to the limited and predictable cost regime in the IPO. In contrast proceedings in the High Court are likely to significantly more expensive.

Assessment

53 I will start by considering the question of whether the patent should be revoked is one which would more properly be determined by the court. The basis for the invalidity claim is a series of prior disclosures. The enquiry will therefore essentially be one of who disclosed what and when and whether any of these disclosures invalidates the patent. I do not agree with Recticel that these are issues that are more properly determined by the Court. These are issues that are commonly encountered by the comptroller including possibly also during the pre grant examination of a patent application.

54 I would also note that the technology in this case is, certainly as far as the comptroller is concerned, relatively straightforward. The patent describes a process for the preparation of a flexible polyurethane foam, in particular the dispersal of a gel in a reaction mixture before allowing it to foam. Hence I do not believe that the technology of the patent would point particularly to either the comptroller or the court

handling the case. So far as I can determine on the basis of the material currently before me, this case is unlikely to give rise to the sort of complex non-patent law issues that were in issue in *Luxim*. The question of whether certain disclosures were made in confidence may indeed arise. There will almost certainly be cross examination of witnesses. Again none of this points in my view to the court being the more proper forum to decide the matter. The case is also fairly well defined with Kayfoam relying on three particular disclosures. The duration of the hearing is therefore unlikely to be excessive.

55 Hence in terms of the complexity of the question to be decided then I do not believe it is such that it would more properly be determined by the Court.

56 I turn now to the other factors highlighted by the parties. It is clear from *Luxim* that the Comptroller is able to consider factors beyond the factual and legal basis of the attack on validity. This is clear from paragraph 12 of *Luxim* which notes:

Further, the factors which make it appear to the Comptroller that the question would more properly be dealt with by the court may well go beyond matter related to the question as such. For instance, it seems to me to be perfectly permissible for the Comptroller, at the first stage, to take into account that the parties all wish the matter to be dealt with by the court.

57 On the issue of there being an additional layer of possible appeal if the case remains before the comptroller then I am with Kayfoam. It is simply a result of giving the comptroller jurisdiction. I would add that the need to obtain permission to appeal may mean in practice that the available layers of appeal are effectively the same. I would also note that on the question of whether it is issue or service that determines when a case is pending before the court, which is possibly the only significant point of law that is likely to arise in this case, then that matter is already squarely before me. It is not part of the question that is being considered under section 72 and hence has no bearing on whether that question is one which is more properly determined by the court.

58 I am also not persuaded that the expertise or experience of the Northern Ireland Court in handling IP cases is much of a factor, if any at all, in this case given that as I have indicated it is a straightforward case both in terms of issues to be resolved and the technology involved. I would add also that in considering section 72(7) I am not comparing the comptroller with a particular court, for example the Northern Ireland Court, but rather with the "court" in general.

59 There is I believe some merit in the court being able to consider claim construction both from the perspective of infringement and validity. However that is a matter more for whether I should stay these proceedings rather than for the consideration under section 72(7).

60 Taking all the relevant factors into consideration, I am of the view that this case is not one that would be more properly determined by the court. Therefore I am not prepared to certify it as such. As I have declined to issue the certificate, I do not need to consider further what the precise effects of my having done so would have been.

- 61 I turn now to the question of whether I should nevertheless stay these proceedings. I will start with what I consider to be Recticel's strongest point. This is the risk of duplicate proceedings which could unnecessarily push up the costs for the parties and tie up resources of the court or the comptroller. The prospect of parallel proceedings both considering the validity of the patent is not I believe something I can simply dismiss as being just a consequence of how the legislation is drafted. That it might be possible does not make it desirable. Jacob LJ in a passage from *IDA Ltd v Metcalfe* quoted in *Luxim* noted that it is "clearly unsatisfactory for a dispute to be in two different fora". That has to be the case. However Kayfoam's response on this point is also strong. It says it will seek a stay in the Northern Ireland proceedings. If it secures a stay then that will remove any possible duplication. Kayfoam also rightly in my view highlights that it was Recticel who created this possibility of duplicate proceedings in the first place by discontinuing the IPEC action.
- 62 Kayfoam also suggests that the hearing officer was not swayed by the possibility of duplicate proceedings in *Solsys*. That may have been the case however In *Solsys* the scope of any possible overlap was I believe less. Infringement was not a factor in the Northern Ireland proceedings hence the issue of validity only arose there because of the claim for a declaration of validity. It was perfectly possible that if that latter claim was stayed or dropped that the two sets of proceedings could cover entirely separate issues. This is unlikely to be the case here. Neither side is arguing that the validity of the patent will not be in issue in the infringement proceedings in the Northern Ireland.
- 63 I am however conscious that proceedings both before the Northern Ireland Court and before the comptroller are at a relatively early stage. The next stage here is the filing of a counterstatement by Recticel and the evidence rounds. The work required to do this will be necessary wherever the action is heard and hence the additional costs to the parties even if they need to provide the material to two different fora will not be great. Where unnecessary costs may be incurred is if we have hearings in the two places on the same issue. But we are some way from that point and there is still considerable uncertainty as to when and if we might ever get there.
- 64 In weighing up the various factors, I think considerable weight should be given to the behaviour of Recticel. If it had not discontinued its action in the IPEC then these proceedings and those in the Northern Ireland Court would almost certainly have not been necessary and the dispute between the parties would have been considerably closer to a resolution. In response to Recticel's actions, Kayfoam properly launched these proceedings and it now wishes to move ahead with them notwithstanding the possibility of there being parallel proceedings in the court. For that reason, and also because proceedings elsewhere are at an early stage and may indeed be stayed, I am of the view that these proceedings should not be stayed. I am however prepared to consider the matter again if there is any significant change in the circumstances in particular if there is an increased likelihood of hearings on the same issue in two places.
- 65 I would add for completeness that I am not persuaded on the basis of the material before me that there has been any abuse of process in Recticel requesting that the Comptroller discontinue these proceedings in favour of proceedings before the court.

Conclusion and Findings

- 66 I am satisfied that there were no proceedings pending before the court when Kayfoam instituted proceedings under section 72. I therefore find that the comptroller has the jurisdiction to determine the matter.
- 67 I do not believe that the question of whether the patent should be revoked would more properly be determined by the court, and I therefore decline Recticel's application for me to so certify.
- 68 I also decline Recticel's request to stay these proceedings.

Costs

- 69 Both sides were content for costs to be in line with the published scale¹⁴. As the claimants have been successful in this matter, I order Recticel to pay Kayfoam the sum of £900 as a contribution to their costs.
- 70 This sum should be paid within seven days of expiry of the appeal period below. Payment may be suspended in the event of an appeal.

Appeal

- 71 Any appeal must be lodged within 28 days

Deputy Director Acting for the Comptroller

¹⁴ <http://www.ipo.gov.uk/p-tpn-42007.htm>