



**PATENTS ACT 1977**

BETWEEN

Coupling Technology Limited	Claimant
and	
Coupling Solutions LLC	Defendant

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PROCEEDINGS

Reference under sections 8 and 12 of the Patents Act 1977  
in respect of patent application numbers  
GB 1018849.8, GB 1107429.1 and PCT/US2011/059757

HEARING OFFICER

A C Howard

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

Mr Harris Bor of Wilberforce Chambers, instructed by Page, White & Farrer,  
represented the Defendant

Hearing date: 4 October 2013

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**SUPPLEMENTARY DECISION**

**Introduction**

- 1 This decision concerns the order to be made following my substantive decision in the above entitlement proceedings, and whether that order should be stayed.
- 2 My substantive decision, BL O/342/13, was issued on 23 August 2013<sup>1</sup>. Paragraphs 1 to 13 of that decision set out the background to and history of these proceedings, which I do not propose to repeat here. In my decision, I found that the claim was successful with regard to GB1018849.8 ("GB10") and I directed that GB10 proceed in the name of the Claimant, Coupling Technology Ltd. I found that both parties have an interest in GB1107429.1 ("GB11") and PCT/US2011/059757 ("PCT11"). However, there are two further developments to note.

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<sup>1</sup> A corrected decision was issued on 12 September 2013, in which a reference was removed to an incorrect fact in relation to the prosecution of GB1018849.8. This had no bearing on the substantive decision.

- 3 One development is that the co-pending Florida proceedings referred to in paragraph 8 of my decision resulted in a judgment and order being issued on 23 August 2013 (coincidentally, the same date on which my substantive decision issued). The Florida court held that GB10 belonged to Coupling Solutions LLC, and that neither Mr Davidson “nor any company he controls or has a majority interest in” has any right to the invention, improvements upon it, or resulting patents.
- 4 The other development is that my substantive decision has been appealed, with the Defendant filing an Appellant’s Notice on 19 September 2013.
- 5 Following my substantive decision I invited the parties to provide submissions as to the appropriate way forward, preferably in the form of an agreed draft order. In the event, I received the parties’ submissions but they were unable to agree the form the order should take. They were also unable to agree whether the order should be stayed pending the appeal of my decision. There was an outstanding point on costs to be resolved too.

### **The telephone hearing and oral decision which followed it**

- 6 These matters came before me at a telephone hearing on 4 October 2013. After hearing the parties I gave an oral decision with regard to certain of the unresolved matters.

- 7 In summary, I decided that:

- (i) there should be an order made reflecting my substantive findings;
- (ii) I had jurisdiction under section 12 of the Act to make a declaration as to the ownership of PCT11, and not just the UK designation of PCT11;
- (iii) the declaratory part of the order should be as shown in the Claimant’s amended draft order submitted on 4 October 2013;
- (iv) paragraphs 7 and 8 of the order should be as shown in the Claimant’s amended draft order, as was agreed between the parties at the hearing;
- (v) paragraph 9 of the order should be as shown in the Claimant’s amended draft order except that, as agreed by the parties at the hearing, the paragraph should require the reframing of the claims of GB11, so that GB11 only claims matter which I have found Mr Davidson did not invent. Paragraph 9 should not require the complete removal of GB10 subject matter from GB11;
- (vi) with regard to PCT11, the order should be silent as to the effect my declaration might have, and it is a matter for each jurisdiction concerned to determine the effect of my decision regarding entitlement to PCT11;
- (vii) each side should bear its own costs, and the Claimant should not reimburse the Defendant for their costs in prosecuting the application GB10; and
- (viii) the parties had one week to provide a draft order on the above terms (and I am grateful to them for subsequently doing so).

8 I reserved my decision in respect of the question of staying the order, and I go on to consider that matter now.

### **The law**

9 Section 8(1) of the Act gives the Comptroller the power to determine a question of entitlement in relation to UK patent applications, and section 12(1) gives the Comptroller a corresponding power to determine a question of entitlement in relation to foreign and international patent applications. In both cases, the Comptroller is given a wide power to “make such order as he thinks fit to give effect to the determination”.

10 Part 7 of the Patents Rules 2007 (SI 2007/3291, as amended) sets out a procedural code with the over-riding objective of enabling the Comptroller to deal with cases justly. Rule 74 makes this clear, and rule 74(2) sets out some of the things which dealing with cases justly will include. Rule 74(3) requires me to seek to give effect to the over-riding objective when I exercise any power given to me.

11 Also relevant is rule 52.7 of the Civil Procedure Rules, which says:

*Unless –*

*(a) the appeal court or the lower court orders otherwise; or*

*(b) the appeal is from the Immigration and Asylum Chamber of the Upper Tribunal,*

*an appeal shall not operate as a stay of any order or decision of the lower court.*

12 At the hearing I was also referred to the White Book commentary on this rule, which I return to in my analysis below.

### **The arguments**

13 Mr Aikens explained that the Claimant is opposed to any stay of execution of the order (and on this point he argued that only the operative parts of the order could potentially be stayed in any event; the declaratory parts could not be stayed because they would not of themselves require anyone to do anything).

14 He took me to CPR rule 52.7 and the White Book commentary at page 1470. This refers to the need for “solid grounds” for a stay, since good reasons are needed to deprive the successful litigant of the fruits of their victory pending an appeal. It also says that “solid grounds” are normally “some form of irremediable harm if no stay is granted”. Thus the court being asked to grant the stay must weigh up the risks of injustice to either party in granting or refusing a stay.

15 Mr Aikens’ submission was that the only point here was the irreversibility of the order and whether any injustice could result. On GB11 he pointed out that it would continue in the Defendant’s name in any event. He conceded that, under the terms of the order, the Defendant would have to remove any claims to GB10 subject matter – but he argued that, if the Defendant won on appeal, they would reacquire GB10 subject matter by regaining GB10 itself. Thus there was no injustice in not staying the order with respect to GB11. On GB10, he said that there was a greater risk of injustice if it remains in the Defendant’s name – they may simply take no action so

that it is treated as withdrawn, for example. Again, therefore, no stay of execution should be imposed.

- 16 The Defendant disagrees. Mr Bor argued that these were exceptional circumstances, not least because of the Florida judgment which has appeared prior to any order in the present proceedings being made. He expressed grave doubt as to whether it was possible to make an order at all in these circumstances but, even if it was, he argued that they pointed strongly to a stay. The proper thing to do, he said, was to maintain the *status quo* while the appeal proceeds.
- 17 He also pointed to rule 20 of the Patents Rules 2007, which concerns the period within which a successful party in entitlement proceedings before the Comptroller may file a new application. The period is defined in such a way that an appeal effectively suspends the period for filing that new application. By analogy, Mr Bor argued a stay was therefore appropriate when other remedies were ordered following a decision as to entitlement. Mr Aikens' response on this point was that the suspensive effect of rule 20 was appropriate where the application in dispute had lapsed and the successful party was applying afresh, but that is not the position here – and the concern to be addressed is whether or not injustice arises where pending applications continue in the wrong hands.
- 18 The patent attorney for the Defendant, Ms Style of Page, White & Farrer, made a further point. She argued that if the Defendant was forced to excise claims to GB10 subject matter from GB11 now, but was later successful on appeal, then the Defendant would have to keep in force two patents, GB10 and GB11, in order to protect the subject matter to which they would be entitled – rather than just being able to continue with GB11 alone, covering everything in question.

### **Analysis**

- 19 First, I agree that a stay of execution can only relate to the operative parts of the order and not the declaratory part – which simply reflects what I have already decided. So I am concerned here only with the operative paragraphs of the order which apply to GB10 and GB11.
- 20 In my oral decision on 4 October 2013 I decided that it was right – despite the outcome of the Florida proceedings – for an order to be made in these proceedings which reflects my substantive decision. In my view the question of the interplay between my decision and the Florida judgment is now, as far the UK is concerned, a matter for the domestic court considering the appeal of my decision.
- 21 I do not see that the existence of the conflicting Florida judgment in itself is a reason for a stay, but the question remains as to whether there is potential for injustice to either party if the outcome of the Florida proceedings is, in due course, held to override my decision. In fact, this is one part of the wider question I must consider, which is the potential for injustice to either party if the appeal is, or is not, successful on any basis.
- 22 I will deal with GB11 first. It is self-evident that the paragraph of the order which sets out that GB11 will (continue to) proceed in the name of the Defendant needs no consideration. What I am concerned with is the paragraph of the order which

requires the Defendant to amend GB11 in certain ways. If the order is stayed with respect to this paragraph, then the Defendant continues with GB11 as it stands, including claims to the GB10 subject matter. If the Defendant's appeal is successful (because the Florida judgment over-rides my decision, or for any other reason) then there is no injustice. If the Claimant successfully resists the appeal then the Defendant would be required at that point to excise any claims to GB10 subject matter. Nothing irreversible appears to have resulted.

- 23 If the order is not stayed with respect to amendment of GB11 then, as agreed by the parties, the Defendant will be required to excise claims to GB10 subject matter from GB11. If the Claimant successfully resists the appeal then this remains the correct result and no injustice has occurred to either side. If the Defendant is successful on appeal then it seems to me that there is a risk of injustice. If GB11 has by that point resulted in a granted patent then the Defendant will be stuck with a narrowed GB11 and no prospect of broadening it out again to include claims to GB10 subject matter. There is an irreversibility point here. The Defendant would, in this scenario, regain control of GB10 (or any patent which had been granted upon it), but would be forced to maintain two patents when properly they would have been able to cover all of the subject matter in one patent, GB11. This does not strike me as a fair outcome, if it were to occur.
- 24 This analysis points to staying the order with respect to amendment of GB11.
- 25 Turning to GB10, if the order is stayed the Defendant will retain control of GB10 pending the appeal. If a patent is granted or the application is refused or allowed to lapse, then irreversible action may well have occurred. If the Defendant is successful on appeal then this does not lead to injustice. But if the Claimant successfully resists the appeal then this irreversible outcome appears to be potentially detrimental to the Claimant.
- 26 Conversely, if the order is not stayed with respect to GB10 then it moves to the Claimant. Again, a patent may be granted or the application may be refused or allowed to lapse. If the Claimant successfully resists the appeal then this does not lead to injustice. If the Defendant wins the appeal then, all other things being equal, this could equally lead to injustice because irreversible action may have been taken on GB10 to the Defendant's detriment.
- 27 However, this potential outcome is avoided if (as my analysis indicates above) it is right that the order is stayed with respect to amendment of GB11. It seems to me that any detriment with regard to the Claimant's processing of GB10 would be negated by the fact that the Defendant would have continued to control GB11, including claims to GB10 subject matter.
- 28 So, with regard to the potential scenarios for irreversibility and the potential injustice to one party or the other which may arise, and bearing in mind the over-riding objective that I deal with the case justly, I find that there should be no stay to the operative part of the order in relation to GB10, but that the operative part of the order in relation to amendment of GB11 should be stayed.
- 29 I should note for completeness that both Mr Aikens and Mr Bor made brief submissions as to whether, if I agreed that an award of costs should be made, that

award should also be stayed. This point falls away given my decision that each side should bear its own costs.

### **Conclusions**

- 30 Paragraph 9 of the forthcoming order, which has been agreed between the parties in draft form, requires the Defendant to amend GB11. When the order is made, this paragraph of the order will be stayed until the appeal of my decision of 23 August 2013, and any subsequent appeal, has been finally determined.
- 31 I direct that the parties have one week from the date of this decision to update the agreed draft order to reflect this finding, after which I shall issue the order.

### **Appeal**

- 32 Any appeal must be lodged within 28 days.

**A C Howard**

Divisional Director acting for the Comptroller