



BL O/271/06

22nd September
2006

PATENTS ACT 1977

BETWEEN

Allergan Inc.

Claimant

and

Merz Pharma GmbH & Co. KGaA

Defendant

PROCEEDINGS

Reference under section 37 of the Patents Act 1977 in
respect of patent application number EP (UK) 1366770

HEARING OFFICER

P Marchant

DECISION

Background

- 1 EP (UK) 366770 is a European patent which relates to the use of the neurotoxic component of Botulinum toxin for treating muscle-associated pain. It is one of a family of patents divided from EP 0737074. The Patent Register records that Allergan Inc, ("Allergan") is the proprietor of this application and of the other family members.
- 2 This is an unusual case in that Allergan, the proprietor of the patent, is seeking a determination from the comptroller under Section 37 of the Act that it is the true proprietor of the patent. In a further departure, Merz Pharma GmbH & Co. KGaA ("Merz") have indicated that they have no wish to be party to the substantive proceedings.
- 3 Allergan brought this action because they believe that Merz may contend in the future that it is the true proprietor of the patent. They say this is because Merz have brought entitlement proceedings in the Munich District Court in respect of patent applications EP 1488803 and EP 1366771, also divided from EP 0737074, which relate to the use of the neurotoxic component of Botulinum

toxin for the treatment of specific types of muscle spasm. Allergan consider that the entitlement case made in respect of these patent applications could equally be advanced against the present patent, and they wish to have the matter resolved.

- 4 For their part, Merz say they do not in fact wish to bring entitlement proceedings against this patent in the UK but want to have it revoked, and they have brought an action to that end in the Patents Court. That case has yet to be heard. In the light of this and Allergan's concerns, Merz have given an undertaking that they will not commence entitlement proceedings in the UK in respect of EP 1366770.
- 5 The parties have made various representations as to how the matter should proceed in these unusual circumstances, which I will now briefly set out. Allergan initially requested that the comptroller should decline to deal with the entitlement reference but refer it to the Patents Court to be heard at the same time as the revocation action. As events proceeded that option was dropped, and both sides confirmed at the hearing that they did not wish to pursue it.
- 6 In a letter of 28 February 2006, Merz expressed the view that Section 37 does not provide for a patentee to refer the question of entitlement in respect of its own patent to the comptroller, accordingly they considered the comptroller should refuse to entertain the reference.
- 7 They also said that since they had undertaken not to bring an entitlement action, there was no basis for Allergan to proceed, and Allergan should withdraw. They said that the real reason for Allergan continuing with the reference was to create an issue estoppel regarding the entitlement actions in respect of the '771 and '803 patent applications, effectively bypassing the EPC Protocol on Recognition which provides for one country, in this case Germany, to have exclusive jurisdiction over pre-grant entitlement.
- 8 Merz also said that if the UK entitlement action was the same or a related cause of action as those being pursued in the German courts, Article 27 or Article 28 of the Brussels Regulation (EC) 44/2001 should apply, and in the case of Article 27 the comptroller would be obliged, or in the case of Article 28 should exercise his discretion, to stay the UK action pending the outcome in Germany.
- 9 Allergan noted that Merz did not wish to be party to the substantive action and took the view that in that case, it should proceed without them.
- 10 On 2 May 2006 the Patent Office issued a letter indicating that a hearing would be convened to consider these questions including whether to: strike out the reference, stay the proceedings, decline to deal with the proceedings or proceed with the reference with or without Merz. The matter came before me at a hearing on 24th July 2006 at which Mr Andrew Lykiardopoulos instructed by Jones Day appeared for Merz, and Mr Simon Thorley instructed by Bird & Bird appeared for Allergan.

Strike out

- 11 Merz argued in correspondence before the hearing that on a proper construction of section 37 of the Act, there is no provision for a proprietor to bring an entitlement reference in respect of its own patent. Mr Lykiardopoulos did not pursue the point at the hearing. Mr Thorley took the view that since the wording of section 37 refers to “any person having or claiming a proprietary interest” it includes the proprietor. It seems to me that this wording on its natural reading must include the proprietor. The inclusion of the word “having” as well as “claiming” appears to put this beyond doubt.
- 12 Mr Thorley considered this interpretation to be supported by amendments made to section 72 of the Act by the Patents Act 2004. I don’t think they bear directly on section 37 but do not detract from its apparent meaning. More telling are I think amendments made to section 37 itself by the Copyright, Designs and Patents Act 1988 in which previous more specific wording, which nevertheless on the face of it included the proprietor, was amended to the present general statement, again on the face of it including the proprietor. There being nothing in these amendments to suggest anything other than that the wording of section 37 includes the proprietor; I will take that to be the correct interpretation.
- 13 Having made that determination, it does not lead on simply to the proposition that it will be appropriate in any circumstances for the proprietor to apply for a declaration that he is indeed the true proprietor. I see two main aspects that constrain the provision; the first is whether there is an issue for the court or tribunal to bite on, that is to say whether a person other than the proprietor has made a claim of right in respect of the patent. Substantial submissions were made about that at the hearing. The second is whether the proprietor is sufficiently in possession of the facts to make an effective case, about which there was less discussion.
- 14 Looking at the first point, both sides agreed, that Section 7(4) of the Act, which says: “... the person who makes an application for a patent will be taken to be the person entitled ...” together with Section 32(9) which reads: “... the register shall be *prima facie* evidence of anything required or authorised by this Act ...” establish that Allergan is the de facto owner of the present patent.
- 15 Mr Lykiardopoulos took the view that Allergan is not entitled to bring an action merely to confirm what is already the established position. He drew my attention to the case of *Re Clay [1919] 1 Ch. 66*. This relates to a petition to the court to order that an executor of a will was not entitled to make a claim for his costs under a deed of indemnity, where the executor had made no such claim, but had reserved his right to do so. On page 78 the Master of the Rolls, Swinfen Eady, said:

“The petitioners have not been attacked. No claim has been made against them; but they launched these proceedings to have it determined that some one who has not made a claim and who has not asserted any right has no claim and no right ... It is not open to a person, certainly to one against whom no claim in fact has been made, to cut the matter short

by bringing an action at his own option, and saying, "I wish to have it determined that you have no claim whatever against me"

- 16 Mr Lykiardopoulos pointed out that although this was an old authority, the principle has been confirmed more recently. For example in the case of *Unilever Plc v The Procter & Gamble Company* [2000] FSR 344 in the Court of Appeal, Walker LJ, at 360, approves *Re Clay* and cites with approval the same principle enunciated by Hoffman J in *Barclays Bank v Homan* [1993] BCLC 680 where he said:

"a party against whom no claim has been formulated cannot sue for a declaration of non-liability"

- 17 Mr Thorley's view was that this was good law where no claim of right had been made, but in the present case there was a claim of right. This arose from Merz having brought entitlement actions against family members of the present patent in Germany. The close similarity of the subject matter of the family members would lead third parties to suppose that Allergan may in the future be subject to a similar attack in respect of the present patent. Merz has given an undertaking that it would not bring an entitlement action in relation to the present patent in the UK, but Mr Thorley said that undertaking did not go far enough. In Allergan's view this still left the question open and in order to fully discharge the implied claim of right, Merz would need to declare that they did not dispute that Allergan was the true proprietor and that they claimed no rights in the patent. Mr Lykiardopoulos thought such an undertaking would be a step too far. He saw a danger that it might be used against Merz in the parallel proceedings.

- 18 My view is that there has been no implied claim of right by Merz. The entitlement claims in Germany are against different patent applications. As I understand it the present patent relates to a general use of Botulinum toxin for muscle-associated pain and the two applications in suit in Germany relate to specific uses for treatment of muscle spasm. There is clearly a lot in common between them but they are not the same thing. I have not gone into the technical content of the patent and the applications in any detail but the same conclusion would be true, in the absence of strong evidence to the contrary, of any family of inventions which the applicant has seen fit to divide and the examiner has allowed to be divided. I do not have any difficulty with the idea that Merz might wish to deal with them in different ways and that there may be different approaches on the questions of validity and entitlement to the different inventions in the family. Merz have made very clear their intentions in relation to the present patent, which is to have it revoked, so there can be no doubt about that in third parties' minds.

- 19 Following *Re Clay*, I do not consider that the fact or the form of the undertaking given by Merz is material to this determination. In *Re Clay*, no claim had been made, but the defendant had reserved the right to make one. If Merz had been silent as to their future intentions, I consider it would still be correct to find that no implied claim had been made by their actions.

- 20 The second aspect I refer to in paragraph 13 above is the question whether

the proprietor is sufficiently in possession of the facts to make an effective case. Disputes as to ownership may arise from inventorship, employment of inventors, contractual relationships between inventors and proprietors, contractual relationships between parties not involved in making the invention and no doubt other arrangements. Evidence is obviously required for the proper determination of such matters, much of which can only be brought forward by the party who is not the current proprietor. The comptroller may have powers to oblige witnesses to attend a hearing even if the named defendant declines to be a party to the proceedings, but I doubt whether the proprietor bringing such an action will be in a position to construct a case on behalf of the defendant. The claimant would effectively be pleading and arguing the defendant's case for them. There must be grave doubts in that situation whether the claimant would be either properly placed or properly motivated to make an effective case for the defendant. I do not consider that it would be possible within the rules of natural justice to make a valid determination of the issues in such a case.

- 21 I have found that section 37 allows a proprietor to bring an entitlement action in respect of its own patent, but that there are distinct problems where the case rests on evidence that can effectively only be brought forward by the defendant. I accept the principle of law in *Re Clay* that a party may not apply to the court or tribunal for a declaration in the absence of any claim of right and have found that Merz have not made a claim of right in the present action.

Order

- 22 Mr Lykiardopoulos' primary position was that the present case should be struck out. Hearings in the Patent Office are conducted in accordance with the Civil Procedure Rules as far as it is appropriate to do so. Rule 3.4 (2) of those Rules relates to striking out of a Statement of Case in the event, paraphrasing, of a hopeless case, abuse, or failure to comply with rules, I find for the reasons given above that the case brought by Allergan is not one which it is proper for the comptroller to determine, which falls under Rule 3.4(2)a and I therefore order that the Statement of Case be struck out.

Stay of Proceedings

- 23 Having decided that the Statement of Case should be struck out, I do not need to go on and consider the arguments that were put forward on the possibility of a stay.

Costs

- 24 Merz say that if they won, the costs should be off-scale since they should have not had to pursue this action. Allergan should have withdrawn when offered the

undertaking by Merz that they would not proceed with entitlement action. Allergan's view is that costs should be on-scale and go with success in the action. Merz have won, but I do not consider either party's actions to have been abusive – the issues litigated here are evidently of serious concern to both. I consequently order that Allergan pay Merz £1000 towards their costs.

Appeal

- 25 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 Days.

P Marchant

Deputy Director acting for the Comptroller.