



**PATENTS ACT 1977**

PROCEEDINGS

Declaration of Non-Infringement under Section 71 of the Patents Act 1977  
in respect of Patent No. EP(UK) 1 352 845 B

BETWEEN

Encore Envelopes Limited	Claimant
and	
Heritage Envelopes Limited	Defendant/ Proprietor

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HEARING OFFICER                      Stephen Probert

For the claimant: Hargreaves Elsworth  
For the defendant: Appleyard Lees

Decision off the papers

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**PRELIMINARY DECISION**

1. This preliminary decision concerns three alternative requests made by the defendant in these proceedings, Heritage Envelopes Ltd (“the proprietor”) that:-
  - a. the application for a declaration of non-infringement by Encore Envelopes (“the claimant”) be struck out, or
  - b. the application be stayed until related proceedings before the court are concluded, or
  - c. the proprietor be allowed an extension to the time period for filing its counter-statement in these proceedings until 28 days after the claimant has filed its defence in the related court proceedings.
2. I have had the benefit of written submissions on these issues from both sides, in lieu of an oral hearing, before making my decision. I will explain my reasoning in more detail below, but the bottom line is that I am ordering that these proceedings be stayed until the infringement action before the court is concluded.

## **The Law**

3. Declarations of non-infringement are governed by section 71 of the Act. Insofar as relevant to this decision, section 71 states:-

### **Declaration or declarator as to non- infringement**

71.-(1) Without prejudice to the court's jurisdiction to make a declaration or declarator apart from this section, a declaration or declarator that an act does not, or a proposed act would not, constitute an infringement of a patent may be made by the court or the comptroller in proceedings between the person doing or proposing to do the act and the proprietor of the patent, notwithstanding that no assertion to the contrary has been made by the proprietor, if it is shown-

- (a) that the person has applied in writing to the proprietor for a written acknowledgement to the effect of the declaration or declarator claimed, and has furnished him with full particulars in writing of the act in question; and
- (b) that the proprietor has refused or failed to give such acknowledgment.

### **Request for Strike-out**

4. The proprietor requests that these proceedings before the Comptroller be struck out because of the claimant's conduct in applying for a declaration of non-infringement while the proprietor was following the pre-action protocol in relation to its own claim for infringement. Section 71(1)(a) of the Act requires a person to apply in writing to the proprietor for an acknowledgement of non-infringement before seeking a declaration from the Court or the Comptroller, and section 71(1)(b) adds that the proprietor must have refused or failed to give any such acknowledgement before the claimant can bring proceedings such as these to the Court or Comptroller.
5. In this case, the proprietor (Heritage) complains that the claimant (Encore) did not write to them seeking such an acknowledgment until 12 February 2018, and that instead of allowing the proprietor time to consider the request, the claimant launched these proceedings the next day. In actual fact, as conceded by the claimant, these proceedings were also launched on 12 February 2018 — the same day that it wrote to the proprietor. The proprietor says that the Comptroller has been severely critical of this sort of behaviour in the past, referring to the following passage(s) from the decision in *Denman's Patent*<sup>1</sup>:

“9. .... Indeed, as the claimant has tacitly acknowledged in correspondence, the truth is it saw this as a race to the courts. It wanted to get its application under section 71 in before the defendant had any time to react by launching an infringement action. This approach is completely at odds with one of the key elements of the reform of civil justice initiated by the Woolf report and introduced, so far as the courts are concerned, by the Civil Procedure Rules 1998, under which parties are expected to try and settle their disputes first before resorting to litigation.

...

11 .... if a similar situation were to arise in future, the comptroller may be much more inclined not to follow the MMD line but instead to throw the case out with an appropriate award of costs, even though that might simply result in a further application being filed a little later.”

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<sup>1</sup> Melkris Limited (t/a Brital Engineering Services) v Philip Denman. BL O/369/01

6. The claimant says that the parties have been in correspondence with each other since 22 November 2017, arguing over whether or not Encore's product infringes Heritage's patent <sup>2</sup>. In December 2017, Encore provided a sample of its product to Heritage for inspection, and on 31 January 2018 Heritage wrote to Encore maintaining the allegation of infringement. Thus according to the claimant (although they may not have expressed it as such), the two requirements of section 71(1) have been satisfied — but not in the order in which they appear in the act.
7. It is possible to have sympathy with the arguments of both sides here. On the one hand, the claimant's behaviour does look like a race to the courts. In particular, applying to the proprietor on the same day as commencing these proceedings seems pointless, as well as discourteous to the proprietor. The claimant says it was necessary in order to "*formalise previous correspondence*" — which I assume means that it was done in order to ensure strict compliance with section 71(1)(a).
8. On the other hand, it is common ground between the parties that they had been arguing over the issue of infringement for several months before Heritage confirmed in a letter on 31 January 2018 that it was maintaining the allegation of infringement. That letter also gave Encore seven days in which to sign undertakings, failing which Heritage indicated its intention to issue a claim for infringement. Thus it seems to me that the parties' respective positions were abundantly clear to each other by the end of January 2018 — so much so, that Heritage considered that its own obligations under the CPR pre-action protocol would have been met on (or soon after) 7 February 2018 (ie. seven days after the 31 January letter). In the circumstances, Encore's actions do not appear to be quite so unreasonable. Why should they wait to discover whether Heritage's threat to issue a claim was genuine, or just a bluff? There could be sound business reasons why Encore would want (or need) to have the question of infringement resolved quickly, and not left hanging over it.
9. After giving the matter careful thought, particularly in light of the Hearing Officer's warning in *Denman's Patent* <sup>1</sup>, I have decided against striking out this application. I consider that the terms of section 71(1) have been met; the letter of the law has been followed (albeit not in the usual order), and the spirit of the law has been followed (because the parties have tried to resolve the issue between themselves before seeking a declaration from the Comptroller).

### ***Request for a stay***

10. On 22 February 2018, the proprietor (Heritage) issued its own claim for infringement of the patent against Encore in the Intellectual Property and Enterprise Court (IPEC) <sup>3</sup>. The relief sought by Heritage in the IPEC case includes, inter alia, injunctive relief that would not be available in infringement proceedings before the Comptroller. There are therefore parallel proceedings before the Comptroller and the IPEC; the central issue in both cases being that of infringement (or non-infringement). Consequently the proprietor requests that these proceedings be stayed.

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<sup>2</sup> Although not relevant to this preliminary decision, the 'product' and the invention claimed in the patent both concerns means for holding a block of envelopes together.

<sup>3</sup> Claim number IP-2018-000032.

11. The claimant (Encore) resists the request for a stay. They say that the Comptroller is likely to reach a conclusion on this application before the IPEC would reach a decision in the matter before it, and that costs will be minimised if the issue between the parties can be heard before the Comptroller. That may or may not be true, but the Comptroller's decision will not be binding on the IPEC. The proprietor points out that the claimant has not undertaken to abide by the decision of the Comptroller in the parallel proceedings in IPEC (eg. if the Comptroller decides not to make a declaration of non-infringement). Similarly, I am not aware that the proprietor has undertaken to withdraw its claim before IPEC in the event that the Comptroller *does* declare non-infringement.
12. The claimant dismisses the proprietor's argument about injunctive relief not being available before the Comptroller on the basis that the application in these proceedings is not an infringement action. That misses the point; the IPEC case *is* an infringement action.
13. I can see no reason to allow these proceedings to continue in parallel, and therefore I agree to the proprietor's alternative request for a stay in these proceedings.

***Request for an extension of deadline for filing counter-statement***

14. As I have decided to stay these proceedings, this issue falls away. The proprietor does not need to file a counter-statement unless/until the stay is lifted. If a counter-statement is required in those circumstances, a new deadline will be set.

***Order***

15. This application for a declaration of non-infringement is stayed until final order in co-pending IPEC proceedings with claim number IP-2018-000032.

***Costs***

16. The proprietor has referred to the matter of costs in its letter of 9 April 2018. It is now more common for the Comptroller to consider awarding costs following preliminary issues like this rather than waiting until proceedings are concluded. However, on this occasion I have not made any order for costs because there is no clear winner; the claimant has successfully resisted strikeout, but the proprietor succeeded with its request for a stay.

***Appeal***

17. Any appeal must be lodged within 28 days after the date of this decision.

**Stephen Probert**

Deputy Director, acting for the Comptroller