

**PATENTS ACT 1977**

BETWEEN

Nash Matthews

Opponent  
(Claimant)

and

Vitaflex Dr. Walter Mauch GmbH

Defendant  
(Patentee)

PROCEEDINGS

Opposition under section 29(2) of the Patents Act 1977  
in respect of the proposed surrender of patent EP(UK)1245167 B

HEARING OFFICER

Stephen Probert

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**DECISION**

- 1 The facts in this case are as set out in a written Preliminary Evaluation, to be found at Annex A to this decision.
- 2 The written Preliminary Evaluation gave a non-binding opinion as to the likely outcome on each of the issues in dispute, and set a timetable for the filing of evidence. According to that timetable, both parties were invited to file evidence-in-chief on or before 28<sup>th</sup> January 2011. The opponent confirmed on 27<sup>th</sup> January that it would not be filing any further evidence; the defendant did not respond.
- 3 Neither side has requested an oral hearing. The Hearings Clerk wrote to the defendant on 31 January 2011 explaining that the opponent had expressed a preference for a decision based on the papers, unless the defendant requests an oral hearing. The official letter went on to say:  
  
"Please inform me if you want an oral hearing by **14 February 2011**. If I have not received your request then a decision on the papers will be issued by the Hearing Officer."
- 4 The defendant has not responded, and therefore I make this decision based on the papers on the official file.

5 Regarding the substantive issues, the opponent says:-

“We think that the Hearing Officer has summarized matters well in the written Preliminary Evaluation.”

6 Furthermore, the opponent has confirmed in writing that it does not wish to press the other point (ie. recordal of the transfer of the patent in suit to a third party), which I indicated in the Preliminary Evaluation was likely to go against them.

7 Having looked again over the papers on the official file, I have come to the same conclusion as the one I expressed in the Preliminary Evaluation, and for the same reasons. I therefore reject the patentee’s offer to surrender patent EP(UK)1245167 B, for the reasons given in the Preliminary Evaluation.

### **Costs**

8 The claimant has succeeded in opposing the offer to surrender, and has withdrawn the other issue. I consider that the claimant is entitled to a contribution towards its costs. I have assessed the level of costs in accordance with the published scale, taking account of the fact that the proceedings are concluding early, with no formal evidence rounds and no hearing.

9 I therefore order the defendant (Vitaflex Dr. Walter Mauch GmbH) to pay the opponent (Nash Matthews) the sum of £300 as a contribution towards its costs.

### **Appeal**

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

**S PROBERT**

Deputy Director acting for the Comptroller

## Annex A



10<sup>th</sup> December 2010

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### **Written Preliminary Evaluation**

- 1 Patent EP(UK)1245167 B stands in the name of Vitaflex Dr. Walter Mauch GmbH ("Vitaflex"). Vitaflex is the defendant in these proceedings. The patent was granted with effect from 3 December 2003.
- 2 On 7<sup>th</sup> September 2009, Vitaflex offered to surrender the patent under section 29(1). The offer was advertised in the Official Journal of Patents (N<sup>o</sup> 6286) on 11 November 2009. Section 29(2) provides that a person may oppose surrender of a patent, and that is what happened in this case. Nash Matthews, a firm of patent and trade mark attorneys (the claimant in these proceedings) has opposed the surrender of the patent.
- 3 In the light of the statements filed by both parties, and related correspondence received by the Office, I thought it would be useful to issue a Preliminary Evaluation. Any opinion expressed in this written Preliminary Evaluation is provisional, and therefore not binding on the final decision.

#### **Summary of facts**

- 4 As stated above, Vitaflex is the proprietor of the patent in suit. There is also an exclusive licensee — a German company called Casa Everz GmbH ("Everz"); Everz is not a party to these proceedings, but must be treated as supporting the opposition (to surrender) because it did not file a counterstatement after being notified of these proceedings — see rule 77(9).

## Annex A

- 5 Nash Matthews used to represent Vitaflex, but clearly does not represent them now. In a letter dated 26<sup>th</sup> April 2010, they confirmed that they have been acting on instructions from Swiss principals on behalf of their clients Everz.
- 6 Vitaflex and Everz signed a licence agreement (“the main agreement”) on 8<sup>th</sup> October 1996 concerning know-how and other aspects of intellectual property. On 5<sup>th</sup> September 2001, Vitaflex and Everz entered into a supplementary agreement that specifically extended the main agreement to include the patent in suit. This supplementary agreement includes provision (at clauses III(1) & III(2)) to deal with assignment of the patent in the following terms<sup>1</sup>:—

### III

- 1.) Vitaflex undertakes towards Casa Everz to assign the patent to Casa Everz in case of termination of the licence contract.
- 2.) In compliance with section 1.) Vitaflex assigns by now the patent to Casa Everz subject to the condition precedent of a termination of the licence contract of 08<sup>th</sup> October, 1996. Casa Everz explicitly accepts the transfer of rights being subject to the said condition precedent.

- 7 The main agreement states that the court of jurisdiction for any disputes relating to the agreement is the district court of Düsseldorf.
- 8 According to Nash Matthews, Vitaflex and Everz have agreed that the main agreement and the supplementary agreement were terminated no later than 31<sup>st</sup> October 2009.
- 9 Nash Matthews (the opponent) specifically seeks three remedies:—
- i) Rejection of the offer to surrender the patent in suit; and
  - ii) Recordal of the transfer of the patent in suit to a third party, Casa Everz GmbH.
  - iii) Costs.
- 10 Vitaflex has filed a counterstatement, and requests (among other things) that these proceedings be stayed pending the outcome of on-going legal proceedings between the parties in Germany. Vitaflex also maintains that the patent should be surrendered (“deleted”) on the grounds that they had every right to surrender the patent up until 1 November 2009.
- 11 On 4<sup>th</sup> December 2009, the Düsseldorf Regional Court issued an interim injunction prohibiting Vitaflex from disposing of EP(UK)1245167 B1, and in particular from surrendering the national parts of the patent.

### **Stay of proceedings**

- 12 In its counterstatement, Vitaflex say that they intend to pursue the legal proceedings in Germany up to the Federal Supreme Court if necessary, and that this would mean that proceedings in Germany would last until at least 2018. This

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<sup>1</sup> The wording is taken from a certified translation of the supplementary agreement provided by Nash Matthews.

## Annex A

being the case, I think it is highly undesirable that these proceedings before the Comptroller should be stayed for that length of time. I therefore propose to refuse the request to stay proceedings.

### **Evidence rounds**

- 13 The next stage in these proceedings is for the parties to file whatever evidence they consider necessary in support of their respective statements of case. I am not going to direct the parties as to the evidence they should bring, because it is not clear to me that any further evidence is required over and above the documents that have already been supplied as attachments to the statements of case. Nevertheless, I will allow the parties an opportunity to file evidence if they so choose. I am not aware of any reason why the evidence should be filed sequentially in this case, and simultaneous rounds of evidence should be quicker. So I propose that the evidence rounds will be simultaneous.
- Any main evidence to be filed on or before 28<sup>th</sup> January 2011.
  - If either party files main evidence, the other party shall have until 14<sup>th</sup> March 2011 to file evidence strictly in reply.

### **Substantive hearing**

- 14 It seems to me that submissions, either written or oral (or both), will be very useful in this case. If either of the parties requests an oral hearing, I would expect it to be held before the end of May 2011 at the latest. I will ask the Hearings Clerk to contact the parties shortly after this Preliminary Evaluation has been issued, in order to arrange a provisional date for the substantive hearing. Any written submissions (or skeleton arguments) should be sent in at least a week before the hearing date, and copied to the other side. If neither party requires an oral hearing, I will issue a written decision on the basis of the papers on the official file, including any evidence and written submissions. I expect to give a decision within two months of the date of the hearing.
- 15 If either of the parties disagrees with any of the above, they should request a Case Management Conference (or preliminary hearing) within 14 days of the date of this Preliminary Evaluation. Any such request should be copied to the other party.
- 16 There are two substantive issues that will need to be decided in this case — surrender of the patent, and recordal of transfer to Everz. What follows is my preliminary opinion as to how these two issues are likely to be decided. As stated above, these are provisional views.

### **Surrender of the patent**

- 17 Although I have not yet received submissions from the parties, I think it is unlikely that the Comptroller will accept Vitaflex's offer to surrender the patent. The injunction of the Düsseldorf court strongly argues against accepting an offer to surrender at this time. Secondly, there is the position of the exclusive licensee. I appreciate that the registered proprietor (Vitaflex) and the exclusive licensee (Everz) have fallen out. Nevertheless, the agreement between them made provision regarding ownership of the patent in the event of termination of the

## Annex A

licence agreement. It seems to me that Vitaflex's offer to surrender the patent may be an attempt to avoid the consequences of that agreement — ie. transfer of the patent to Everz. As the Comptroller is now aware of the disagreement between the registered proprietor and the exclusive licensee (and the legal proceedings between them in Germany concerning ownership of the patent), I think it would be inappropriate to accept an offer to surrender the patent at this time.

- 18 Vitaflex suggests in its statement of case that the reason for offering to surrender the patent is that it is invalid on several grounds - eg. lack of novelty, and insufficiency. If that is so, then surrender is not the only means of removing the patent from the register; revocation is an alternative.

### **Assignment (Recordal of transfer to Everz)**

- 19 It is not clear to me that transfer (or assignment) of a patent is an appropriate "remedy" in an opposition to surrender. More significantly in this case, the issue of ownership of the patent is already the subject of contested legal proceedings in Germany, where both the registered proprietor and the exclusive licensee are based. The issues are not clear cut, and involve the interpretation of a contract written in German, and subject to the German law of contract. My preliminary view is that if Vitaflex and Everz are to resolve the issue of entitlement through litigation, then that should be done in Germany. Depending on the outcome of proceedings in Germany, Everz may subsequently choose to bring entitlement proceedings in the UK. For these reasons I think it is unlikely that the opponent will succeed on this issue.

### **Mediation**

- 20 Finally, the parties to these proceedings (and Everz) should seriously consider using mediation to resolve this dispute. It will be a lot quicker, a lot cheaper, and the outcome is likely to be a lot more acceptable to all concerned.
- 21 If either of the parties to these proceedings considers that this case is unsuitable for resolution by ADR, that party should be prepared to justify that decision at the conclusion of these proceedings, should the hearing officer consider that such means of resolution were appropriate, when he is considering the appropriate costs order to make.
- 22 The party considering the case unsuitable for ADR **may** be required to file a witness statement without prejudice as to costs, giving reasons upon which they rely for saying that the case was unsuitable.

**S PROBERT**

Deputy Director acting for the Comptroller