

PATENTS ACT 1977

BETWEEN

Carmelion Limited Claimant

and

Rainer Karl Schuh Defendant

PROCEEDINGS

Reference under section 71(1) of the Patents Act 1977 in
respect of European Patent (UK) 1604346

HEARING OFFICER P Thorpe

DECISION

- 1 This decision deals with a request to stay proceedings. The claimant, Carmelion Limited, launched proceedings on 6 December 2007 under section 71 seeking a declaration of non infringement in respect of EP(UK) 1604346. The proprietor of the patent, Rainer Karl Schuh (“the defendant”) filed its counterstatement on 4 February 2008. The counterstatement includes a request to stay the proceedings.
- 2 In a further submission invited by the Office the claimant argues that the proceedings should not be stayed.
- 3 Both sides are content that I decide the issue on the basis of the written submissions.

Grounds for requesting the stay

- 4 Before going into detail it is necessary to clarify one minor point. The request for the stay referred to “section 92(f) of the Patents Act 1977”. As the claimant noted there is no such provision. However it seems clear that the reference should be to Rule 82(1)(f) of the Patent Rules 2007 which reads:

General powers of the comptroller in relation to proceedings before him

82.—(1) 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—

(a) ...

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

- 5 The defendant's case is that I must stay the proceedings because of Article 27 of EU Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters states ("the Regulation"). Article 27 of the Regulation reads:

Where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seized shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seized is established.

- 6 The defendant argues that proceedings involving the same cause of action and between the same parties to this dispute were commenced in Belgium prior to the commencement of these proceedings. Therefore in accordance with Article 27, I should stay these proceedings. In support of its case, it refers me to two cases of the European Court of Justice (ECJ): *In re Drouat Assurances* C-351/96 [1998] I-3075 and *The Taty* C-406/92 [1994] ECR I-5439.

- 7 The request for a stay is resisted by the claimant who argues that the two proceedings are not for the same cause of action and that in any event the proceedings before the comptroller were first in time. It also argues that Article 22(4) of the Regulation overrides Article 27 in this instance. Article 22(4) reads:

The following courts shall have exclusive jurisdiction, regardless of domicile:

1. ...

4. in proceedings concerned with the registration or validity of patents, trade marks, 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.

Without prejudice to the jurisdiction of the European Patent Office under the Convention on the Grant of European Patents, signed at Munich on 5 October 1973, the courts of each Member State shall have exclusive jurisdiction, regardless of domicile, in proceedings concerned with the registration or validity of any European patent granted for that State;

- 8 The claimant refers in support of its case to the decision of the ECJ in *Roche Nederland BV and Others v Frederick Primus and Milton Goldenberg* [2006] C-539/03 (“*Roche*”) and the decision of the Court of Appeal in *Research in Motion UK Limited v Visto Corporation* [2008] EWCA Civ 153 (“*Rim*”).
- 9 Of possible interest here are also Articles 28 and 30 of the Regulation which read:

Article 28

1. Where related actions are pending in the courts of different Member States, any court other than the court first seised may stay its proceedings.
2. Where these actions are pending at first instance, any court other than the court first seised may also, on the application of one of the parties, decline jurisdiction if the court first seised has jurisdiction over the actions in question and its law permits the consolidation thereof.
3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.

Article 30

For the purposes of this Section, a court shall be deemed to be seised:

1. at the time when the document instituting the proceedings or an equivalent document is lodged with the court, provided that the plaintiff has not subsequently failed to take the steps he was required to take to have service effected on the defendant, or
2. if the document has to be served before being lodged with the court, at the time when it is received by the authority responsible for service, provided that the plaintiff has not subsequently failed to take the steps he was required to take to have the document lodged with the court.

- 10 Articles 27 and 28 of the Regulation are substantially the same as the corresponding Articles 21 and 22 in the Brussels Convention of 1968 which was replaced by the Regulation.

History of events

- 11 It is useful I believe to briefly set out the sequence of events so far as seems relevant :

The Belgium Proceedings

10 October 2007 - A writ of summons is filed in the Court of First Instance in Brussels by Rainer Karl Schuh and 4Media Werbeproduktionen GmbH (“4Media”) against Zebra-Zenith, a Belgian distributor of the TRAXX system, which has been supplied by the claimant. The writ claims among other things that the TRAXX system infringes EP1604346. 4Media is the exclusive licensee of the patent.

22 November 2007 - A “writ of summons in proceedings to enforce a guarantee” is served on the claimant by Zebra-Zenith. This requires the claimant to intervene in the Belgian proceedings as to the merits.

The UK Proceedings

31 October 2007 – An application under s71 is filed by the claimant at the UKIPO seeking a declaration of non-infringement in respect of EP1604346.

10 December 2007 – The UKIPO copies the originally filed statement together with a subsequently filed amended statement to the defendant and invites the filing of a counter-statement.

17 December 2007 – The UKIPO receives a letter from the defendant advising that it had as of that date just received the official letter of 10 December 2007.

4 February 2008 – The defendant files its counterstatement contesting any declaration and also requesting a stay to the proceedings on the basis of Article 27 of the Regulation.

Does Article 27 apply?

- 12 For Article 27 of the Regulation to apply it is necessary that the proceedings be between the same parties and that they involve the same cause of action. If both of these conditions are met then it is necessary to consider which court was first seised.

The Parties to the Dispute

- 13 It is not disputed that the parties to the UK proceedings are also parties to the Belgium proceedings. The claimant does however note that there are two further parties to the Belgium proceedings. It does not however go on to suggest that the presence of these two extra parties renders Article 27 inapplicable. It is right not to do so as it is well established (see paragraph 35 of *The Tatry*) that it is not necessary under Article 27 for the two proceedings to be limited to the same

parties although obviously any stay granted would apply only to the common parties. I am therefore satisfied that the requirement that the proceedings involve the same parties is met.

The Causes of Action

- 14 I turn next to the question of whether the two proceedings involve the same cause of action. The “cause of action” as referred to in the Regulation is taken to comprise both the facts and the rule of law relied on as the basis of the action (see paragraph 38 of *The Tatry*).
- 15 So are the two proceedings based on the same facts and the same rule of law? I believe it is readily apparent, having regard in particular to the judgments in both *Roche* and *Rim*, that the two proceedings cannot be said to be based on the same rule of law.
- 16 In *Roche* the ECJ was asked to rule on a question relating to the application of Article 6 of the Regulation in the case of a patent infringement action involving a European patent granted under the Munich Convention. It is not necessary here to consider the Article 6 argument in any detail. It is sufficient to note the more general observations of the Court on the relevance of the Regulation in patent disputes especially those set out in paragraphs 24-35 of the judgment which read as follows:
 - 24 Drs Primus and Goldenberg and the Netherlands Government argue that the broad interpretation of the adjective ‘irreconcilable’, in the sense of contradictory, which was given in *Tatry* in the context of Article 22 of the Brussels Convention, must be extended to the context of Article 6(1) of the Convention. *Roche* and Others and the United Kingdom Government, with whose arguments the Advocate General agreed in point 79 et seq of his Opinion, submit, by contrast, that such a transposition is not permissible given the differences between the purpose and the position of the two provisions in question in the scheme of the Brussels Convention, and that a narrower interpretation must be preferred.
 - 25 However, it does not appear necessary in this case to decide that issue. It is sufficient to observe that, even assuming that the concept of ‘irreconcilable’ judgments for the purposes of the application of Article 6(1) of the Brussels Convention must be understood in the broad sense of contradictory decisions, there is no risk of such decisions being given in European patent infringement proceedings brought in different Contracting States involving a number of defendants domiciled in those States in respect of acts committed in their territory.
 - 26 As the Advocate General observed, in point 113 of his Opinion, in order that decisions may be regarded as contradictory it is not sufficient that there be a divergence in the outcome of the dispute, but that divergence must also arise in the context of the same situation of law and fact.
 - 27 However, in the situation referred to by the national court in its first question referred for a preliminary ruling, that is in the case of European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States, the existence of the same situation of fact cannot be inferred, since the defendants are different and the infringements they are accused of, committed in different Contracting States, are not the same.

- 28 Possible divergences between decisions given by the courts concerned would not arise in the context of the same factual situation.
- 29 Furthermore, although the Munich Convention lays down common rules on the grant of European patents, it is clear from Articles 2(2) and 64(1) of that convention that such a patent continues to be governed by the national law of each of the Contracting States for which it has been granted.
- 30 In particular, it is apparent from Article 64(3) of the Munich Convention that any action for infringement of a European patent must be examined in the light of the relevant national law in force in each of the States for which it has been granted.
- 31 It follows that, where infringement proceedings are brought before a number of courts in different Contracting States in respect of a European patent granted in each of those States, against defendants domiciled in those States in respect of acts allegedly committed in their territory, any divergences between the decisions given by the courts concerned would not arise in the context of the same legal situation.
- 32 Any diverging decisions could not, therefore, be treated as contradictory.
- 33 In those circumstances, even if the broadest interpretation of 'irreconcilable' judgments, in the sense of contradictory, were accepted as the criterion for the existence of the connection required for the application of Article 6(1) of the Brussels Convention, it is clear that such a connection could not be established between actions for infringement of the same European patent where each action was brought against a company established in a different Contracting State in respect of acts which it had committed in that State.
- 34 That finding is not called into question even in the situation referred to by the national court in its second question, that is where defendant companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them, so that the factual situation would be the same.
- 35 The fact remains that the legal situation would not be the same (see paragraphs 29 and 30 of this judgment) and therefore there would be no risk, even in such a situation, of contradictory decisions.

17 The issue of the application of the Regulation in patent disputes was addressed again in *RIM* where Jacob LJ noted at paragraph 5:

The Regulation is substantially the same as that which it replaced, the Brussels Convention of 1968. Unfortunately neither document fully considered the problems posed by intellectual property rights. This is because at present such rights are national rather than EU rights. They are not only limited territorially, but exist in parallel. Neither the Convention nor the Regulation specifically considered how parallel claims are to be dealt with. They were constructed for the simpler and more ordinary case of a single claim (e.g. of a breach of contract or a single tort or delict) and provide a system for allocating where that single claim is to be litigated. Parallel rights cannot give rise to single claims: only a cluster of parallel, although similar, claims.

18 Hence both of these judgments make it clear that actions in different EU countries for infringement of a European patent, even where that patent is based on a single application, are not based on the same rule of law. The rule of law relied on in these proceedings is the national UK law of infringement of a UK patent right whereas the proceedings in Belgium are based on the national

Belgium law of infringement of a Belgium patent right. On that basis the requirement in Article 27 that the two proceedings involve the same rule of law is not met and therefore the Article does not apply.

- 19 The claimant also contends that the two proceedings do not involve the same factual situation. The defendant on the other hand argues that the TRAXX product which is the subject of the Belgium proceedings is in fact the same as the design referred to as “Carmelion Design A” that is part of these proceedings. This appears to be accepted by the claimant however it argues that this together with the identity of two of the parties are the only common elements of the two proceedings. It goes on to list a number of differences between the proceedings. These include for example that these proceedings also cover a range of other designs not being considered by the court in Belgium. It is possible that the differences between these other designs and the TRAXX system in the Belgium proceedings are immaterial to the question of infringement. Hence the factual situation may still be the same. Only a proper examination of the substance of this case would really show whether the factual basis is the same. However such an examination at this stage runs the clear risk of further prolonging these proceedings and could give rise to further costs. This is a risk that the courts rightly seem keen that I do not take (see *Roche* paragraph 39). Fortunately it is not something I need to do in any event, as I have already concluded that Article 27 does not apply.
- 20 Equally I do not believe that I need not decide the question of seisin although I would note merely that on the basis of the material before me that there appears a good arguable case that the UKIPO was seized prior to the Belgium Court given that Carmelion did not become a party to the Belgium proceedings until apparently after these proceedings were instigated. However again I do not need to base my decision on a finding on this particular point.

Does Article 22 override Article 27?

- 21 The claimant also asserts that even if Article 27 applies then this would be overridden by Article 22(4). In particular it argues that since it has put validity in issue in these proceedings, exclusive jurisdiction rests with the Comptroller. That is true as far as the question of validity goes. And it is true also even where the question of validity arises in the context of proceedings on infringement (see *GAT v LuK* ECJ Case C-4/03). However that does not in my mind mean that Article 27 or for that matter other articles of the regulation are necessarily trumped entirely. For example it might be argued that Article 27 might require the court with jurisdiction on validity to stay any further decision on infringement once it has decided on validity. Clearly where a court found a patent invalid then there would be nothing left to say on infringement. The situation where a patent is found valid or partially valid will however be different and the issue of infringement could still be live. Such a situation would possibly give rise to one of the difficult questions that Jacob LJ alludes to in paragraph 11 of *Roche*. Fortunately again I do not need to go any further on this given my finding that Article 27 does not apply.

Conclusion

- 22 I find that Article 27 of EU Regulation does not require me to stay these proceedings and therefore I refuse the request made on that basis by the defendant. I would add that nothing before me would lead me to conclude that I should stay these proceedings under any other article of that regulation.

Next steps

- 23 The defendant has raised a number of concerns about the adequacy of the original statement and also the scope of the declaration sought. These are still outstanding. I propose to explore these concerns with the parties at the earliest opportunity, most likely by means of a case management conference. The Office will contact both parties shortly.

Costs

- 24 The position of the parties on costs in relation to this preliminary point is not clear. Rather than risk further prolonging the proceedings at this stage by inviting additional written submissions, I will defer any decision on costs until the substantive decision. I would note however that given that this was a decision based on the papers, and that the extent of the submissions was not great, that an award at the lower end of the Comptrollers scale would seem to be in order.

Appeal

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

P THORPE

Deputy Director acting for the Comptroller