



24/08/2012

BLO/325/12

PATENTS ACT 1977

BETWEEN

John Samuel Webster and John Kenneth
Gilbert

Claimants

and

Solsys Ltd

Defendant

PROCEEDINGS

Application for revocation under section 72 of the Patents Act 1977 of
patent number GB 2416542

HEARING OFFICER

Julyan Elbro

Mr Michael Harrison of Harrison IP for the claimants
Mr Mark Earnshaw and Mr Darach Neeson of Murgitroyd & Company for the
defendants

Hearing date: 19 June 2012

PRELIMINARY DECISION

Introduction

- 1 This case relates to patent GB 2416542 (“the patent”) in the name of Solsys Ltd. (“the defendant”). It is a claim for revocation under section 72(1)(c) of the Patents Act 1977 (“the Act”). The claim was filed on 22 August 2011, in the names of John Samuel Webster and John Kenneth Gilbert (“the claimants”). The defendant filed a counterstatement on 6 October 2011, but also indicated it had initiated related proceedings in the Northern Ireland courts and requested that the Comptroller transfer the matter to their jurisdiction. This has been taken as a request for a certification by the comptroller under section 72(7)(b) that the question is one which would more properly be determined by the court, as further discussed below. The claimants resisted this by letter of 8 December 2011.
- 2 The matter came before me for a hearing of this preliminary matter on 19 June 2012.

Background to these proceedings

- 3 These proceedings are at an early stage. Thus far, a statement of claim and a counterstatement have been filed, but the case has not yet progressed to the evidence rounds.
- 4 The patent describes a process for producing fuel pellets. The claimants' statement of claim alleges, in essence, that the fuel pellet products claimed in patent cannot be made by a person skilled in the art making use of any or all of the information in the patent. The counterstatement denies this.
- 5 As noted above, simultaneously with filing their counterstatement, the defendant initiated proceedings in the Northern Ireland court. The defendant asserts that the claimants are former directors and current shareholders of the defendant. The defendant alleges that the claimants have signed a number of agreements with them relating to, *inter alia*, contractual duties and confidentiality. The proceedings in the Northern Ireland courts are for breach of contract, breach of fiduciary duties, breach of confidentiality and non-compete obligations, and for a declaration that the patent is valid.
- 6 The defendants requested that the present proceedings be "transferred to the Northern Ireland Court", or be stayed pending resolution of that action.

The law and its interpretation

- 7 Section 72 of the Act gives jurisdiction to both the court and the comptroller to revoke a patent on application by any person on a number of specified grounds. The relevant ground for these proceedings is set out in Section 72(1)(c):

72(1) ... the comptroller may by order revoke a patent for an invention on the application of any person (including the proprietor of the patent) on (but only on) any of the following grounds, that is to say –

...

(c) the specification of the patent does not disclose the invention clearly enough and completely enough for it to be performed by a person skilled in the art;

...
- 8 The situation regarding jurisdiction while such proceedings are in being is set out in Section 72(7):

(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.
- 9 The effect of the Comptroller certifying in writing as in section 72(7)(b) is set out in Part 63 of the Civil Procedure Rules

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.

- 10 The key is therefore whether the question whether the patent should be revoked would “more properly be determined by the court”. A similar question of when the Comptroller should decline to deal with an entitlement case was considered in *Luxim Corporation v Ceravision Limited* [2007] EWHC 1624 (“*Luxim*”) (with reference to the decision of Jacob LJ in *IDA v Metcalfe* reported as *University of Southampton's Patent Applications* [2006] EWCA Civ 145). The predominant issue in that case was the extent to which complexity should influence the exercise of the comptroller's discretion. To quote Warren J at paragraph 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. I do not read Jacob LJ as saying anything different from this in paragraph 44(iii) of IDA either (i) when he refers to complex cases or (ii) when he says that the Comptroller's jurisdiction should be reserved for relatively straightforward cases. The phrase “relatively straightforward” of itself involves a comparison of scale. An involved technical issue may be relatively straightforward to a hearing officer; a legal issue which to a lawyer may be relatively, straightforward may not be to a hearing officer, and may not, on that basis, so appear to the Comptroller.”

Arguments of the parties

- 11 Mr Neeson drew my attention to the *Luxim* case referenced above. He argued that there were a number of factual issues unrelated to technical issues, and complex matters of non-patent law in this case which would make the court the more appropriate venue. Specifically, he referred to a shareholder agreement the claimants are alleged to be party to, and to common and statutory duties on them as directors: under the common law to act with loyalty, honesty and good faith, and under the Companies Act 2006 to promote the success of the company and avoid conflicts of interest. He also alleged that Mr Gilbert was in breach of an employment agreement which prohibited disclosure of confidential information and the like, even post-termination.
- 12 Mr Neeson argued strongly that the claimants were inevitably going to use prohibited information in the evidence that they would submit in this case. He also appeared to maintain that the claimants would be prohibited from launching

a revocation action against the company at all because of their various obligations as alleged. His point was that the questions as to what those duties, including fiduciary duties, are is a complex legal question outside of patent law, which would be more appropriately dealt with by a judge than by the IPO.

- 13 In addition, Mr Neeson pointed to the overlap in issues between the Northern Ireland court action and the present case. The declaration of validity application and revocation action clearly deal with essentially the same questions, and the questions of what duties the claimants may be in breach of are also before the Northern Ireland court. Mr Neeson pointed to the overriding objective present in the Northern Irish rules of procedure and the Patents Rules rule 74, to deal with the case justly, and in particular saving expense and dealing with the case expeditiously. He argued that as the Northern Ireland courts could consider all the issues in one place, it would make more sense than having separate proceedings before the comptroller.
- 14 Mr Harrison argued in response that the northern Ireland courts are not set up for patent matters, and technical questions such as patent validity would be better handled by the Comptroller. He argued that in fact prosecuting a patent case in Northern Ireland would be more expensive because of the lack of specialist expertise in the court. Mr Neeson disputed this supposed lack of expertise and argued the the Northern Ireland courts dealt with several such technical issues.
- 15 Mr Harrison also argued that in terms of expedition, the Northern Ireland proceedings were showing no signs of speedy process, with the defendant's statement of claim currently being several months overdue.
- 16 In addition, Mr Harrison made a number of arguments essentially suggesting that the breach of duty arguments were without merit. He pointed to the public interest in invalid patents being challenged, and queried how the claimants could respond to a hypothetical infringement claim by the defendants if they were not able to assert invalidity as a defence. He also argued that any concerns over breach of duty relating to evidence could be addressed by evidence being kept confidential until the existence of whether such a duty was being breached could be determined.
- 17 I should add that despite the defendant originally requesting that I "transfer" this case to the Northern Ireland court, Mr Neeson was clear at the hearing that the defendant's request was for me to certify under section 72(7)(b) that this question would more properly be determined by the court. Mr Harrison also raised the question as to what the effect of my certification would be if the claimants declined to proceed with a claim in the court. He argued that the proceedings before the comptroller would not necessarily terminate, and that the claimants would still be free to pursue these.
- 18 The question of a stay, although initially raised by the defendants in their letter, was not pursued at the hearing.

Assessment

- 19 Dealing first with the question of potential evidence being submitted which was in

breach of the claimants' duties in some way; it seems to me that in this respect any application is premature and speculative. It is far from clear to me that on a technical question such as the sufficiency of a patent, that this will necessarily require the use of any information not in the public domain. Indeed, the nature of the question of sufficiency is such that it is all about what is publicly known and what is disclosed in the patent.

20 In considering the remaining arguments, I believe helpful guidance can be found in paragraph 55 of *Luxim*:

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."

21 The question of the sufficiency of the patent itself seems to be to be clearly a combination of technical issues and patent law, and thus from the above the comptroller's tribunal an appropriate place for them to be considered.

22 This leaves the question of whether the claimants are precluded from bringing this action at all because of one of the alleged duties on them. At first blush, this would seem to raise some general law issues such as questions of contract, common law obligations, and the like. But I think the question is quite a narrow one: are they precluded from bringing a revocation action at all? This does not seem to be to be a question of such complexity that it should not be handled by a hearing officer in light of the clear technical and patent law nature of the majority of the case.

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.

- 24 The question of a stay of these proceedings was not pursued at the hearing, but I should say that in view of my findings above I would find such a stay hard to justify.

Conclusion

- 25 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 the defendant's application for me to so certify.
- 26 As I have declined this request, I do not need to consider further what the precise effects of my having done so would have been.

Appeal

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

J ELBRO
Divisional Director acting for the Comptroller