



PATENTS ACT 1977

BETWEEN

Future New Developments Limited

Claimant

and

B & S Patente und Marken GmbH

Defendant

PROCEEDINGS

Reference as to entitlement under section 37 of the Patents Act 1977 and application under rule 10(2) of the Patents Rules 2007

HEARING OFFICER

Julyan Elbro

Margaret Briffa of Briffa appeared for the claimant
Lupton Fawcett Lee and Priestly made written submissions for the defendant

Hearing date: 23 October 2013

DECISION

- 1 This case concerns patent EP(UK) 1095541 B1 (“the patent”), granted by the European Patent Office on 17 July 2002. The current registered proprietor is B & S Patente und Marken GmbH (“the defendant”). On 17 September 2012, Future New Developments Limited (“the claimant”) filed an application under Section 37 of the Patents Act 1977 (“the Act”) claiming entitlement to the patent. The defendants filed a counterstatement on 7 January 2013.
- 2 I issued a written preliminary evaluation of the case to the parties on 9 July 2013. In this, I indicated that I wanted the parties to address me on the question of whether this case would be more properly determined by the court (and hence whether I should decline to deal with it under Section 37(8) of the Act). The defendants responded indicating that they believed I should decline to deal with the case, while the claimants indicated that they believed I should not.
- 3 The matter came before me at a hearing on 23 October. The defendant was not represented in person, but sent written submissions which I have taken into consideration. Ms Margaret Briffa represented the claimant.

The Law

- 4 In some instances, including in proceedings such as these under Section 38 of the Act, the Comptroller has the power to decline to deal with the matter and pass the jurisdiction to the court. Specifically, under section 37(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... the court shall have jurisdiction to do so.”

- 5 Further guidance on how the Comptroller should consider the question of whether to decline to deal with a case was given in *Luxim Corporation v Ceravision Limited* [2007] EWHC 1624. Prior to this judgment, the comptroller had declined to deal only where the issues were so difficult and complex that the hearing officer felt he could not address them effectively. *Luxim* found that this was the wrong approach, and that the question to be considered by the comptroller was whether the court could "more properly" determine the issue. The comptroller should consider exercising discretion to decline to deal whenever a case was complex and should not do so "sparingly" or "with caution". In making the determination, it was necessary to consider the technical, factual and legal aspects of the case and judge these against the expertise and experience of a hearing officer as compared with that of a judge (paragraph 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.”

The Dispute

- 6 The overall point of dispute in these proceedings is simply put. There does not appear to be any disagreement between the parties that until 23 March 2009 the claimant was the proprietor of the patent. On that date, the patent was purportedly assigned to the Defendant by an assignment agreement signed by a Mr Steiert. The difference between the parties is whether Mr Steiert was at that date able to effect such an assignment. The claimant's case is, in short, that Mr Steiert had been removed as a director of the claimant by that point and was no longer able to act on behalf of the claimant.

- 7 The defendant disputes the removal of Mr Steiert as director was effective, and thus argues that the assignment was valid. It raises points relating to who the shareholders of the claimant were at the relevant time, and in particular the effect of a share mortgage agreement from 2002.

Arguments of the Parties

- 8 In its written submissions, the defendant argues that this case is not about any aspect of patent law, but will involve detailed consideration of a number of non-patent law points, notably the effect of the share mortgage and the validity of the assignment, and also potentially questions of fraud. It also argues that this may involve issues of foreign law, as the claimant is incorporated in the Cayman Islands and the share mortgage is expressed to be governed by the laws of Hong Kong. It further argues that cross-examination of Mr Steiert and others is likely to be necessary.
- 9 The defendant also states that it reserves its rights to assert that the tribunals and/or courts of England and Wales lack jurisdiction, and/or are not the appropriate forum for determining this matter.
- 10 By contrast, the claimant overall argues that although this case does deal with non-patent law, this is not a reason in itself for me to decline to deal with it. It emphasises that the question is whether in the hearing officer's discretion the matter is more properly determined by the court. It argues that it is for the defendant to show why I should exercise that discretion.
- 11 It contrasts the present case with *Luxim* where 15 points were raised in support of the application to transfer the case, arguing that here the defendant has failed to raise any. The claimant considers the case to be one that can probably be determined on paper and that the papers already submitted by the claimant (with the statement of case) already show that the claimant is the rightful owner of the patent. It characterises the defendant's case as merely putting the claimant to proof of its case, rather than putting forward a positive contrary case. The claimant does not consider the case to be a complex one, and that the Patent Office should be able to hear this case. Ms Briffa disclaimed any allegation of fraud.
- 12 The claimant also made three additional arguments: that there are no parallel court proceedings and transfer would simply further delay the case; that the defendant is based in Germany and the claimant does not know whether it would have assets here to satisfy any cost order, which is not a concern before the comptroller because of the scale costs regime, but would matter in the court; and that the defendant's reservations as to jurisdiction might mean transfer to the court would provoke a jurisdictional challenge whereas the defendants had already implicitly accepted the comptroller's jurisdiction.

Analysis

- 13 It is plain from the positions of both parties that regarding the categories considered in *Luxim*, this case contains no technical issues and no significant matters of patent law. By contrast, there are a number of questions of non-patent law, including potentially of foreign jurisdictions, and at least some points of fact relating to these.

- 14 This case therefore appears to wholly be concerned with matters that, in the light of *Luxim*, would often be more properly determined by the court. The matters in question, involving the interaction of the laws of a number of different jurisdictions, appear to be far from the expertise of the comptroller's tribunal, and more in the area appropriate for a judge. This seems to be a strong initial pointer towards the court being the more suitable venue.
- 15 On the claimant's costs point, the claimant has provided no real reason to doubt that the defendant will be able to pay any costs award made against it, and in any event the court has mechanisms to address such concerns. The providing of certainty to the claimant in terms of exposure to costs does, however, provide a slight pointer in favour of the comptroller being more suitable than the courts for these proceedings.
- 16 The claimant's point on the lack of parallel proceedings I think points in neither direction; the existence of parallel proceedings might be a point (though not necessarily decisive) in favour of declining to deal, but their absence is not, in my view, a reason for not declining to deal
- 17 Finally, on the jurisdictional challenge point, I do not see that my declining to deal (and thus bestowing the comptroller's jurisdiction on the court) would inherently increase the risk of a jurisdictional challenge from the defendant. In addition, such a challenge would only increase the number of points of non-patent law to be determined in this case, further suggesting the court might be better placed to consider the question.
- 18 Overall, it appears to me that there are strong factors which indicate this application would be more properly dealt with by the court, and only weak indications in the other direction.

Conclusion

- 19 I find that this application would be more properly dealt with by the court and therefore decline to deal with this application under Section 37(8) of the Act.

Costs

- 20 I will take submissions from the parties on costs.

Appeal

- 21 Any appeal must be lodged within 28 days

JULYAN ELBRO