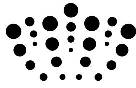

BL O/264/12

06 July 2012

PATENTS ACT 1977

BETWEEN

Coupling Technology Limited	Claimant
and	
Coupling Solutions LLC	Defendant

PROCEEDINGS

Reference under section 8 of the Patents Act 1977
in respect of patent application numbers
GB 1018849.8 and GB 1107429.1

HEARING OFFICER A C Howard

Mr Chris Aikens of 11 South Square, instructed by Appleyard Lees, represented the Claimant

Mr Alan Johnson and Mr Sam Tuxford of Bristows represented the Defendant

Hearing date: 28 February 2012

PRELIMINARY DECISION

Introduction

1 Coupling Technology Limited has made a reference under section 8(1)(a) and 8(3)(c) claiming to be entitled to unpublished patent applications GB 1018849.8 and GB 1107429.1, and seeking to be named as patent applicant in respect of both applications.

2 Application number GB 1018849.8 ("GB10") was filed on 8 November 2010 in the name of Mr Paul A Davidson but now proceeds in the name of Coupling Solutions LLC. Application number GB 1107429.1 ("GB11") was filed on 4 May 2011 in the name of Coupling Solutions LLC, claiming priority from the 2010 application. Coupling Solutions LLC dispute the reference.

3 Following the statement rounds, I issued a preliminary evaluation on 13 December 2011. On 3 January 2012, the Defendant wrote to suggest that the

proceedings be stayed, pending the determination of US proceedings which were launched by them in the US District Court in Florida on 29 December 2011. They also suggested that, if a stay were refused on this basis, they would seek a stay of the proceedings pending mediation.

4 The Claimant replied on 16 January 2012, setting out reasons why, in their view, the request for a stay should be refused. The Defendant then requested a hearing on the matter and also asked that, if the request for a stay on the basis of the co-pending US proceedings was to be refused, then a stay of two months be granted pending mediation. The matter therefore came before me at a hearing on 28 February 2012, where I was assisted by Dr James Porter of Patents Legal Section.

Developments since the hearing

5 On 12 April 2012, the US District Court in Florida granted Coupling Technology Limited's Motion to Dismiss in respect of those proceedings. Coupling Technology Limited therefore wrote to the comptroller on 16 April 2012, emphasising that any request for a stay of the UK proceedings should be dismissed. However, Coupling Solutions LLC wrote to the comptroller on 23 April 2012 and explained that they had until 11 May 2012 to appeal the decision of the US District Court, and they asked that my decision be delayed until after that date.

6 Then, on 14 May 2012, Coupling Solutions LLC wrote to the comptroller and explained that – while they had not appealed the US District Court's decision – they had filed and served an amended complaint against Mr Paul Davidson, a part of which concerned a request for a declaration of the validity of the assignment of GB10 from Mr Davidson to Coupling Solutions LLC. As such, they said, they maintained their request for a stay of the UK proceedings.

7 On 15 May 2012, Coupling Technology Limited wrote to confirm that they continued to resist the request for a stay. They argued in particular that they were no longer a party to the US proceedings, and that the Florida court was not being asked to decide the ownership of either GB10 or GB11.

8 It was subsequently established that neither party wished to make further submissions, and so it falls to me to decide the question of a stay based upon the submissions that were made prior to and at the hearing in February, as applied to the facts presented to me in relation to the current US proceedings. I must also take account of the further brief points made by the parties in their respective letters of 14 and 15 May 2012.

The law

9 These proceedings constitute a reference under section 8(1) and, as such, they are proceedings to which Part 7 of the Patents Rules 2007 (as amended) applies. In particular, rule 82 sets out some general powers of the comptroller in relation to managing proceedings which fall within Part 7, and rule 82(1) 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 –

[…]

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

[…]

10 Also relevant is Article 22(4) of Council Regulation No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("the Judgments Regulation"). This states that, regardless of domicile, the courts which have exclusive jurisdiction are:

> *in proceedings concerned with the registration or validity of patents, trade marks or designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place.*

11 There was no dispute as to the general principles that I should consider when applying the law – namely, the principles set out in the *Spiliada*[1] case and as summarised in *Dicey*[2]. These were reproduced at paragraph 20 of the Defendant's skeleton. The Claimant took no issue with these, but did highlight that principle (3) makes clear that the burden is on the Defendant to show that there is another forum which is clearly or distinctly more appropriate than the English forum. The Claimant also pointed out that I should bear in mind the factors listed in the Patents Hearings Manual at paragraph 2.74. The analysis which follows takes into account these principles and factors as necessary.

12 The Defendant also referred me to *G.A.F. v Amchem*[3], arguing that there were significant parallels with the present case. The court in that case set aside UK proceedings concerning beneficial interest in a patent, deciding that it would be "entirely right and proper for the United States Courts to resolve the issues". The parties to that action were both US companies and the UK court held that "in substance the United States Proceedings cover much the same ground…and in some ways rather more" than the UK action.

13 The Claimant pointed out in response that the judgment in that case made clear that the proper law of the contract was not English law but either that of Delaware or Pennsylvania, that the US proceedings had "gone some considerable distance" and that all relevant documents and witnesses were based in the US.

14 What I take from this case is that it reinforces the importance of considering, when deciding whether to stay, matters such as the scope of the competing proceedings in question, their relative timings, the applicable law to the dispute, and the location of the parties, witnesses and events.

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[1] *Spiliada Maritime Corporation v Cansulex Limited* [1987] AC 460 (HL)

[2] "The Conflict of Laws" *Dicey, Morris and Collins* (14th Edition)

[3] *G.A.F. Corporation v Amchem Products Inc.* [1975] 1 Lloyd's Rep 601

Arguments and analysis

The Defendant's arguments for a stay

15 The Defendant originally argued for a stay on the basis that the Florida proceedings concerned, amongst other things, the matter of ownership of GB10 and GB11. A stay was appropriate in their view because, *de facto*, the parties to these proceedings were all in the Florida proceedings, which concerned additional issues between the parties, and which required the parties to mediate.

16 In respect of the latest Florida proceedings, the Defendant now argues that it seeks, amongst other relief, a declaration of validity of the assignment on 7 February 2011 of GB10 from Mr Davidson to the Defendant ("the February 2011 assignment"). The Defendant also argues that the latest Florida proceedings have been filed and served on Mr Davidson, and in their view the Claimant in the UK proceedings and Mr Davidson are, *de facto*, one and the same.

17 More particularly, the Defendant's case is that the Florida court is an appropriate foreign court which will have to determine essentially the same issues of fact and law as the comptroller is being asked to determine in these proceedings. Staying these proceedings will, they argue, avoid piecemeal litigation and the risk of irreconcilable judgments. In the Defendant's view, there are then three reasons why the Florida court is the natural forum for hearing the dispute.

18 First, the Claimant is an English company but is said to act through Mr Davidson, who is said to live in Florida and is a party to the Florida proceedings. The Defendant is a Florida Corporation.

19 Second, the Defendant contends that the interactions between the parties largely took place in Florida, and that the three main witnesses are Mr Davidson, Mr Anthony Parisi and Mr Joseph Parisi – all of whom are based in Florida.

20 Third, the Defendant argues that a variety of agreements or assignments will need to be examined and construed. These are said either to have a clause making Florida law the exclusive jurisdiction, or to have no specific choice of law or jurisdiction clause but to have been executed in Florida (making it necessary to hear evidence on Florida law). The only exception is the consultancy agreement of 15 February 2010 which has an English law jurisdiction clause. However, it is argued that this agreement was between Mr Davidson and the Claimant and so the jurisdiction clause is relevant only as between those parties and not as between the Claimant and the Defendant.

The Claimant's counter-arguments

21 The Claimant's initial counter-argument focussed on the meaning and effect of Article 22(4) of the Judgments Regulation. They argued (at least initially) that proceedings relating to the determination of questions about entitlement are clearly proceedings concerning the registration of patents, and so the English courts have exclusive jurisdiction under that provision. By the time of the hearing, they had modified their position in that respect but, in any event, they went on to challenge the Defendant's arguments regarding the natural forum in a

number of ways.

22 First the Claimant said that, to their knowledge, the Complaint in the Florida proceedings had not yet been served on them. Thus it was doubtful that there were co-pending US proceedings at all. This point clearly has now fallen away.

23 Second, they argued that the Florida court did not have the jurisdiction to grant an order under section 8 in relation to the entitlement of GB10 and GB11 or, if it did, then it did not have the power to amend the UK register to give effect to such an order or any declaration made as to ownership. Thus further action in the UK would in any event be necessary.

24 Third, although they conceded that there are three potentially relevant assignments to which Mr Davidson is a party, and that these are arguably to be construed under Florida law, the Claimant said that these are unlikely to play a large part in the determination in these proceedings. Instead, they said, these proceedings will centre around the Claimant's entitlement to GB10 and GB11 by virtue of the consultancy agreement, which is subject to English law.

25 Fourth, the Claimant asserted that a number of the Defendant's defences to the entitlement claim would need to be determined under English law principles.

26 Fifth, the Claimant pointed to the initiation of these proceedings on 3 August 2011 and the launching of the first Florida proceedings on 29 December 2011. This made the comptroller's jurisdiction the court "first seized" and thus with priority over the Florida court.

27 Finally, they argued that the Claimant was an English company that did not act through Mr Davidson and had directors living in the UK. The Claimant also argued that individuals likely to be called as witnesses in both these proceedings and the US proceedings were split between the UK and Florida.

The effect of Article 22(4) of the Judgments Regulation

28 In response to the Claimant's reliance on Article 22(4) of the Judgments Regulation, the Defendant took me in particular to the decision of the European Court of Justice in *Duijnstee v Goderbauer*[4], in which the ECJ considered Article 16(4) of the Brussels Convention[5]. The ECJ decided at paragraphs 24 to 26 that:

> *proceedings "concerned with the registration or validity of patents" must be regarded as proceedings in which the conferring of exclusive jurisdiction on the courts of the place in which the patent was granted is justified in the light of the factors mentioned above, such as proceedings relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit.*
>
> *If, on the other hand, the dispute does not itself concern the validity of the patent or the existence of the deposit or registration, there is no special reason to confer exclusive jurisdiction on the courts of the Contracting State in which the patent was applied for or granted and consequently such a dispute is not covered by Article 16(4).*

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[4] Case 288/82 (*ECR* [1983] at page 3663)

[5] It is undisputed that Article 16(4) of the Brussels Convention was the predecessor of, and equivalent to, Article 22(4) of the Judgments Regulation.

In a case such as the present, neither the validity of the patents nor the legality of their registration in the various countries is disputed by the parties to the main action. The outcome of the case in fact depends exclusively on the question whether Mr Goderbauer or the insolvent company BV Schroefboutenfabriek is entitled to the patent, which must be determined on the basis of the legal relationship which existed between the parties concerned. Therefore the special jurisdictional rule contained in Article 16(4) should not be applied.

29 Thus, the Defendant said, because the present proceedings equally concern a question of ownership rather than patent validity or legality of registration, the jurisdictional restriction of Article 22(4) does not apply.

30 The Claimant argued that they seek, in these proceedings, a determination that they are entitled to be granted patents in relation to GB10 and GB11, and an order for the register to be altered accordingly. As noted above, they therefore argued initially that these are clearly proceedings concerning the registration of patents – and so jurisdiction is limited to the UK by virtue of Article 22(4). Their skeleton was clear on this point, stating that Article 22(4) "lays down a mandatory rule regarding where proceedings must be brought" and it "confers exclusive jurisdiction on the English court". Nevertheless, at the hearing Mr Aikens appeared to step away from this argument, explaining that the Claimant was not "relying on the Judgments Regulation as a mandatory rule in that respect" but instead regarding it as a factor to be weighed up in coming to my decision.

31 In any event, the Claimant sought to distinguish the ECJ's decision in *Duijnstee v Goderbauer* from the present proceedings. First, they argued, the matter in *Duijnstee* was specific to employee/employer relationships and so the *ratio* is not binding in relation to the present case. Second, the relief claimed in *Duijnstee* was *in personam* relief such that the defendant should be ordered to transfer various patents and applications to the claimant. By contrast, what is sought by the Claimant here is an order resulting in a change to the register such that the operation of section 7 of the Act is given effect – which makes these proceedings concerned with the registration of patents and thus in scope of Article 22(4).

32 I have considered these points carefully but I do not agree that *Duijnstee* should, on this point, be distinguished from the present proceedings. It is clear from paragraph 26 of that decision that the reason the ECJ considered Article 22(4) not to apply was that the outcome of the case depended exclusively on the question of entitlement, which was to be determined on the basis of the legal relationship which existed between the parties concerned. At the hearing, Mr Johnson took me to paragraph 11-395 of *Dicey* where the same conclusion is reached. In this respect, therefore, the finding in *Duijnstee* is on all fours with the situation in the present proceedings. I do not consider that the precise nature of the entitlement question has a particular bearing on that finding, nor that the precise nature of the remedies sought makes any difference to its application.

33 Further, I am not persuaded that a pre-grant entitlement dispute is fundamentally different in nature from a post-grant entitlement dispute – such that Article 22(4) should apply to the former but not the latter. First, I do not accept that pre-grant entitlement proceedings constitute "proceedings concerned with the registration…of patents" simply because they may result in a change to the register. If that were right, it would seem that the same argument would apply to

post-grant entitlement disputes. Second, I do not think it follows that pre-grant entitlement proceedings are proceedings concerning registration simply because they occur at a time when the patent application process is underway. In any case, it seems to me that the specific reasoning set out in paragraphs 24 to 26 of *Duijnstee*, and in particular the reasoning in relation to paragraph 26, must apply equally to pre- and post-grant entitlement questions – because it answers clearly in the negative the question as to whether entitlement questions generally are within the scope of the phrase “proceedings concerned with the registration or validity of patents”. It follows that I do not accept that pre-grant entitlement proceedings are “proceedings concerned with the registration… of patents”.

34 The decision of the ECJ in *Duijnstee* therefore carries across to the circumstances of the present case. Thus Article 22(4) does not apply to these proceedings. Furthermore, contrary to Mr Aikens’ submissions at the hearing, I do not see any reason why I should give the Article any weight or regard it as having any persuasive authority when it comes to weighing up the various factors concerning whether or not to stay the present proceedings.

35 The Claimant made a further point about Article 22(4) precluding the court from declining jurisdiction in favour of a court in a non-Member State. However, this argument rests on accepting that Article 22(4) applies to these proceedings in the first place. As I have found that it does not apply, I do not need to consider this specific point further.

36 The Claimant also argued that section 8 reflects their position that Article 22(4) applies to pre-grant entitlement proceedings by its wording that “the comptroller <u>shall</u> determine the question and may make such order as he thinks fit to give effect to the determination”. I doubt that it would be right for me to use domestic provisions to interpret a piece of EU law such as the Judgments Regulation. However, in any event, I do not see why the wording of section 8 rules out the possibility of staying entitlement proceedings until a certain event has occurred, and then making the determination required by that section. Whether, of course, it is right in this case to stay the section 8 proceedings is what I must consider next.

Timings of the proceedings; “court first seized”

37 An initial argument put forward by the Claimant in correspondence was that the comptroller is “the court first seized under the principle of *lis alibi pendens* and so has priority over the Florida court”.

38 The Defendant’s view is that, if this is said in reliance on Article 27 of the Judgments Regulation then it is misguided because that Article refers only to “the court first seised” in relation to Member States. More widely, the Defendant contends that there is no, more general, rule as to the court first seized deferring to a later court, and so one must assess the availability and appropriateness of the alternative forum in order to decide the matter.

39 In the Claimant’s skeleton and as further explained at the hearing, the Claimant did not continue to rely on a strict *lis pendens* argument, but did continue to make points about the relative timings of the two proceedings and how that factor

should be considered relevant and given appropriate weight in my decision on the question of a stay. In particular, it argued that the (original) Florida proceedings "have not yet got off the ground" whereas the UK proceedings were "reasonably well advanced", with statements having been exchanged. The Florida proceedings were said to take at least a year until trial is reached.

40 The Defendant's view expressed at the hearing was that the UK proceedings were actually not much behind the (original) Florida proceedings, particularly since the Claimant filed an amended statement in the present proceedings on 1 March 2012 which changed the nature of the case. The Claimant disagreed with this assessment, arguing that the UK proceedings would not "skip a beat" as a result.

41 In my view, with the Claimant rightly not continuing to rely on a strict *lis pendens* argument, the relative timings of the proceedings are not in themselves determinative of the stay question. In fact the point is, in my view, relatively evenly balanced, with the timings of the proceedings pulling neither one way nor the other. With the parties having only recently exchanged (amended) statement and counter-statement, I think it is right to say that we are not significantly further down the road than the latest Florida proceedings. Furthermore, matters in Florida have been delayed for the reasons set out above, but the proceedings here have equally been delayed as a consequence.

42 It is therefore clearly necessary for me to go on and consider the wider arguments put forward about the availability of an alternative forum, and the factors which point to that forum being a natural forum for the dispute.

Appropriate forum: current status of the Florida proceedings

43 The parties are agreed that the Florida court would act fairly and judicially – and so is an "appropriate forum" in that sense. There were, until recently, some other specific points in dispute about whether the Florida court is an available and appropriate forum, but these turned on the Motion to Dismiss in the original Florida proceedings, and so are points which have clearly fallen away. Beyond the parties' letters of 14 and 15 May 2012, I have had no further submissions in relation to the status of the latest Florida proceedings.

Appropriate forum: inconsistent judgments; issue estoppel

44 In the skeleton arguments and at the hearing there was much by way of argument concerning the risk of inconsistent judgments being made if no stay were granted. This linked to another set of arguments which concerned the estoppel question – namely, whether, if a stay were granted in the UK, a party could later re-litigate in the UK issues on which it had lost in Florida.

45 The underlying context of both these streams of argument was that the Florida proceedings were said to be broader in scope than the UK proceedings – concerning, as they did originally, declarations of ownership regarding GB10 and GB11 as well as other matters.

46 On the basis of the limited information I now have, that no longer appears to be

the case. The latest Florida proceedings only appear to concern GB10 and, as noted above, what is being sought in respect of GB10 is a declaration that the February 2011 assignment is valid.

47 I have had little by way of submissions on this latest development. The letter from the Defendant of 14 May 2012 suggests that this means "the correct ownership of GB1018849.8 is in dispute in both the UK and the USA" and so there remains the possibility of irreconcilable judgments with respect to the ownership of GB10. The Claimant, in its letter of 15 May 2012, states that – of the four counts against Mr Davidson in the latest Florida proceedings – none is seeking a declaration of ownership.

48 In the absence of specific submissions, it is far from clear to me that the Florida court's investigation into whether to give the sought declaration in relation to the February 2011 assignment will necessarily cover the entirely of the matters in dispute when it comes to deciding the overall question of who owns GB10. While it is possible that the validity of one particular agreement or assignment may answer the question, we are not at a point in these proceedings where it is clear to me whether that is the case here. It seems at least possible that questions concerning the various other agreements referred to in these proceedings may well also need to be resolved.

49 Even if I am wrong on that point, and all that is needed to determine ownership of GB10 is to make a finding as to the validity of the February 2011 assignment, it seems clear to me (on the basis of the information I have been given) that the Florida court will not be making any determination as to the ownership of GB11.

50 The position therefore seems now to be substantially different from that argued before me when the original Florida proceedings were on foot. Insofar as inconsistent judgments are now concerned, I can see that – if the UK proceedings are not stayed – there is a potential risk that inconsistent findings may be arrived at in respect of the narrow question of the validity of the February 2011 assignment. But that seems to be the extent of any possible inconsistency, and it is some way short of the previous position, where it was said that the Florida court could end up making an irreconcilable judgment as to the ownership of GB10 and GB11, based on all the various agreements and other matters in dispute.

51 Related to the inconsistency point were some arguments I heard from both sides on the question of the Florida court's jurisdiction to effect a change to the UK register regarding ownership. Given the scope of the latest Florida proceedings, it is difficult to see that these detailed arguments are still relevant – since no order appears to be sought in relation to ownership *per se*, let alone the UK register.

52 On the estoppel point, both sides took me to case-law to support their arguments that the losing party in Florida either would (according to the Defendant) or would not (according to the Claimant) be estopped from running their arguments again in the UK, following the lifting of any stay here.

53 If for the moment I assume that the Defendant is right on this point, and that the losing party would be estopped from re-litigating a point in the UK, then it seems

to me – given the scope of the latest Florida proceedings – that they would at most be estopped from re-litigating the point about the validity of the February 2011 assignment. If so, the UK proceedings would have been stayed in order for the question of this one disputed assignment to be determined elsewhere, but (as I have already noted) it is not clear to me at this stage whether that question will or will not be determinative to the matters at issue in the UK concerning GB10. It also seems highly likely that the UK proceedings would then have to deal in some respect with a wider set of issues, including GB11, and on which no estoppel would appear to arise. Thus UK proceedings would still be necessary.

54 On the other hand, if the UK proceedings go ahead and determine the ownership of both GB10 and GB11, there would seem to be a distinct possibility that the question as to the validity of the February 2011 assignment of GB10 will get answered along the way.

Natural forum for determining the dispute: applicable law

55 The Claimant's first point about applicable law is that ownership of GB10 and GB11 is a matter to be determined under section 8 and in accordance with the principles set out in section 7(2). The Defendant says that, if the relevant invention was made in the USA then US law will apply, and thus I would need to know what that law says.

56 It is not clear whether the Florida court will, in fact, now need to go into UK patent law if it is just being asked to declare the February 2011 assignment as valid. But it would seem to remain a possibility – particularly if it is necessary for that court to delve into whether the invention in GB10 was Mr Davidson's to assign in the first place. On the other hand, I agree that I am likely to receive submissions on the law regarding inventorship and ownership in the US, if the proceedings go ahead here. So either forum may well need to deal with issues of foreign law regarding the principles of inventorship and ownership.

57 The Defendant then argued that various agreements or assignments will need to be examined and construed in order to resolve this dispute, and that these either have a clause making Florida law the exclusive jurisdiction, or have no specific choice of law or jurisdiction clause but have been executed in Florida (making it necessary to hear evidence on Florida law). The exception is the consultancy agreement of 15 February 2010 which has an English law jurisdiction clause. However, the Defendant argued that this agreement was between Mr Davidson and the Claimant, and so the jurisdiction clause is relevant only as between those parties and not as between the Claimant and the Defendant.

58 The Claimant argued that, although there are three potentially relevant agreements to which Mr Davidson is a party, arguably to be construed under Florida law, these are unlikely to play a large part in the present proceedings – which will centre around the Claimant's entitlement to GB10 and GB11 by virtue of the consultancy agreement. This will be subject to arguments about construction under English law.

59 The three agreements or assignments in question are all ones which are dated some time after the disputed consultancy agreement of 15 February 2010. One,

dated 14 January 2011, was said to be an agreement to assign and is between Mr Davidson and the Parisi brothers, and is governed by Florida law. The second is the February 2011 assignment which is the subject of the sought validity declaration in Florida. It has no jurisdiction clause, but the Defendant argued that they were likely to adduce evidence as to what the governing law is and what Florida law says about the effect of this assignment in the circumstances of this case. This is unlikely to be uncontentious. The third agreement dated 10 March 2011 is an assignment of a further patent application from Mr Davidson to the Defendant.

60 We have not yet reached the evidence rounds in these proceedings, so I make no finding as to the eventual relevance of the various agreements and assignments. However, on the basis of the statements and submissions I have received thus far, the UK entitlement claim appears to centre around the consultancy agreement and the question of whether that agreement left Mr Davidson in a position where he was entitled later to agree to assign, or to assign, the inventions to the Defendant. The subsequent agreements or assignments are between Mr Davidson and either the Parisi brothers or the Defendant, and may or may not be called into question depending on the nature and effect of the earlier consultancy agreement.

61 I think the best that can therefore be said is that the position in respect of the applicable law regarding the various agreements is that it is evenly balanced between the English law-governed consultancy agreement and the later assignments or agreements.

62 I note that the Claimant also argued that a number of the Defendant's defences to the entitlement claim would need to be determined under English law principles. These include defences that the Defendant is a *bona fide* purchaser for value without notice of GB10 and GB11, that it is entitled to GB10 and GB11 by virtue of section 33, and that the Claimant is estopped from asserting any rights in GB10 and GB11. The Defendant argued that this is the same point as the one about the various agreements in dispute – thus, if the case is heard in Florida, that court will have to hear evidence on English law, but if the case proceeds here then I will need to hear evidence on Florida law. It seems to me, however, that these defences must clearly add to the points of English law that the Florida court may need to hear evidence upon, in deciding the validity of the GB10 assignment from Mr Davidson to the Defendant.

Natural forum for determining the dispute: location of the parties

63 As noted above, the Defendant takes the view that the Claimant is an English company but is *de facto* Mr Davidson, who is the Claimant's majority shareholder and who is said to live in Florida and is a party to the Florida proceedings. Since the Defendant is a Florida Corporation, the Defendant takes the view that this all points to the Florida court being the natural forum.

64 The Claimant argues that it is an English company that does not act through Mr Davidson and that it has directors living in the UK. Those directors will, the Claimant said, be giving evidence on the dealings and communications between the parties during the relevant period, and the Defendant's characterisation of

them as “minor players” was disputed. Furthermore, the Claimant alleged that Mr Davidson is not “resident” in Florida but is present by virtue of a six month non-working US visa and may in fact not be resident in the US by the time of any substantive hearing in the UK. Thus the individuals likely to be called as witnesses in both these proceedings and the US proceedings were, the Claimant said, split between the UK and Florida.

65 The Defendant argues that the “formal” domicile of the company is not relevant and that it is the domicile of the key witnesses which matters. It acknowledges that there is a dispute as to Mr Davidson’s control over the Claimant, but regards it as “undeniable” that Mr Davidson will be the Claimant’s key witness and that what he said to the Parisi brothers, and what each did and what each understands, lies at the core of the dispute. These people live and work in Florida, says the Defendant, and relevant events to the dispute took place there.

66 I have some sympathy with this point, to the extent that the Parisi brothers and Mr Davidson are all at present resident in Florida, so far as is known, and they are likely to be key witnesses. However, I also take the view that, if the consultancy agreement is an important aspect in this dispute, then evidence is likely to be relevant as to the understanding and interaction between Mr Davidson and the relevant representatives of the Claimant for the purposes of that agreement – the latter being, so far as I can tell, located in the UK.

67 I can see that, on balance, the location of the parties probably leans slightly towards the Florida jurisdiction – if Mr Davidson himself is indeed still there. But, as Mr Johnson himself put it at the hearing, live testimony is going to be very likely either way and so “we would have people travelling over the Atlantic, one way or the other”.

Costs likely to be incurred

68 The Claimant took the view overall that the Florida proceedings were likely to be more costly. I also had some submissions from both sides that appeals could follow on in either the Florida or the UK proceedings. The parties agreed that either proceedings would involve foreign evidence being adduced (although the extent was disputed – as discussed above in various respects) and that live testimony was likely to be necessary, with the necessary travel involved for witnesses. In the round, therefore, I did not see any compelling points arise in respect of a stay for costs reasons.

Summary of relevant factors

69 One proceeding is not notably more advanced than the other but, if anything, the UK proceedings are slightly further ahead. The latest Florida proceedings appear to be narrower in scope than the original Florida proceedings, concerning the validity only of the February 2011 assignment of GB10, and not appearing to concern GB11 at all. So the Florida proceedings cover, in some ways, considerably less ground than the UK ones do, and the points about the risk of irreconcilable judgments and estoppel carry significantly less weight as a result. Furthermore, it means that, if the UK proceedings are stayed, further litigation on the unresolved issues in the UK is likely once the stay is lifted. The points about

applicable law are evenly balanced between the UK and Florida. The location of the key witnesses may point slightly towards Florida. The point about the location of the parties themselves is clearly contentious, because of the unresolved point about whether Mr Davidson is, *de facto*, the Claimant or not. There are no compelling arguments about costs.

70 Taking all this into account, I do not consider that the Defendant has discharged the burden on it to show that there is another forum which is clearly or distinctly more appropriate than the UK.

Conclusion

71 I conclude that the Defendant's request for a stay must be refused. Clearly, given the time that has elapsed, it is unnecessary for me to decide on their fall-back request for a stay of two months pending mediation.

Costs

72 In the Claimant's skeleton, Mr Aikens sought costs in the event that the request for a stay was refused. Neither party argued that an award of costs should depart from the comptroller's usual scale, as set out in Tribunal Practice Notice 4/2007.

73 Taking into account the initial exchange between the parties on the stay question, and the preparation for and attendance at a half-day hearing, I award £950 to the Claimant as a contribution to their costs. This is to be paid by the Defendant within 7 days of the expiry of the appeal period set out below.

Appeal

74 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