

EIP

Stepping through Alice's looking glass: Sir Anthony Mann considers the purpose of DNI actions and unlikely payments of renewal fees

~~Lisa Dräxlmaier GmbH v BOS GmbH & Co KG [2022] EWHC 2823 (Pat)~~

Background

The claimant (Dräxlmaier) sought a declaration of non-infringement under s.71 of the Patents Act (s.71 DNI Proceedings) against the patentee (BOS) on the EU patent, EP 3266631 B1 (**EP 631**). The subject matter of this patent is a part of a system of blinds installed in car windows which the claimant manufactures and supplies exclusively to Mercedes-Benz.

It had been agreed by the parties that these English proceedings no longer served a useful purpose, however there was a dispute as to how the proceedings should be disposed of. BOS had applied for the s.71 DNI Proceedings to be struck out or for summary judgment against the claimant to be given; conversely, Dräxlmaier suggested in its proposal for case management directions that it wished for the proceedings to be discontinued and, in this event, for BOS to pay costs. However, due to later complications, Dräxlmaier abandoned their position. Therefore, the issue before the Judge, Sir Anthony Mann, was whether BOS's application should succeed.

Facts

The EP 631 patent was the subject of infringement proceedings in Germany, where the first communication between BOS and Dräxlmaier regarding infringement of the patent took place. Following notice of infringement of the EP 631 patent in Germany, Dräxlmaier then wrote to BOS giving notice under s.71 of the Patents Act, requesting confirmation that Dräxlmaier's product did not infringe the English patent.

BOS never responded to the s.71 notice letter, which they later explained in evidence was because "the Defendant intended to commence proceedings in Dusseldorf and correctly believed that it did not hold a UK patent, [therefore] it did not respond specifically to the s.71 request."

In the meantime, BOS formally started infringement proceedings in Germany and, in what might be seen as a bizarre move, let the UK designation of EP 631 lapse. A further twist of events took place when Dräxlmaier (~~the potential infringer~~) paid the renewal fee for the UK designation of EP 631 in order to revive it. This was done without the knowledge of BOS (~~the patentee~~). With the UK designation of the EP 631 revived, Dräxlmaier then started s.71 DNI Proceedings in the UK seeking a declaration of non-infringement of EP 631. In response, BOS wrote to the UK IPO to surrender the UK patent under s.29 of the Patents Act and offered an alleged undertaking to Dräxlmaier not to enforce the UK patent. Dräxlmaier responded in an unlikely way by ~~opposing~~ the surrender of the patent and expediting the trial of the s.71 DNI Proceedings in the UK.

Sometime later, BOS withdrew the German infringement proceedings on the basis that a licensing deal has been reached with Mercedes-Benz which rendered the infringement claim unnecessary. This led to Dräxlmaier accepting that the s.71 DNI Proceedings in the UK had become unnecessary.

The Main Issue

BOS supported their application for strike out or summary judgment of the claim with the contention that the s.71 DNI Proceedings were, or had become, an abuse of process due to it being pursued for a collateral purpose (*Jameel v Down Jones & Co Inc*); namely to influence parallel proceedings that were happening in Germany. In that context, BOS claimed that the proceedings were vexatious or oppressive and there were no reasonable grounds to bring them and therefore they should be struck out.

In response, Dräxlmaier contended that they were entitled to start and continue s.71 DNI Proceedings without any requirement that proceedings should seek to achieve some useful purpose. Over time it became clear that the parties agreed that if BOS' application was not successful, the proceedings should be stayed.

Conclusions

p3

The Judge found when proceedings were commenced, there was no abuse of proceedings. Dräxlmaier was carrying out or was preparing to carry out potentially infringing acts in the UK, making them a legitimate claimant for a declaration of non-infringement. It was also relevant that BOS had not responded to the s.71 request, which the Judge viewed as tactical move not to confront the issue of infringement..

The position changed when BOS offered to surrender EP 631, the Judge found that after this there was no legitimate reason to keep the s.71 DNI Proceedings going. In particular, there was no "commercial certainty" that Dräxlmaier needed to seek by continuing the proceedings. The Judge noted that a surrender of a patent would have secured Dräxlmaier's commercial position far better than they ever could with s.71 DNI Proceedings as a surrender of the patent would have prevented any actions for historical infringement and not merely prevented an action confined to a singular product.

The Judge also stated that s.71 DNI Proceedings should require a useful purpose and that it is not right to say that "anyone even a "busybody" can apply." The Judge distinguished this from a s.72 validity challenge where "any person" may apply, because "there is a genuine public interest in being able to challenge an (allegedly) improperly granted monopoly." Therefore, the Judge rejected Dräxlmaier's submissions that no useful purpose was required for the s.71 DNI proceedings.

One of the actions the Judge found to be particularly telling of the true purpose of Dräxlmaier's claim was Dräxlmaier's conduct of paying renewal fees and opposing the surrender of the patent; these were said not to be the actions of a party seeking commercial certainty and instead the one of those seeking a judgment from the English courts to influence the German proceedings. The Judge concluded that, although an intention to use an English decision in foreign proceedings is not of itself an intention amounting to an abuse of process, having the sole or predominant intention of doing so was not a legitimate purpose for these s.71 DNI Proceedings. As a result, from the point of offer of surrender of the patent these proceedings were said to be unjustifiably maintained; the Judge stated at paragraph 83 that it was "just about be possible as to characterise the proceedings as an "abuse"".

The Judge concluded by noting that that the conduct exhibited by Dräxlmaier following offer of surrender of EP 631 should have significant cost consequences. However, the Judge additionally indicated that BOS had engaged in behaviour which also contributed to the cost of the s.71 DNI proceedings by failing to engage with the s.71 request in the first place. The Judge ordered the parties to determine costs on the basis of his judgment.

The order made

p4

1. Despite finding that the s.71 DNI Proceedings were unjustifiably maintained from a particular point onwards, a stay the proceedings was ordered instead of granting strike out or summary judgment.
2. Parties to determine costs between themselves based on the judgment.