

# Kluwer Patent Blog

## Staying UK Proceedings Pending EPO Oppositions – Commercial Common Sense Prevails

Brian Cordery (Bristows) · Wednesday, November 27th, 2013

In *IPCom GmbH & Co KG v HTC Europe Co Limited and others* [2013] EWCA Civ 1496, the English Court of Appeal has very recently given guidance concerning the circumstances in which it is appropriate for an English court considering combined patent infringement and revocation proceedings to stay those proceedings pending the outcome of co-pending opposition proceedings at the EPO. There has long been a question mark as to whether national courts should proceed with a patent dispute in such cases. If a national court does proceed then this brings the risk of inconsistent decisions. As the EPO ultimately trumps national courts on questions of validity, speedier national proceedings can be undermined by a subsequent EPO decision. EPO proceedings often move slowly, most taking at least several years and some up to or more than a decade. Staying the national case may therefore deny the parties a resolution in a meaningful timeframe.

The framework pursuant to which the English Court should consider whether to exercise its discretion to grant a stay was set out by the Court of Appeal in *Glaxo v Genentech* [2008]. However a cat was put among the pigeons earlier this year by the Supreme Court in *Virgin v Zodiac* when Lord Sumption indicated that the **Glaxo** guidelines needed to be revisited by the lower courts and implied that the English Courts should be more willing to stay their proceedings. This observation seemed correct in principle but did not address the problems of delay identified above. Practitioners were therefore wondering how far the Court of Appeal would go in terms of implementing the suggestion of the Supreme Court whilst not leaving commercial stakeholders in a difficult position. Thankfully the Court of Appeal has steered a middle course which is robust and sensible.

The opportunity for the Court of Appeal to reconsider the **Glaxo** guidelines came in the *IPCom v HTC* case. Earlier this year, HTC made an application in the Patents Court for a stay of proceedings concerning a patent licensing dispute involving mobile telephones. The application was resisted by IPCom. On 13 June 2013, Mr Justice Roth refused to grant a stay. HTC was given permission to appeal by the judge and the appeal was heard on an expedited basis because the trial of the action is due to commence at the start of December.

In his judgment handed down on 21 November, Lord Justice Floyd held that, given the tensions inherent in the European patent system, judges should maintain their ability to exercise discretion to progress or stay a case depending upon its facts. One factor in favour of a stay would be if the patentee were likely to gain irrevocably some compensation from the defendant which might later be found to have been wrongly bestowed. If the patentee were, for its part prepared to give an

undertaking to return any such money, however, then allowing the proceedings to progress in parallel could achieve at least some certainty as between the parties in a sensible timescale.

Lord Justice Floyd added that imposing a mandatory stay could cause a patent dispute to last over a decade, which would affect a business wishing to “clear the way” for a product and also mean a patentee could not enforce its UK patent for a large proportion of its life.

Lord Justice Floyd then revised the **Glaxo** guidelines to add the following:

- While the potential delay arising from EPO opposition proceedings is likely to be a significant factor, it is not in itself determinative. The court must weigh this factor up alongside the other factors in reaching a decision.
- An important factor is whether refusing a stay will irrevocably deprive a party of any part of the benefit which the concurrent jurisdiction of the EPO and the national court is intended to confer, e.g. if a refusal might allow the patentee to obtain monetary compensation which is not repayable if the patent is later revoked by the EPO, this would be a weighty factor in favour of a stay, unless this risk could be dealt with by some other means (such as an undertaking from the patentee to repay in that event).
- It is permissible to take account of the fact that pressing on with national proceedings may achieve some degree of certainty considerably earlier than in the EPO, and that doing so may promote settlement by deciding some important issues.

### **Commentary**

This decision is to be welcomed. The English Court of Appeal has acknowledged the importance of providing patentees with the possibility of enforcing their patent rights in a reasonable timeframe. The judgment provides sensible guidance regarding the factors the English Court should consider to deal with this difficult area of law, and reinforces the English Courts’ commitment to providing commercial certainty not only to patentees but to industry generally. The decision is also of importance to patentees worldwide, signalling that the English Courts are very eager to resolve patent disputes efficiently. Further, the decision is of significant importance to UK patent practice as it provides English patents judges with support for pressing on with resolving disputes in appropriate cases while EPO oppositions remain underway, thus ensuring that the UK jurisdiction remains in a strong position to compete with other jurisdictions. The decision also deals deftly with one of the potential issues left unanswered by the decision of the Supreme Court in *Virgin v Zodiac* – namely what to do when a patent has been held valid and infringed, damages paid to the patentee, and the patent is held invalid subsequently by the EPO. It seems likely that an undertaking to repay any damages paid to the patent holder if the patent is subsequently revoked is likely to become the norm in future.

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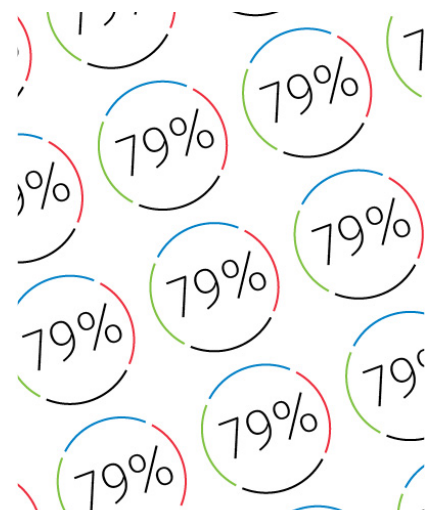
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