

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
PATENTS COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 30 March 2012

Before :

THE HON MR JUSTICE ARNOLD

Between :

INNOVIA FILMS LIMITED **Claimant**
- and -
FRITO-LAY NORTH AMERICA, INC. **Defendant**

Iain Purvis QC and Hugo Cuddigan (instructed by **W P Thompson & Co**) for the
Claimant
Andrew Lykiardopoulos (instructed by **Bristows**) for the **Defendant**

Hearing dates: 20-21 March 2012

Judgment

MR JUSTICE ARNOLD :

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Introduction

1. In these proceedings the Claimant (“IFL”) contends that it is the rightful owner of various patent applications filed by the Defendant (“Frito-Lay”), and of any patents granted as a result thereof, and that Frito-Lay has acted in breach of confidence. For the reasons explained below, IFL has commenced two actions before this Court (“3841” and “4566”). On 11 November 2011 Master Bragge granted IFL permission to serve the Claim Form in action 3841 on Frito-Lay outside the jurisdiction. There is

no dispute that action 4566 was properly served on Frito-Lay within the jurisdiction by service at the offices of its patent attorneys, being the address for service provided by Frito-Lay under rule 103(1) of the Patents Rules 2007. If the two actions are permitted to proceed, it is likely that they will be consolidated.

2. There are now two applications by Frito-Lay before the Court:
 - i) An application in action 3841 (a) to set aside permission to serve the claim out of the jurisdiction, save as in so far it relates to entitlement to the European Applications (as to which, see below), on the grounds that this court either does not have jurisdiction or should not exercise jurisdiction over the claim, alternatively of material non-disclosure, and (b) for a stay of the claim so far as it relates to entitlement to the European Applications pending the determination of a claim brought by Frito-Lay in the US District Court for the Eastern District of Texas Tyler Division (“the Texas Court”).
 - ii) An application in action 4566 that the claim be stayed either permanently on the ground that this court should not exercise jurisdiction over the claim or pending determination of Frito-Lay’s claim in the Texas Court.

Factual background

3. The following account of the factual background is, save where indicated, based on IFL’s statements of case and evidence. Frito-Lay denies any wrongdoing, but understandably it has served very little evidence addressing the substantive merits of IFL’s case. In those circumstances counsel for Frito-Lay accepted that the court had to consider the present applications upon the assumption that the facts alleged by IFL are true. I should make it clear, however, that it does not necessarily follow that those allegations will be proved at trial.

The parties

4. IFL is the world’s largest manufacturer of cellulose films for food packaging applications. It is the proprietor of the trade mark Cellophane. It has a world-class R&D centre concentrating on the development of innovative film processes and products, based in Wigton, Cumbria. It has extensive knowledge of the development of cellulose/bioplastic material combinations. IFL was the first company to develop cellulose packaging films that were compliant with the global norms for organic recycling methodologies.
5. IFL is part of the Innovia Group of companies which is wholly owned and controlled by Innovia Films (Holding 3) Ltd (“IFH”). The Innovia Group’s US subsidiary is Innovia Films, Inc. (“IFI”), based in Smyrna, Georgia. IFI is also wholly owned and controlled by IFH. I shall refer to IFL and IFI collectively as Innovia.
6. Frito-Lay is a wholly-owned subsidiary of PepsiCo Inc. It manufactures and markets convenient foods, and in particular chips/crisps. It has premises in Plano, Texas.

The disclosures by IFL to Frito-Lay

7. Between around 7 and 11 November 2004 Jessica Hammond, a Strategic Account Manager employed by IFI, met representatives of Frito-Lay at Packexpo, a packaging trade exhibition, in Chicago. Ms Hammond told Frito-Lay that IFL was in the business of designing and developing novel configurations of food packaging film, and that these films were manufactured and distributed by IFI in the US. At that time or soon thereafter it was arranged that Innovia and Frito-Lay would meet to discuss whether IFL's proposals for films suitable for snack food packaging might satisfy Frito-Lay's requirements.
8. On 2 February 2005 there was a meeting between Ms Hammond and Stewart Richards (Technical Account Manager) of IFI and representatives of Frito-Lay including Anthony Knoerzer (Group Manager Packaging), Brad Rodgers (Senior Project Manager) and Steven Callahan (Senior Project Engineer) at Frito-Lay's premises in Plano at which Frito-Lay's requirements were discussed. It was agreed at the meeting that a non-disclosure agreement would be entered into.
9. Shortly before and on 7 February 2005 Andrew Sweetman (Business Development & Sustainability Manager) of IFL prepared a series of PowerPoint slides setting out his initial thoughts and proposals for multilayer films for packaging snack products for Frito-Lay. Mr Sweetman sent the slides by email to Ms Hammond, who sent them to Mr Knoerzer and Mr Rodgers.
10. On 1 and 7 March 2005 respectively representatives of IFI and Frito-Lay signed a Confidentiality and Non-Disclosure Agreement for the Mutual Disclosure of Information ("the NDA"). It is common ground that this is retrospective in effect. It provides that "The terms herein shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws". There is no reference in the NDA to IFL.
11. On 23 March 2005 Mr Sweetman gave a PowerPoint presentation at a meeting at Frito-Lay's premises. The meeting was also attended by Ms Hammond and Mr Richards of IFI and by Mr Knoerzer and Mr Rodgers of Frito-Lay.
12. On 22 August 2005 David Beeby, Innovia's CEO, attended a meeting with Mr Knoerzer and Mr Rodgers at Frito-Lay's premises at which the project was discussed. During the meeting Mr Beeby disclosed that IFL had succeeded in laminating two types of film together.
13. On 13 September 2005 there was a telephone conference between Mr Sweetman, Stefan van den Branden (R&D Manager), Jonathan Hewitt (Group Leader, Surface Energy), Simon Read (Senior Project Leader, Surface Engineering) and Paul Watters (Project Leader, Surface Engineering) of IFL, Ms Hammond of IFI, and Mr Knoerzer and Mr Rodgers of Frito-Lay. During the telephone conference IFL's representatives discussed the progress they had made in developing environmentally friendly packaging with improved barrier properties.
14. Between 13 September and 13 October 2005 Mr Hewitt and Mr Watters worked on proposals for multilayer film structures for Frito-Lay. They prepared a series of PowerPoint slides which Mr Hewitt emailed to Ms Hammond. Ms Hammond printed

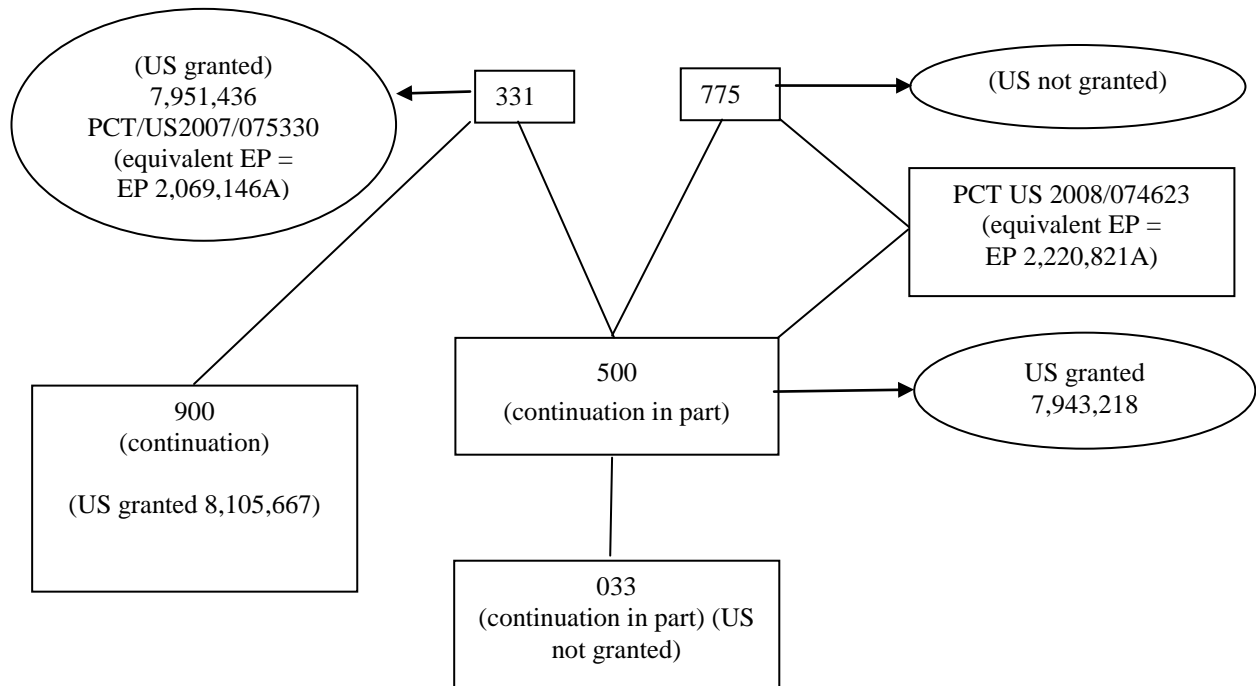
and bound these to present to Frito-Lay at a meeting scheduled for 18 or 19 October 2005. In the event the meeting was postponed until 9 November 2005, when the presentation was given to Frito-Lay.

15. IFL contends that during the course of the communications described above it disclosed to Frito-Lay confidential information comprising four categories of invention in circumstances importing an obligation of confidence. It is not necessary for present purposes to describe the precise nature of those inventions. It is important, however, to note the following points about IFL's case:
 - i) IFL contends that its employees, and not those of IFI, devised the inventions.
 - ii) IFL contends it disclosed the inventions to Frito-Lay. IFL says that, to the extent that IFI was involved, IFI simply acted as a conduit for the information.
 - iii) IFL contends that Frito-Lay owed an equitable obligation of confidence to IFL. IFL relies upon the existence of the NDA as one of the factual circumstances giving rise to that equitable obligation, but it does not allege breach of the NDA *per se*. I shall return to this point below.

The patent applications filed by Frito-Lay

16. *The 331 family.* On 14 August 2006 Frito-Lay filed US Patent Application 11/464,331 ("331") entitled "Environmentally-Friendly Multi-Layer Flexible Film Having Barrier Properties" naming Mr Knoerzer and Mr Rodgers as inventors. This was published by the United States Patent and Trade Mark Office ("USPTO") on 14 February 2008. The application was granted on 31 May 2011 as US Patent 7,951,436.
17. On 7 August 2007 Frito-Lay filed International Patent Application PCT/US2007/075330 (published as WO 2008/021811) claiming priority from 331. This application designates a large number of countries by way of both national (including United Kingdom) and regional (including European) patents. When it entered the regional phase, it was re-published by the European Patent Office ("EPO") as European Patent Application 2 069 146.
18. Subsequently, Frito-Lay filed US Patent Application 13/091,900, which is a continuation of 331. This was granted on 31 January 2012 as US Patent 8,105,667.
19. *The 775 family.* On 31 August 2007 Frito-Lay filed US Patent Application 11/848,775 ("775") entitled "Package and Multi-Layer Flexible Film Having Paper Containing Post Consumer Recycled Fiber" naming Mr Knoerzer and Mr Rodgers as inventors. This was published on 5 March 2009. It has not yet been granted.
20. On 28 August 2008 Frito-Lay filed International Patent Application PCT/US2008/074623 (published as WO 2009/032748) claiming priority from 775 and 500 (as to which, see below). This application again designates a large number of countries by way of both national (including United Kingdom) and regional (including European) patents. When it entered its regional phase in the EPO, it was re-published as European Patent Application 2 200 821.

21. *The 500 family.* On 14 February 2008 Frito-Lay filed US Patent Application 12/031,500 (“500”) entitled “Environmentally-Friendly Multi-Layer Flexible Film Having Barrier Properties” naming Mr Knoerzer, Mr Rodgers and Kenneth Laverdure as inventors. This was published on 3 July 2008. It is a continuation in part of both 331 and 775. It was granted on 17 May 2011 as US Patent 7,943,218.
22. *The 033 family.* On 14 February 2008 Frito-Lay filed US Patent Application 12/716,033 (“033”) entitled “Bio-Based In-Line High Barrier Metalized Film and Process for its Production” naming Mr Knoerzer, Mr Rodgers, Mr Laverdure and Eldridge Mount III as inventors. This was published on 2 September 2010. It is a continuation in part of 500, and hence of 331 and 775.
23. On 2 March 2011 Frito-Lay filed International Patent Application PCT/US2011/026881 (published as WO 2011/109528) claiming priority from 033. This application again designates a large number of countries by way of both national (including United Kingdom) and regional (including European) patents.
24. *The relationships between the Frito-Lay Applications.* I shall refer to the applications filed by Frito-Lay as described above, including all national and regional applications stemming from the international applications, as “the Frito-Lay Applications”. A simplified diagram of how the families interrelate is set out below:



25. *The European Applications.* It can be seen from the foregoing that there are presently two European Patent Applications in issue, namely EP A 2 069 146, which forms part of the 331 family, and EP A 2 200 821, which forms part of the 775 and 500 families. I shall refer to these as “the European Applications”. When WO 2011/109528 enters the regional phase, there will be a third European Patent Application in issue. It is clear that this will stand in the same position, jurisdictionally speaking, as the other two.

IFL’s case on entitlement and breach of confidence

26. IFL contends that the inventions described and claimed in the Frito-Lay Applications were devised by its employees, in particular Mr Sweetman and Mr Hewitt, and disclosed to Frito-Lay in confidence as described above. Accordingly, IFL contends that its employees were the true inventors of the inventions the subject of the Frito-Lay Applications, and that IFL is the true proprietor of the Frito-Lay Applications and of any patents granted pursuant to those applications. (In the alternative, IFL contends that its employees were co-inventors of those inventions, and accordingly that it is entitled to an interest in the Frito-Lay Applications and patents granted pursuant thereto.) Furthermore, IFL contends that, in filing and prosecuting the Frito-Lay Applications, in causing the Frito-Lay Applications to be published and in procuring the grant of patents pursuant thereto, Frito-Lay has acted in breach of the equitable obligation of confidence it owed IFL. Accordingly, IFL claims that Frito-Lay holds the Frito-Lay Applications and any patents granted pursuant thereto on constructive trust. It also claims an account of profits or an inquiry as to damages.

Frito-Lay’s defence to IFL’s claims

27. Since it is disputing this Court’s jurisdiction, Frito-Lay has not yet served a Defence in either action. Nor, as mentioned above, has it served much evidence going to the merits of IFL’s claims. Frito-Lay has indicated, however, that it will contend that its

employees devised the inventions described in the Frito-Lay Applications independently starting before the disclosures relied on by IFL, as Frito-Lay alleges in its Complaint in the Texas Court. Accordingly, Frito-Lay contends that it is the true proprietor of the Frito-Lay Applications and any patents granted pursuant thereto, and Frito-Lay denies any misuse of confidential information.

The proceedings

28. There are three sets of proceedings between the parties presently pending.
29. First, on 21 October 2011 IFL filed a reference to the Comptroller-General of Patents, Designs and Trade Marks under section 12 of the Patents Act 1977 in respect of the Frito-Lay Applications. In its Statement of Grounds IFL stated that it intended to issue proceedings against Frito-Lay in this Court for breach of confidence and entitlement to the European Applications pursuant to section 82 of the 1977 Act, undertook to remove the European Applications from the reference upon this court becoming seized of jurisdiction and requested the Comptroller to decline to deal with the reference. On 16 December 2011 the Comptroller decided to decline to deal with the reference. Accordingly, this Court now has jurisdiction in respect of this claim. The Claim Form in action 4566 was issued on 30 December 2011 and served with the Particulars of Claim on 23 February 2012. No claim is made in respect of the European Applications in this action. On 7 March 2012 Frito-Lay acknowledged service stating its intention to contest this Court's jurisdiction. On 15 March 2012 it issued the application referred to in paragraph 2(b) above.
30. Secondly, on 4 November 2011 IFL's Claim Form in action 3841 was issued in this Court. In this action IFL claims entitlement to the European Applications pursuant to section 82 of the 1977 Act. IFL also claims the wider relief described in paragraph 26 above as a result of Frito-Lay's alleged breaches of confidence. As noted above, Master Bragge granted permission to serve out of the jurisdiction on 11 November 2011. On 19 December 2011 Frito-Lay acknowledged service stating its intention to contest this Court's jurisdiction. On 3 January 2012 it issued the application referred to in paragraph 2(a) above.
31. Thirdly, on 23 November 2011 Frito-Lay issued proceedings in the Texas Court against Innovia ("the Texas Claim"). In the Texas Claim Frito-Lay claims declarations that it is the rightful owner, and that its employers were the true inventors, of all the Frito-Lay Applications and patents granted pursuant thereto. Furthermore, it seeks declarations that it has not breached the NDA or any implied or express duty of confidence owed to either IFI or IFL. In the Complaint Frito-Lay expressly relies upon IFL's 3841 action and the section 12 reference to the Comptroller as establishing that there is a "real, cognizable, and justiciable controversy" between the parties. On 14 December 2011 Innovia filed a motion to dismiss or in the alternative stay the Texas Claim. I was informed that the motion is expected to be heard either later this month or next month, but that no date has yet been set.
32. In addition to the proceedings mentioned above, on 9 November 2011 IFL requested the EPO to suspend examination of the European Applications. The EPO granted that request on 18 November 2011.

Legal context

European Patent Convention

33. As originally adopted in 1973, the European Patent Convention (“the EPC”), of which the United Kingdom is one of the Contracting States, included the following provisions:

“Article 60

Right to a European patent

- (1) The right to a European patent shall belong to the inventor or his successor in title. If the inventor is an employee the right to the European patent shall be determined in accordance with the law of the State in which the employee is mainly employed; if the State in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the State in which the employer has his place of business to which the employee is attached.
- (2) If two or more persons have made an invention independently of each other, the right to the European patent shall belong to the person whose European patent application has the earliest date of filing; however, this provision shall apply only if this first application has been published under Article 93 and shall only have effect in respect of the Contracting States designated in that application as published.
- (3) For the purposes of proceedings before the European Patent Office, the applicant shall be deemed to be entitled to exercise the right to the European patent.

Article 61

European patent applications filed by non-entitled persons

- (1) If by a final decision it is adjudged that a person referred to in Article 60, paragraph 1, other than the applicant, is entitled to the grant of a European patent, that person may, within a period of three months after the decision has become final, provided that the European patent has not yet been granted, in respect of those Contracting States designated in the European patent application in which the decision has been taken or recognised, or has to be recognised on the basis of the Protocol on Recognition annexed to this Convention:
 - (a) prosecute the application as his own application in place of the applicant,

- (b) file a new European patent application in respect of the same invention, or
 - (c) request that the application be refused.
- (2) The provisions of Article 76, paragraph 1, shall apply *mutatis mutandis* to a new application filed under paragraph 1.
- (3) The procedure to be followed in carrying out the provisions of paragraph 1, the special conditions applying to a new application filed under paragraph 1 and the time limit for paying the filing, search and designation fees on it are laid down in the Implementing Regulations.

...

Article 167

Reservations

...

- (2) Each Contracting State may reserve the right to provide that:
- ...
- (d) it shall not be bound by the Protocol on Recognition.

...”

34. When the EPC was amended in 2000, Article 167 was deleted. Furthermore, Articles 60 and 61 now provide:

“*Article 60*

Right to a European patent

- (1) The right to a European patent shall belong to the inventor or his successor in title. If the inventor is an employee, the right to a European patent shall be determined in accordance with the law of the State in which the employee is mainly employed; if the State in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the State in which the employer has the place of business to which the employee is attached.
- (2) If two or more persons have made an invention independently of each other, the right to a European patent therefor shall belong to the person whose European patent application has the earliest date of filing, provided that this first application has been published.

- (3) In proceedings before the European Patent Office, the applicant shall be deemed to be entitled to exercise the right to a European patent.

Article 61

European patent applications filed by non-entitled persons

- (1) If by a final decision it is adjudged that a person other than the applicant is entitled to the grant of the European patent, that person may, in accordance with the Implementing Regulations:
 - (a) prosecute the European patent application as his own application in place of the applicant;
 - (b) file a new European patent application in respect of the same invention; or
 - (c) request that the European patent application be refused.
- (2) Article 76, paragraph 1, shall apply mutatis mutandis to a new European patent application filed under paragraph 1(b)."

Protocol on Recognition

35. The Protocol on Jurisdiction and the Recognition of Decisions in respect of the Right to the Grant of a European Patent ("the Protocol on Recognition") annexed to the EPC includes the following provisions:

"Section I

Jurisdiction

Article 1

- (1) The courts of the Contracting States shall, in accordance with Articles 2 to 6, have jurisdiction to decide claims, against the applicant, to the right to the grant of a European patent in respect of one or more of the Contracting States designated in the European patent application.
- (2) For the purposes of this Protocol, the term "courts" shall include authorities which, under the national law of a Contracting State, have jurisdiction to decide the claims referred to in paragraph 1. Any Contracting State shall notify the European Patent Office of the identity of any authority on which such a jurisdiction is conferred, and the European Patent Office shall inform the other Contracting States accordingly.

- (3) For the purposes of this Protocol, the term ‘Contracting State’ refers to a Contracting State which has not excluded application of this Protocol pursuant to Article 167 of the Convention.

Article 2

Subject to Articles 4 and 5, if an applicant for a European patent has his residence or principal place of business within one of the Contracting States, proceedings shall be brought against him in the courts of that Contracting State.

Article 3

Subject to Articles 4 and 5, if an applicant for a European patent has his residence or principal place of business outside the Contracting States, and if the party claiming the right to the grant of the European patent has his residence or principal place of business within one of the Contracting States, the courts of the latter State shall have exclusive jurisdiction.

Article 4

Subject to Article 5, if the subject-matter of a European patent application is the invention of an employee, the courts of the Contracting State, if any, whose law determines the right to the European patent pursuant to Article 60, paragraph 1, second sentence, of the Convention, shall have exclusive jurisdiction over proceedings between the employee and the employer.

Article 5

- (1) If the parties to a dispute concerning the right to the grant of a European patent have concluded an agreement, either in writing or verbally with written confirmation, to the effect that a court or the courts of a particular Contracting State shall decide on such a dispute, the court or courts of that State shall have exclusive jurisdiction.
- (2) However, if the parties are an employee and his employer, paragraph 1 shall only apply in so far as the national law governing the contract of employment allows the agreement in question.

Article 6

In cases where neither Articles 2 to 4 nor Article 5, paragraph 1, apply, the courts of the Federal Republic of Germany shall have exclusive jurisdiction.

...

Section II

Recognition

Article 9

- (1) Subject to the provisions of Article 11, paragraph 2, final decisions given in any Contracting State on the right to the grant of a European patent in respect of one or more of the Contracting States designated in the European patent application shall be recognised without requiring a special procedure in the other Contracting States.
- (2) The jurisdiction of the court whose decision is to be recognised and the validity of such decision may not be reviewed.

...

Article 11

- (1) In relations between any Contracting States the provisions of this Protocol shall prevail over any conflicting provisions of other agreements on jurisdiction or the recognition of judgments.
- (2) This Protocol shall not affect the implementation of any agreement between a Contracting State and a State which is not bound by the Protocol.”

Patents Act 1977

36. The 1977 Act includes the following provisions:

“Determination before grant of questions about entitlement to patents, etc.

- 8.(1) At any time before a patent has been granted for an invention (whether or not an application has been made for it)—
 - (a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) a patent for that invention or has or would have any right in or under any patent so granted or any application for such a patent; or
 - (b) any of two or more co-proprietors of an application for a patent for that invention may so refer the question whether any right in or under the application should be transferred or granted to any other person;

and the comptroller shall determine the question and may make such order as he thinks fit to give effect to the determination.

...

- (7) If it appears to the comptroller on a reference of a question under this section that the question involves matters which would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.

...

Determination after grant of questions referred before grant

9. If a question with respect to a patent or application is referred by any person to the comptroller under section 8 above, whether before or after the making of an application for the patent, and is not determined before the time when the application is first in order for a grant of a patent in pursuance of the application, that fact shall not prevent the grant of a patent, but on its grant that person shall be treated as having referred to the comptroller under section 37 below any question mentioned in that section which the comptroller thinks appropriate.

...

Determination of questions about entitlement to foreign and convention patents, etc

- 12.(1) At any time before a patent is granted for an invention in pursuance of an application made under the law of any country other than the United Kingdom or under any treaty or international convention (whether or not that application has been made)—
- (a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) any such patent for that invention or has or would have any right in or under any such patent or an application for such a patent; or
 - (b) any of two or more co-proprietors of an application for such a patent for that invention may so refer the question whether any right in or under the application should be transferred or granted to any other person;

and the comptroller shall determine the question so far as he is able to and may make such order as he thinks fit to give effect to the determination.

- (2) If it appears to the comptroller on a reference of a question under this section that the question involves matters which would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.
- (3) Subsection (1) above, in its application to a European patent and an application for any such patent, shall have effect subject to section 82 below.

...

- (6) In the following cases, that is to say—
 - (a) where an application for a European patent (UK) is refused or withdrawn, or the designation of the United Kingdom in the application is withdrawn whether before or after publication of the application but before a question relating to the right to the patent has been referred to the comptroller under subsection (1) above or before proceedings relating to that right have begun before the relevant convention court;
 - (b) where an application has been made for a European patent (UK) and on a reference under subsection (1) above or any such proceedings as are mentioned in paragraph (a) above the comptroller, the court or the relevant convention court determines by a final decision (whether before or after publication of the application) that a person other than the applicant has the right to the patent, but that person requests the European Patent Office that the application for the patent should be refused; or
 - (c) where an international application for a patent (UK) is withdrawn, or the designation of the United Kingdom in the application is withdrawn, whether before or after the making of any reference under subsection (1) above or the publication of the application;

the comptroller may order that any person (other than the applicant) appearing to him to be entitled to be granted a patent under this Act may within the prescribed period make an application for such a patent for the whole or part of any matter comprised in the earlier application (subject, however, to

section 76 below) and that if the application for a patent under this Act is filed, it shall be treated as having been filed on the date of filing the earlier application.

- (7) In this section—
- (a) references to a patent and an application for a patent include respectively references to protection in respect of an invention and an application which, in accordance with the law of any country other than the United Kingdom or any treaty or international convention, is equivalent to an application for a patent or for such protection; and
 - (b) a decision shall be taken to be final for the purposes of this section when the time for appealing from it has expired without an appeal being brought or, where an appeal is brought, when it is finally disposed of.

...

Determination of right to patent after grant

- 37.(1) After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the comptroller the question—
- (a) who is or are the true proprietor or proprietors of the patent,
 - (b) whether the patent should have been granted to the person or persons to whom it was granted, or
 - (c) whether any right in or under the patent should be transferred or granted to any other person or persons;

and the comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.

...

- (8) If it appears to the comptroller on a reference under this section that the question referred to him would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.
- (9) The court shall not in the exercise of any such declaratory jurisdiction determine a question whether a patent was granted to a person not entitled to be granted the patent if the

proceedings in which the jurisdiction is invoked were commenced after the end of the period of two years beginning with the date of the grant of the patent, unless it is shown that any person registered as a proprietor of the patent knew at the time of the grant or, as the case may be, of the transfer of the patent to him that he was not entitled to the patent.

...

Jurisdiction to determine questions as to right to a patent

82.(1) The court shall not have jurisdiction to determine a question to which this section applies except in accordance with the following provisions of this section.

(2) Section 12 above shall not confer jurisdiction on the comptroller to determine a question to which this section applies except in accordance with the following provisions of this section.

(3) This section applies to a question arising before the grant of a European patent whether a person has a right to be granted a European patent, or a share in any such patent, and in this section 'employer-employee question' means any such question between an employer and an employee, or their successors in title, arising out of an application for a European patent for an invention made by the employee.

(4) The court and the comptroller shall have jurisdiction to determine any question to which this section applies, other than an employer-employee question, if either of the following conditions is satisfied, that is to say—

(a) the applicant has his residence or principal place of business in the United Kingdom; or

(b) the other party claims that the patent should be granted to him and he has his residence or principal place of business in the United Kingdom and the applicant does not have his residence or principal place of business in any of the relevant contracting states;

and also if in either of those cases there is no written evidence that the parties have agreed to submit to the jurisdiction of the competent authority of a relevant contracting state other than the United Kingdom.

(5) The court and the comptroller shall have jurisdiction to determine an employer-employee question if either of the following conditions is satisfied, that is to say—

- (a) the employee is mainly employed in the United Kingdom; or
- (b) the employee is not mainly employed anywhere or his place of main employment cannot be determined, but the employer has a place of business in the United Kingdom to which the employee is attached (whether or not he is also attached elsewhere);

and also if in either of those cases there is no written evidence that the parties have agreed to submit to the jurisdiction of the competent authority of a relevant contracting state other than the United Kingdom or, where there is such evidence of such an agreement, if the law applicable to the contract of employment does not recognise the validity of the agreement.

- (6) Without prejudice to subsections (2) to (5) above, the court and the comptroller shall have jurisdiction to determine any question to which this section applies if there is written evidence that the parties have agreed to submit to the jurisdiction of the court or the comptroller, as the case may be, and, in the case of an employer-employee question, the law applicable to the contract of employment recognises the validity of the agreement.
- (7) If, after proceedings to determine a question to which this section applies have been brought before the competent authority of a relevant contracting state other than the United Kingdom, proceedings are begun before the court or a reference is made to the comptroller under section 12 above to determine that question, the court or the comptroller, as the case may be, shall stay or sist the proceedings before the court or the comptroller unless or until the competent authority of that other state either—
 - (a) determines to decline jurisdiction and no appeal lies from the determination or the time for appealing expires, or
 - (b) makes a determination which the court or the comptroller refuses to recognise under section 83 below.
- (8) References in this section to the determination of a question include respectively references to—
 - (a) the making of a declaration or the grant of a declarator with respect to that question (in the case of the court); and

- (b) the making of an order under section 12 above in relation to that question (in the case of the court or the comptroller).
- (9) In this section and section 83 below ‘relevant contracting state’ means a country which is a party to the European Patent Convention and has not exercised its right under the convention to exclude the application of the protocol to the convention known as the Protocol on Recognition.

Effect of patent decisions of competent authorities of other states

- 83.(1) A determination of a question to which section 82 above applies by the competent authority of a relevant contracting state other than the United Kingdom shall, if no appeal lies from the determination or the time for appealing has expired, be recognised in the United Kingdom as if it had been made by the court or the comptroller unless the court or he refuses to recognise it under subsection (2) below.
- (2) The court or the comptroller may refuse to recognise any such determination that the applicant for a European patent had no right to be granted the patent, or any share in it, if either—
 - (a) the applicant did not contest the proceedings in question because he was not notified of them at all or in the proper manner or was not notified of them in time for him to contest the proceedings; or
 - (b) the determination in the proceedings in question conflicts with the determination of the competent authority of any relevant contracting state in proceedings instituted earlier between the same parties as in the proceedings in question.

...

Interpretation

130. ...

- (6) References in this Act to any of the following conventions, that is to say—
 - (a) The European Patent Convention;
 - (b) The Community Patent Convention;
 - (c) The Patent Co-operation Treaty;

are references to that convention or any other international convention or agreement replacing it, as amended or

supplemented by any convention or international agreement (including in either case any protocol or annex), or in accordance with the terms of any such convention or agreement, and include references to any instrument made under any such convention or agreement.

- (7) Whereas by a resolution made on the signature of the Community Patent Convention the governments of the member states of the European Economic Community resolved to adjust their laws relating to patents so as (among other things) to bring those laws into conformity with the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty, it is hereby declared that the following provisions of this Act, that is to say, sections 1(1) to (4), 2 to 6, 14(3), (5) and (6), 37(5), 54, 60, 69, 72(1) and (2), 74(4), 82, 83, 100 and 125, are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty have in the territories to which those Conventions apply.

...”

Brussels I Regulation

37. Council Regulation 44/2001/EC of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“the Brussels I Regulation”) includes the following provisions:

“*Article 4*

1. If the defendant is not domiciled in a Member State, the jurisdiction of the courts of each Member State shall, subject to Articles 22 and 23, be determined by the law of that Member State.
2. As against such a defendant, any person domiciled in a Member State may, whatever his nationality, avail himself in that State of the rules of jurisdiction there in force, and in particular those specified in Annex I, in the same way as the nationals of that State.

....

Article 22

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

...

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;

...

Article 71

1. This Regulation shall not affect any conventions to which the Member States are parties and which in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments.
2. With a view to its uniform interpretation, paragraph 1 shall be applied in the following manner:
 - (a) this Regulation shall not prevent a court of a Member State, which is a party to a convention on a particular matter, from assuming jurisdiction in accordance with that convention, even where the defendant is domiciled in another Member State which is not a party to that convention. The court hearing the action shall, in any event, apply Article 26 of this Regulation;
 - (b) judgments given in a Member State by a court in the exercise of jurisdiction provided for in a convention on a particular matter shall be recognised and enforced in the other Member States in accordance with this Regulation.

Where a convention on a particular matter to which both the Member State of origin and the Member State addressed are parties lays down conditions for the recognition or enforcement of judgments, those conditions shall apply. In any event, the provisions of this Regulation which concern the procedure for recognition and enforcement of judgments may be applied.”

Rome II Regulation

38. European Parliament and Council Regulation 864/2007/EC of 31 July 2007 on the law applicable to non-contractual regulations (“the Rome II Regulation”) includes the following provisions:

“Article 4

General rule

1. Unless otherwise provided for in this Regulation, the law applicable to a non-contractual obligation arising out of a tort/delict shall be the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur.
2. However, where the person claimed to be liable and the person sustaining damage both have their habitual residence in the same country at the time when the damage occurs, the law of that country shall apply.
3. Where it is clear from all the circumstances of the case that the tort/delict is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply. A manifestly closer connection with another country might be based in particular on a pre-existing relationship between the parties, such as a contract, that is closely connected with the tort/delict in question.

...

Article 6

Unfair competition and acts restricting free competition

1. The law applicable to a non-contractual obligation arising out of an act of unfair competition shall be the law of the country where competitive relations or the collective interests of consumers are, or are likely to be, affected.
2. Where an act of unfair competition affects exclusively the interests of a specific competitor, Article 4 shall apply.
3. (a) The law applicable to a non-contractual obligation arising out of a restriction of competition shall be the law of the country where the market is, or is likely to be, affected.
(b) When the market is, or is likely to be, affected in more than one country, the person seeking compensation for damage who sues in the court of the domicile of the defendant, may instead

choose to base his or her claim on the law of the court seised, provided that the market in that Member State is amongst those directly and substantially affected by the restriction of competition out of which the non-contractual obligation on which the claim is based arises; where the claimant sues, in accordance with the applicable rules on jurisdiction, more than one defendant in that court, he or she can only choose to base his or her claim on the law of that court if the restriction of competition on which the claim against each of these defendants relies directly and substantially affects also the market in the Member State of that court.

4. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.”

Service out of the jurisdiction: general principles

39. The general principles governing service out of the jurisdiction were recently re-stated by Lord Collins of Mapesbury LSC delivering the advice of the Privy Council in *AK Investment CJSC v Kyrgyz Mobile Tel Ltd* [2011] UKPC 7, [2011] 1 CLC 205 as follows:

“71. On an application for permission to serve a foreign defendant ... out of the jurisdiction, the claimant ... has to satisfy three requirements: *Seaconsar Far East Ltd. v Bank Markazi Jomhuri Islami Iran* [1994] 1 AC 438, 453-457. First, the claimant must satisfy the court that in relation to the foreign defendant there is a serious issue to be tried on the merits, i.e. a substantial question of fact or law, or both. The current practice in England is that this is the same test as for summary judgment, namely whether there is a real (as opposed to a fanciful) prospect of success: e.g. *Carvill America Inc v Camperdown UK Ltd* [2005] EWCA Civ 645, [2005] 2 Lloyd’s Rep 457, at [24]. Second, the claimant must satisfy the court that there is a good arguable case that the claim falls within one or more classes of case in which permission to serve out may be given. In this context ‘good arguable case’ connotes that one side has a much better argument than the other: see *Canada Trust Co v Stolzenberg (No 2)* [1998] 1 WLR 547, 555-7 per Waller LJ, affd [2002] 1 AC 1; *Bols Distilleries BV v Superior Yacht Services* [2006] UKPC 45, [2007] 1 WLR 12, [26]-[28]. Third, the claimant must satisfy the court that in all the circumstances [England] is clearly or distinctly the appropriate forum for the trial of the dispute, and that in all the circumstances the court ought to exercise its discretion to permit service of the proceedings out of the jurisdiction.

...

81. A question of law can arise on an application in connection with service out of the jurisdiction, and, if the question of law

goes to the existence of jurisdiction, the court will normally decide it, rather than treating it as a question of whether there is a good arguable case: *Hutton (EF) & Co (London) Ltd. v Mofarrij* [1989] 1 WLR 488, 495 (CA); *Chellaram v Chellaram (No 2)* [2002] EWHC 632 (Ch), [2002] 3 All ER 17, [136].

...

88. The principles governing the exercise of discretion set out by Lord Goff of Chieveley in *Spiliada Maritime Corp v Cansulex Ltd* [1987] AC 460, at 475-484, are familiar, and it is only necessary to re-state these points: first, in both stay cases and in service out of the jurisdiction cases, the task of the court is to identify the forum in which the case can be suitably tried for the interests of all the parties and for the ends of justice; second, in service out of the jurisdiction cases the burden is on the claimant to persuade the court that England ... is clearly the appropriate forum; ...”
40. Lord Goff’s speech in *Spiliada v Cansulex* establishes that the question of forum is to be approached in two stages. The first stage is to ask whether England is clearly and distinctly the natural forum, that is to say, the forum “with which the action has the most real and substantial connection”. If England is not the natural forum, the second stage is to ask whether England is nevertheless the appropriate forum, in particular because there is a real risk that the claimant will not obtain substantial justice in the natural forum.
41. *Stage 1*. The factors that may be taken into account in determining which is the natural forum for the action include: (a) the personal connections which the parties have to the countries in question; (b) the factual connections which the events relevant to the claim have with those countries; (c) factors affecting convenience or expense such as the location of the witnesses or documents; and (d) the applicable law.
42. *Stage 2*. The House of Lords made it clear in *Amin Rasheed v Kuwait Insurance Co* [1984] AC 50 that, in exercising its discretion, it is not normally appropriate for the court to compare the quality of justice obtainable in a foreign forum which adopts a different procedural system (such as that of the civil law) with that obtainable in a similar case conducted in an English court. As Lord Wilberforce said at 72D, “It is not appropriate ... to embark upon a comparison of the procedures, or methods, or reputation or standing of the courts of one country as compared with those of another”.
43. Although earlier cases had suggested that it was relevant to enquire whether or not a stay or refusal of permission to serve out would deprive the claimant of a “legitimate personal or juridical advantage”, the correct approach to this question was explained by Lord Goff in *Spiliada v Cansulex* at 482D-F:
- “...as Oliver L.J. [1985] 2 Lloyd's Rep. 116, 135, pointed out in his judgment in the present case, an advantage to the plaintiff will ordinarily give rise to a comparable disadvantage to the

defendant; and simply to give the plaintiff his advantage at the expense of the defendant is not consistent with the objective approach inherent in Lord Kinnear's statement of principle in *Sim v. Robinow*, 19 R. 665, 668.

The key to the solution of this problem lies, in my judgment, in the underlying fundamental principle. We have to consider where the case may be tried 'suitably for the interests of all the parties and for the ends of justice.' Let me consider the application of that principle in relation to advantages which the plaintiff may derive from invoking the English jurisdiction. Typical examples are: damages awarded on a higher scale; a more complete procedure of discovery; a power to award interest; a more generous limitation period. Now, as a general rule, I do not think that the court should be deterred from granting a stay of proceedings, or from exercising its discretion against granting leave under R.S.C. Ord. 11, simply because the plaintiff will be deprived of such an advantage, provided that the court is satisfied that substantial justice will be done in the available appropriate forum."

44. Lord Goff returned to this point in *Connelly v R.T.Z. Corporation plc (No 2)* [1998] AC 854 at 872G – 873A:

"From the discussion [in *Spiliada v Cansulex*], a general principle may be derived, which is that, if a clearly more appropriate forum overseas has been identified, generally speaking the plaintiff will have to take that forum as he finds it, even if it is in certain respects less advantageous to him than the English forum. He may, for example, have to accept lower damages, or do without the more generous English system of discovery. The same must apply to the system of court procedure, including the rules of evidence, applicable in the foreign forum. This may display many features which distinguish it from ours, and which English lawyers might think render it less advantageous to the plaintiff. Such a result may in particular be true of those jurisdictions, of which there are many in the world, which are smaller than our own, and are in consequence lacking in financial resources compared with our own. But that is not of itself enough to refuse a stay. Only if the plaintiff can establish that substantial justice cannot be done in the appropriate forum, will the court refuse to grant a stay ..."

45. Examples of factors that are generally ignored include:
- i) the comparative level of disclosure: see *Spiliada v Cansulex* at 482E-G;
 - ii) different rules of evidence or provision for cross-examination: see *RTZ v Connelly* at 873 and *Ceskoslovenska Obchodni Banka AS v Nomura International plc* [2003] ILPR 20 at [17] (Jonathan Sumption QC sitting as a Deputy High Court Judge, as he then was);

- iii) the experience of the foreign court in trying particular types of case: see *The Varna (No 2)* [1994] 2 Lloyd's Rep 41 at 48 (Clarke J, as he then was) and *Ceskoslovenska v Nomura* at [15];
 - iv) the duration of proceedings in the natural forum unless the delay would be excessive: compare *The Vishva Ajay* [1989] 2 Lloyd's Rep 558 with *Radhakrishna Hospitality Service Private Ltd v EIH Ltd* [1999] 2 Lloyd's Rep 249, *Chellaram v Chellaram (No 2)* [2002] EWHC 632 (Ch), [2002] 3 All ER 17 and *Ceskoslovenska v Nomura*;
 - v) the claimant's prospects of success: see Dicey, Morris & Collins, *The Conflict of Laws* (14th ed) at §12-033.
46. On the other hand, the court will have regard to a real risk that the claimant will not obtain substantial justice in the foreign forum, although this will weigh less heavily in the exercise of the court's discretion than evidence that justice "will not" be obtained: see *AK Investments v Kyrgyz* at [91]-[95] and *Pacific International Sports Clubs Ltd v Surkis* [2010] EWCA Civ 753 at [31]-[35] (Mummery LJ).

Staying proceedings on the ground of *forum non conveniens*: general principles

47. Even where a claim has been properly served within the jurisdiction, this Court may decline to exercise its jurisdiction and grant a stay of the proceedings on the ground of *forum non conveniens*. Whereas in a service out case the burden is on the claimant to show that England is the appropriate forum, a defendant applying to stay a claim has the burden of showing that an alternative forum is the appropriate forum. Subject to that, the principles laid down in *Spiliada v Consulex* are equally applicable.

Issue 1: Does this Court have exclusive jurisdiction with respect to the European Applications?

48. IFL contends that this Court has exclusive jurisdiction to determine entitlement to the European Applications. Frito-Lay accepts that this Court has jurisdiction to determine entitlement to the European Applications, but disputes that it is exclusive of the jurisdiction of the Texas Court. It is common ground that, if IFL is correct on this issue, it has significant consequences with regard to the other issues that fall to be decided on these applications. Accordingly, it is logical to determine this issue first.
49. It is common ground that section 82(4)(b) of the 1977 Act gives this Court jurisdiction to determine entitlement to the European Applications: Frito-Lay is the applicant and it does not have its residence or principal place of business in any of the EPC Contracting States, while IFL is the party claiming that the patents should be granted to it and it has its residence and principal place of business in the United Kingdom. There is no agreement between the parties to submit to the jurisdiction of any other Contracting State.
50. On its face, section 82(4)(b) does not say that this Court's jurisdiction is exclusive. Section 82, however, is one of those sections which is declared by section 130(7) to be "so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of" the EPC. It is common ground that it follows that section 82(4)(b) must be construed consistently with Article 3 of the

Protocol on Recognition, which does say that the courts of the relevant Contracting State shall have exclusive jurisdiction.

51. The dispute is as to what is meant by “exclusive”. IFL contends that this means exclusive of the jurisdiction of any other state whatsoever. Frito-Lay contends that it merely means exclusive of the jurisdiction of any other Contracting State. In my judgment IFL’s interpretation is to be preferred. My reasons are as follows.
52. First, I consider that the natural meaning of the words “shall have exclusive jurisdiction” is exclusive of all other possible jurisdictions. Frito-Lay’s construction involves reading in a limitation which is not apparent on the face of Article 3.
53. Secondly, this is the usual meaning of “exclusive jurisdiction” in European legislation, and in particular in Article 16 of the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of 1968, now Article 22 of the Brussels I Regulation. (In passing, it should be noted that entitlement disputes do not fall within Article 22(4) of the Brussels I Regulation: see Case 288/82 *Duijnste v Goderbauer* [1983] ECR 3663.)
54. Thirdly, in the specific context of Article 3 of the Protocol on Recognition, the Article is addressing a situation in which the applicant has his residence or principal place of business outside the Contracting States whereas the party claiming entitlement (“the claimant”) has his residence or principal place of business in a Contracting State. It follows that the most likely rival jurisdictions are (a) the non-Contracting state in which the applicant has his residence or principal place of business and (b) the Contracting State in which the claimant has his residence or principal place of business. In providing that state (b) is to have exclusive jurisdiction, the obvious inference is that Article 3 is intended to exclude the jurisdiction of state (a) (as well as any further alternative states). It would very odd if the jurisdiction of state (a) were not excluded, yet that is the effect of Frito-Lay’s interpretation.
55. Fourthly, this interpretation is supported by Article 5(1) of the Protocol on Recognition. That says that if the parties have agreed that a particular Contracting State shall determine the dispute, then that State has exclusive jurisdiction. Again, it would be very odd if that did not exclude the courts of non-Contracting states. Furthermore, it is telling that there is no provision for the parties to agree that the courts of a non-Contracting state shall have jurisdiction even if they both have their residence or principal place of business in that state. For this reason I am unimpressed by the argument of counsel for Frito-Lay that Article 6 of the Protocol on Recognition cannot have been intended to trump such an agreement. As discussed below, there will be no problem if the parties are content to litigate in that state. If the claimant is not, then on its face Article 6 gives Germany exclusive jurisdiction. In any event, even if “exclusive jurisdiction” is to be given a more restricted meaning for the purpose of Article 6, it does not necessarily follow that it must be interpreted in the same way in the context of Article 3.
56. Fifthly, this interpretation is supported by Article 9 of the Protocol on Recognition, to which section 83 of the 1977 Act gives effect, since it is only the decisions of courts of Contracting States that are required to be recognised. There is no provision for recognition of decisions of courts of non-Contracting states.

57. Sixthly, this interpretation is supported by consideration of the purpose of the Protocol on Recognition. As counsel for IFL pointed out, the EPC created a unique system which had not previously existed, under which a single application to the EPO could result in multiple patents in the Contracting States. In those circumstances it was clearly necessary to set up a clear system to deal with entitlement disputes. Article 60(3) EPC creates a legal fiction for the purposes of proceedings in the EPO that the applicant is deemed to be entitled, and the EPO has no jurisdiction to determine entitlement. Instead, the Protocol on Recognition creates a scheme under which one, and only one, Contracting State has jurisdiction to determine entitlement, and its determination must then be recognised by the EPO under Article 61 EPC and by all other Contracting States under Article 9 of the Protocol on Recognition. (The only exception to this is provided by Article 11(2) of the Protocol on Recognition, which deals with the situation where there is a conflicting treaty between a Contracting State and a state which is not party to the EPC. It is common ground, however, that there is no such treaty relevant to the present case.) This scheme is plainly intended to ensure legal certainty. IFL's interpretation gives effect to that intention, since it ensures that (save in the exceptional case where Article 11(2) of the Protocol on Recognition applies, which may give rise to a geographical split of entitlement) there is only one state in the world with jurisdiction to determine entitlement to a European patent application. Frito-Lay's interpretation frustrates that intention, since it allows for the possibility of multiple competing jurisdictions.
58. Seventhly, IFL's interpretation promotes the interests of parties who have their residence or principal place of business in a Contracting State, in that they can be sure that entitlement disputes will be dealt with by the courts of a Contracting State, whereas Frito-Lay's interpretation undermines those interests. As for parties who have their residence or principal place of business in a non-Contracting state, by applying for a European patent, they sign up to the scheme created by the Protocol on Recognition. If they do not like that scheme, they do not have to apply for a European patent. They can apply for national patents in the Contracting States instead.
59. Eighthly, I consider that IFL's interpretation receives more support from the three EPO authorities to which I was referred than does Frito-Lay's interpretation. I shall take these in chronological order.
60. In J34/86 *Bowles/Divisional application* [1988] EPOR 266 a US application and a European application claiming priority therefrom had been filed by a former employee of a United States corporation. The US application had proceeded to grant in the employee's name. In litigation between the corporation and its ex-employee after grant, the Court of Special Appeals of Maryland confirmed a ruling of the Circuit Court that the corporation was entitled to all rights in the invention defined by certain specified claims of the US patent. The ex-employee was ordered to assign those rights to the corporation. An application by the ex-employee to the Court of Appeals of Maryland for review was refused, and no further review by the US Supreme Court was sought. Subsequent to the decision of the Court of Special Appeals, but prior to the refusal of the ex-employee's application for review, the corporation filed the European application in suit under Article 61(1) EPC in respect of the subject-matter to which they had been held entitled in the Maryland litigation. The Receiving Section of the EPO refused to accord this application the filing and

priority dates of the ex-employee's application, on the ground that when it was made, the decision of the Maryland Court of Special Appeals had not become final.

61. The corporation appealed. On the appeal the corporation relied primarily on a subsequent assignment made by the ex-employee pursuant to the orders of the Maryland courts. This assigned "all rights" in the invention defined by the specified claims of the US patent and expressly covered "any divisional applications in any countries", but it did not expressly cover priority rights. The corporation argued that the assignment provided legal basis for treating the application in suit as a divisional in the corporation's name of the application originally filed by the ex-employee.
62. The Legal Board of Appeal allowed the appeal, holding that the assignment could be regarded as confirmation of the corporation's right to the invention claimed in the proposed divisional application, including the right to priority. The Board also held that it would not be right to ignore the assignment on the ground that to recognise it would be tantamount to enforcing a ruling of a court in a non-Contracting state. It left open the question whether action under Article 61 EPC could be taken on the basis of a decision of such court, but said that giving effect to an assignment was different even if the assignment was executed in compliance with a court order.
63. As counsel for IFL submitted, this decision does not contradict IFL's interpretation of Article 3 of the Protocol on Recognition. Furthermore, as noted above, it provides at least a partial answer to counsel for Frito-Lay's argument based on Article 6 of the Protocol on Recognition.
64. In G3/92 *Latchways/unlawful applicant* [1995] EPOR 141 Latchways Ltd, an English company, had developed a novel rope grip device and disclosed a prototype in confidence to Cleveland Dodge, a US citizen, for the purpose of considering its exploitation in the United States. Mr Dodge filed patent applications in respect of the device in the United States in 1984 and in the EPO in 1985, the latter claiming priority from the US application. The European application was published, but subsequently deemed withdrawn for failure to pay the examination fee.
65. Latchways developed the device further and filed patent applications in the United Kingdom in 1986 and in the EPO in 1987, the latter claiming priority from the UK application. The European search report transmitted to Latchways in 1988 made Latchways aware for the first time of the 1985 European application by Mr Dodge.
66. Latchways filed a reference to the Comptroller under section 12 of the 1977 Act and obtained a decision from the Comptroller that it was entitled to the grant of a European patent for the invention the subject of the Mr Dodge's 1985 European application. Latchways accordingly filed a new European application in respect of the subject-matter of the 1985 application under Article 61(1)(b) EPC. The Receiving Section of the EPO held that Latchways was not entitled to do so, since the 1985 application was no longer pending. Latchways appealed, and the Legal Board of Appeal referred the question of law to the Enlarged Board of Appeal.
67. By a majority decision, the Enlarged Board of Appeal held that, when it has been adjudged by a final decision of a national court that a person other than the applicant is entitled to the grant of a European patent, and that person, in compliance with the requirements of Article 61(1) EPC, files a new European patent application in respect

of the same invention under Article 61(1)(b) EPC, it is not a pre-condition for the application to be accepted that the earlier original usurping application is still pending before the EPO at the time the new application is filed.

68. The decision of the majority includes the following passage which is relevant to the present issue:

“3.1 Article 1(1) Protocol provides that In relation to any particular claim by an alleged lawful applicant against an actual applicant for a European patent, the particular Contracting State whose courts have jurisdiction to decide the claim is determined by the system of jurisdiction set out in Articles 2 to 8 Protocol. For any such claim, this system of jurisdiction designates the courts of one (and only one) Contracting State as the proper forum in which the claim must be decided.

After a court in a Contracting State has given a final decision on ‘the right to the grant of a European patent in respect of one or more of the Contracting States designated in the European patent application’, Article 9(1) Protocol provides that such a decision ‘shall be recognised without requiring a special procedure in the other Contracting States’. Furthermore, Article 9(2) Protocol provides that ‘The jurisdiction of the court whose decision is to be recognised and the validity of such decision may not be reviewed’.

3.2 Under Article 167(2) EPC, a Contracting State to the EPC may reserve the right to provide that it shall not be bound by the Protocol on Recognition. Under Article 167(3) EPC, such a reservation can only have effect for a limited period of time. Article 1(3) Protocol provides that for the purposes of the Protocol, the term ‘Contracting State’ refers to a Contracting State which has not excluded application of the Protocol on Recognition under Article 167 EPC.

3.3 Thus, in accordance with the above provisions of the Protocol on Recognition, a claim to the right to the grant of a European patent can only be decided before a court of the appropriate Contracting State; this is the only forum in which a lawful applicant may commence proceedings to establish his right. Furthermore, when such a claim has been decided in a final decision of such a national court in favour of a lawful applicant (B) and against an unlawful applicant (A) for a European patent application, that decision has to be recognised in all the other Contracting States which are bound by the Protocol. Under the Protocol on Recognition, subject to Articles 10 and 11(2) thereof, recognition is automatic and as of right.

3.4 When a national court of the appropriate Contracting State decides an individual case concerning a claim to entitlement to

the grant of a European patent under the Protocol on Recognition, it will apply the particular national law which governs determination of the case, which may or may not be its own national law, within the framework of its own legal system. Without the system of jurisdiction and recognition provided by the Protocol on Recognition, an individual case concerning a dispute as to who has the right to apply for a European patent could be the subject of proceedings in more than one national court, and could be decided differently in different national courts. It would then be impossible for the EPO to deal with one applicant (that is, the lawful applicant) in respect of the European application which is the subject of such proceedings

The above provisions of the Protocol on Recognition avoid such difficulties. A claim to the entitlement to the grant of a European patent is decided by a court of just one Contracting State, and whatever the result in that court, its decision is recognised in all the other Contracting States which are bound by the Protocol. This system of jurisdiction set out in the Protocol has its counterpart in Article 61 EPC, by which a dispute concerning the legal right provided by Article 60(1) EPC, having been decided by the appropriate national court, can be implemented and enforced for the purpose of the granting procedure before the EPO. Following the initiation by the lawful applicant (B) of a new procedure before the EPO in accordance with Article 61 EPC, the EPO is required to deal thereafter in such new procedure with the lawful applicant (B) in place of the unlawful applicant (A). ”

69. I recognise that this decision was taken on the basis of Article 61 EPC as originally enacted, and that it has subsequently been amended. Nevertheless, I agree with counsel for IFL that this reasoning supports IFL’s interpretation of Article 3 of the Protocol on Recognition.
70. In J6/03 *Heath/Suspension of proceedings* (unreported, 29 September 2004) Mr Heath, who was resident in Canada, had filed an application for a European patent. Matrix Service Inc, a Canadian company, and Matrix Service Co, a US company (collectively “Matrix”) requested suspension of the proceedings under EPC Rule 13 (which permits suspension where there are entitlement proceedings pending) on the grounds that Matrix had commenced proceedings against Mr Heath before the Canadian Superior Court of Justice of Ontario. In the Canadian proceedings Matrix claimed that it was entitled to the grant of the European patent on the grounds that Mr Heath, who was an ex-employee of Matrix, had acted in breach of various agreements. Matrix sought *inter alia* an order requiring Mr Heath to assign any and all right, title and interest in the European patent application to Matrix. The Legal Division of the EPO rejected the request for suspension on the ground Rule 13 EPC was to be regarded as an implementing provision to Article 61(1) EPC, which in turn was based on the closed system of jurisdiction and recognition provided for by the Protocol on Recognition. The Legal Division considered that the Canadian court did

not have jurisdiction under the Protocol on Recognition. Matrix appealed. The Legal Board of Appeal dismissed the appeal, holding that the proceedings initiated before the Canadian courts did not fulfil the requirements of Rule 13 EPC.

71. In its decision the Board expressed doubts with regard to the Legal Division's view that Article 61(1) EPC (1973 version) excluded recognition of a decision of a non-Contracting state. The Board said that the first and second possibilities mentioned in Article 61(1) ("decision given in a Contracting State" and "decision recognised in a Contracting State") applied to cases where a Contracting State had made a reservation under Article 167(2)(d) EPC. The Board pointed out that the third possibility ("has to be recognised on the basis of the Protocol on Recognition") covered the situation where a judgment of a court of a non-Contracting state (such as Canada) was recognised by a Contracting State, which could occur where that Contracting State had made a reservation. As a result, there might be a geographical split of entitlement to the European application. The Board noted, however, that there was no longer any reservations under Article 167(2)(d), and all Contracting States were bound by the Protocol on Recognition. The question, therefore, was whether the Protocol on Recognition excluded recognition of a decision of a non-Contracting State.

72. At [14] the Board said:

"As no formal exclusion of recognition of decisions of third States is specifically prescribed by the Protocol, such an exclusion could only be established by the interpretation of the jurisdiction established by Articles 2 to 6 of the Protocol as exclusive international jurisdiction not only between the members of the Convention but also with respect to third States. Only in the latter case, the lack of international jurisdiction of a court of a non-European State will be an indispensable issue concerning admissibility in national court proceedings on recognition."

73. The Board went on to note that Articles 2-5 of the Protocol on Recognition did not apply to the instant case. With regard to Article 6, the Board said:

"18. Article 6 Protocol reads ... The word 'exclusive' may be interpreted in such a way that international jurisdiction of courts of third States shall not be recognised by the Contracting States. However, it is known from national procedural law that such a broad interpretation depends on the connecting factor given in the provision. Article 6 Protocol only provides a residual or auxiliary jurisdiction without any reference to specific connecting factors. Therefore, Article 6 Protocol could be interpreted as a provision which provided for a further jurisdiction in cases where otherwise a general and automatic recognition for all Contracting States could not be achieved but not as one which generally excludes the recognition of international jurisdiction of courts of third States. This opinion is emphatically supported by legal literature (see Stauder, Münchner Gemeinschaftskommentar, Anerkennungsprotokoll,

Köln 1984, Article 6, note 4 and Heath, Münchner Gemeinschaftskommentar, Europäisches Patentübereinkommen, Köln 2004, Article 61, note 61).

It seems that the first instance did not consider these opinions and took the view that Article 6 of the Protocol establishes an exclusive jurisdiction which has to be defended in national recognition proceedings with respect to decisions of courts of third States.

19. Even considering the European Convention as a whole and the Historical Documents relating to it (*travaux préparatoires*), the Board finds no clear indication whether or not these implications were recognised when the EPC was drafted and what purpose should prevail in view of the national delegations concerned.

However with respect to the present case, this question need not be finally decided because from the Board's point of view a restrictive application of Rule 13 EPC is required for other reasons."

74. Despite this, the Board went on to say at [25]:

"When the Protocol was drawn up, it was also agreed that recognition of decisions does not extend to decisions of courts of a third Country recognised in a Contracting State on the basis of a bilateral agreement (see doc. BR/219 d/72, No. 65) and on a proposal from the United Kingdom Article 10(2) [*sic* – I think this should be 11(2)] was added to the Protocol. If the Contracting States would have vested any jurisdiction for recognition to the EPO, with respect to decisions of courts of third States, it would have been discussed at this stage of negotiation and the appropriate rules on recognition would have been developed but no mention on this point can be found in the Historical Documentation relating to the European Patent Convention (*travaux préparatoires*) and the Protocol. Thus, the Board considers that the EPO has no jurisdiction to recognise decisions of courts of third States without the basis of an appropriate constitutive provision. This conclusion cannot be disputed on the basis that the EPO has a competence to 'recognise' a transfer of a European patent application under Rule 20(1) EPC after submission of documents proving the legal transfer of the rights concerned, such transfer being based on a voluntary legal action going against the entitlement of the inventor under Article 60(1) EPC as an original right."

75. As I understand this, the Board concluded that, even if Contracting States could recognise a judgment of a court of a non-Contracting state, as to which the Board expressed no concluded opinion, the EPO itself could not. Accordingly, the Board held that Rule 13 should not be interpreted as applying to proceedings before the

courts of non-Contracting states, which could only be given effect to by the EPO if and in so far as the resulting judgment was recognised in one or more Contracting States.

76. I recognise that this decision provides support for counsel for Frito-Lay's argument as to the interpretation of Article 6 of the Protocol on Recognition. As counsel for IFL pointed out, however, it provides no support for interpreting Article 3 in the manner suggested by Frito-Lay.

Issue 2: What is the consequence of this Court having exclusive jurisdiction over the European Applications?

77. IFL contends that, as a consequence of this Court having exclusive jurisdiction over entitlement to the European Applications, no stay can be granted of action 3841 so far as it relates to the European Applications on *forum non conveniens* grounds. Frito-Lay disputes this. In the alternative, Frito-Lay contends that this does not preclude a stay being granted on case management grounds.
78. It is common ground that the EPC, including the Protocol on Recognition, is a convention falling within Article 71(1) of the Brussels I Regulation. The Court of Justice of the European Union has held that, when jurisdiction is founded under an Article 71 convention, it is to be considered, at least for the purposes of Article 26, as jurisdiction derived from Brussels I: see Case C-148/03 *Nürnberger Allgemeine Versicherungs AG v Portbridge Transport International BV* [2004] ECR I-10327 at [17] (a case decided under Articles 57 and 20 of the Brussels Convention, which correspond to Article 71 and 26 of the Brussels I Regulation).
79. IFL contends that, when jurisdiction is mandatory on the basis of the Brussels I Regulation, including by virtue of an Article 71 convention, the doctrine of *forum non conveniens* has no application. Frito-Lay disputes this.
80. Counsel for IFL primarily relied in support of this contention on the decision of the CJEU in Case C-281/02 *Owusu v Jackson* 1005] ECR I-1383. In that case the claimant, who was domiciled in the United Kingdom, had hired a holiday villa in Jamaica which had access to a private beach from the first defendant, who also domiciled in the United Kingdom. The claimant suffered severe injuries while diving from the beach onto a submerged sandbank, and brought an action in England for damages against the first defendant and other defendants, Jamaican companies of which one owned the beach and others had licences in connection with its use. The defendants invited the judge to decline jurisdiction in favour of the courts of Jamaica, on the basis of the doctrine of *forum non conveniens*, but the judge refused on the grounds that, despite the connecting factors with Jamaica, Article 2 of the Brussels Convention obliged him to assume jurisdiction vis-à-vis the first defendant, and that if the English court did not hear the claims against the other defendants also, there would be a risk of conflicting decisions in different jurisdictions. The Court of Appeal asked the Court of Justice whether, when jurisdiction was founded on Article 2, it was inconsistent with the Brussels Convention for a court of a contracting state to exercise a discretionary power, available under its national law, to decline jurisdiction in favour of the courts of a non-contracting state.

81. The Court of Justice held that this was inconsistent with the Brussels Convention for the following reasons:

- “37. It must be observed, first, that Article 2 of the Brussels Convention is mandatory in nature and that, according to its terms, there can be no derogation from the principle it lays down except in the cases expressly provided for by the Convention (see, as regards the compulsory system of jurisdiction set up by the Brussels Convention, Case C-116/02 *Gasser* [2003] ECR I-0000, paragraph 72, and Case C-159/02 *Turner* [2004] ECR I-0000, paragraph 24). It is common ground that no exception on the basis of the *forum non conveniens* doctrine was provided for by the authors of the Convention, although the question was discussed when the Convention of 9 October 1978 on the Accession of Denmark, Ireland and the United Kingdom was drawn up, as is apparent from the report on that Convention by Professor Schlosser (OJ 1979 C 59, p. 71, paragraphs 77 and 78).
38. Respect for the principle of legal certainty, which is one of the objectives of the Brussels Convention (see, inter alia, Case C-440/97 *GIE Groupe Concorde and Others* [1999] ECR I-6307, paragraph 23, and Case C-256/00 *Besix* [2002] ECR I-1699, paragraph 24), would not be fully guaranteed if the court having jurisdiction under the Convention had to be allowed to apply the *forum non conveniens* doctrine.
39. According to its preamble, the Brussels Convention is intended to strengthen in the Community the legal protection of persons established therein, by laying down common rules on jurisdiction to guarantee certainty as to the allocation of jurisdiction among the various national courts before which proceedings in a particular case may be brought (*Besix*, paragraph 25).
40. The Court has thus held that the principle of legal certainty requires, in particular, that the jurisdictional rules which derogate from the general rule laid down in Article 2 of the Brussels Convention should be interpreted in such a way as to enable a normally well-informed defendant reasonably to foresee before which courts, other than those of the State in which he is domiciled, he may be sued (*GIE Groupe Concorde and Others*, paragraph 24, and *Besix*, paragraph 26).
41. Application of the *forum non conveniens* doctrine, which allows the court seised a wide discretion as regards the question whether a foreign court would be a more appropriate forum for the trial of an action, is liable to undermine the predictability of the rules of jurisdiction laid down by the Brussels Convention, in particular that of Article 2, and

consequently to undermine the principle of legal certainty, which is the basis of the Convention.

42. The legal protection of persons established in the Community would also be undermined. First, a defendant, who is generally better placed to conduct his defence before the courts of his domicile, would not be able, in circumstances such as those of the main proceedings, reasonably to foresee before which other court he may be sued. Second, where a plea is raised on the basis that a foreign court is a more appropriate forum to try the action, it is for the claimant to establish that he will not be able to obtain justice before that foreign court or, if the court seised decides to allow the plea, that the foreign court has in fact no jurisdiction to try the action or that the claimant does not, in practice, have access to effective justice before that court, irrespective of the cost entailed by the bringing of a fresh action before a court of another State and the prolongation of the procedural time-limits.
 43. Moreover, allowing *forum non conveniens* in the context of the Brussels Convention would be likely to affect the uniform application of the rules of jurisdiction contained therein in so far as that doctrine is recognised only in a limited number of Contracting States, whereas the objective of the Brussels Convention is precisely to lay down common rules to the exclusion of derogating national rules.
 44. The defendants in the main proceedings emphasise the negative consequences which would result in practice from the obligation the English courts would then be under to try this case, inter alia as regards the expense of the proceedings, the possibility of recovering their costs in England if the claimant's action is dismissed, the logistical difficulties resulting from the geographical distance, the need to assess the merits of the case according to Jamaican standards, the enforceability in Jamaica of a default judgment and the impossibility of enforcing cross-claims against the other defendants.
 45. In that regard, genuine as those difficulties may be, suffice it to observe that such considerations, which are precisely those which may be taken into account when *forum non conveniens* is considered, are not such as to call into question the mandatory nature of the fundamental rule of jurisdiction contained in Article 2 of the Brussels Convention, for the reasons set out above."
82. It was been held that the applicability of *forum non conveniens* is also excluded in cases where there is mandatory jurisdiction under Article 5(6) (*Gomez v Gomez-Manche Vives* [2008] EWHC 259 (Ch) at [112]-[116] (Morgan J) reversed on other grounds [2008] EWCA Civ 1065, [2009] Ch 245) and Article 23 of the Brussels I Regulation (*Equitas Ltd v Allstate Insurance Co* [2008] EWHC 1671 (Comm), [2009]

Lloyd's Rep IR 227 at [64] (Beatson J), *UBS AG v HSH Nordbank AG* [2009] EWCA Civ 585, [2009] Lloyd's Rep 272 at [103] (Collins LJ, as he then was)).

83. Counsel for Frito-Lay argued that the present case was to be distinguished from *Owusu* and the authorities referred to in the preceding paragraph on the ground that jurisdiction in the present case was founded on Article 4 of the Brussels I Regulation. Counsel for Frito-Lay submitted, and counsel for IFL did not dispute, that where jurisdiction was founded on Article 4, then the doctrine of *forum non conveniens* remained applicable: see Dicey, Morris & Collins, *The Conflict of Laws* (14th ed) at §12-016.
84. Counsel for IFL submitted, however, that in the present case jurisdiction was not founded upon Article 4, but upon an Article 71 convention, as discussed above. He did not dispute that, in the absence of Article 71 and the EPC's Protocol on Recognition, Article 4 would have been applicable, but he argued in effect that Article 71 and the EPC's Protocol on Recognition overrode Article 4. I accept that argument. Article 4 is expressly subject to Articles 22 and 23, which provide for exclusive jurisdiction in certain cases. Where Articles 22 or 23 apply, the court cannot decline jurisdiction on *forum non conveniens* grounds. Where an Article 71 convention provides for exclusive jurisdiction, then it seems to me that the same result should follow. Furthermore, as counsel for IFL submitted, all the reasons given by the Court of Justice in *Owusu* in the passage quoted above apply with equal force to the Protocol on Recognition.
85. Accordingly, I conclude that no stay can be granted of action 3841 so far as it relates to the European Applications on *forum non conveniens* grounds.
86. I turn next to Frito-Lay's alternative contention that a temporary stay may be granted on case management grounds. Counsel for IFL did not dispute that the Court has jurisdiction to grant such a stay, but pointed out that such stays are only granted in "rare and compelling circumstances": see *Reichhold Norway ASA v Goldman Sachs International* [2000] 1 WLR 173 at 186 (Lord Bingham of Cornhill CJ). He disputed that such circumstances existed in the present case. I shall return to this point below.

Issue 3: Should this Court exercise jurisdiction under section 12 of the 1977 Act in respect of the other Frito-Lay Applications, and in particular the pending US applications?

87. It is common ground that this Court has no jurisdiction under section 12 of the 1977 Act to determine entitlement to patents which were granted as at the date of the Claim Form in action 4566 (or possibly the date of the reference to the Comptroller, if that makes any difference), and in particular the two granted US patents referred to in paragraphs 16 and 21 above. (The third granted US patent, referred to in paragraph 18 above, was granted after the date of the Claim Form).
88. IFL contends that this Court has jurisdiction under section 12 in respect of all the Frito-Lay Applications which were pending as at the date of the Claim Form, including the pending US applications. Frito-Lay does not dispute that, on the face of section 12, the Court appears to have jurisdiction; but it contends that the Court should not exercise it, or at least should decline to exercise it in respect of the pending US applications. IFL accepts that this Court has power to grant a stay of the section 12 proceedings on normal *forum non conveniens* grounds, which I will consider

below. This issue at this stage is whether there is any more fundamental reason as to why this Court should decline to exercise its jurisdiction under section 12. Frito-Lay advances two such reasons, one general and one more specific.

89. Generally, Frito-Lay contends that the purpose of section 12 is primarily to enable resolution of disputes over international patent applications where the UK is the Receiving Office under the Patent Co-operation Treaty and/or the inventions claim priority from a UK application. This is to ensure that, where there is a dispute about a UK patent application under section 8, it can be resolved together with all the foreign applications which stem from it under section 12. This avoids the need for litigation in multiple fora for all the foreign filings in the same patent family where that family has its base in the UK. Frito-Lay says that it is not the purpose of section 12 to provide some roving international jurisdiction over any foreign patent applications even where the base filings are in a foreign country.
90. In considering this submission, two points need to be borne in mind. The first is that section 12 confers subject-matter jurisdiction. It does not, in and of itself, confer personal jurisdiction over any particular defendant. The second is that, even where personal jurisdiction can be established, the court can decline to exercise jurisdiction over the dispute on *forum non conveniens* grounds, which will involve considering the connections of the parties and the dispute with the competing fora. I accept that the fact that the base filings were made in a foreign country may in an appropriate case be a factor pointing away from the court exercising jurisdiction. I do not accept that it is determinative, however. Thus, contrary to the submission of counsel for Frito-Lay, it is not unprecedented for the section 12 jurisdiction to be exercised in respect of international applications claiming priority from a US patent application (see e.g. *Ladney and Hendry's International Application* [1998] RPC 319) or even US patent applications themselves (see e.g. *LIFFE Administration and Management v Pinkava* [2007] EWCA Civ 217, [2007] RPC 30).
91. More specifically, Frito-Lay contends that this Court is precluded from determining entitlement to pending US applications. It is common ground that, in order to determine which party was entitled to be granted US patents in respect of the disputed inventions, the Court would have to apply US law. It is also common ground, however, that the US Court of Appeals for the Federal Circuit has recently held that there is no private right of action to challenge the inventorship of, and hence entitlement to, pending US applications, as opposed to granted patents, and that such relief can only be granted by the Director of the USPTO under 35 USC §§116 & 135(a): see *HIF Bio, Inc. v Yung Shin Pharmaceuticals Industrial Co Ltd* 600 F. 3d 1347 (Fed. Cir., 2010).
92. Counsel for IFL submitted that this was merely a procedural bar, rather than a rule of substantive law, and therefore did not preclude this Court from determining entitlement to pending US applications in the exercise of its section 12 jurisdiction. IFL has served no expert evidence in support of this submission, however, even though it has served expert evidence with respect to US law (as to which, see further below). In the light of the clear statement of Judge Gajarsa giving the opinion of the CAFC in *HIF* at 1354 that “no private right of action exists”, and in the absence of expert evidence to the contrary, it appears to me that the bar is substantive, not procedural.

93. Accordingly, I conclude that this Court has jurisdiction under section 12 to determine entitlement to pending US applications, but that, applying the applicable substantive law, IFL would have no claim to entitlement to those applications which this Court could uphold. (It should be noted that this problem did not arise in *LIFFE v Pinkava* because in that case there was no issue as to inventorship, and the dispute was one as to entitlement as between employer and employee, which was governed by section 39 of the 1977 Act.) In this regard, this Court's jurisdiction is neither more extensive, nor less extensive, than that of the Texas Court. Of course, once the pending US applications proceed to grant, this jurisdictional obstacle will cease to apply in either court.

Issue 4: Does this Court lose jurisdiction under section 12 if an application proceeds to grant?

94. It is probable that, in countries where (unlike in the EPO) IFL cannot obtain a suspension of the prosecution proceedings, a number of the Frito-Lay Applications will proceed to grant between now and the date of any trial of these actions. Frito-Lay contends that, as and when each foreign application is granted, this Court will cease to have jurisdiction to deal with it under section 12. IFL disputes this.
95. Frito-Lay's contention might be thought to receive support from the absence of any counterpart to section 9 so far as section 12 is concerned and from the fact that section 37 does not apply to foreign patents. As counsel for IFL pointed out, however, in the sequel to the *Ladney and Hendry* case, *Cinpres Gas Injection Ltd v Melea Ltd* [2008] EWCA Civ 9, [2008] RPC 17, Jacob LJ giving the judgment of the Court of Appeal held at [76]:
- “So a s. 8 application is transmuted into a s. 37 application upon grant. That can only be because the subject-matter - the cause of action - of the two applications is the same. Although, oddly, there is no similar provision for s.12 (perhaps because s.12 covers not only UK but foreign applications) the logic is the same. In short whether the dispute is about a right to an application or to the patent resulting from an application, the cause of action, entitlement, is about one indivisible thing, ownership.”
96. Counsel for IFL submitted that it followed from this reasoning that what mattered was whether the Court had jurisdiction over the cause of action as at the date of the commencement of the proceedings. If it did, the Court did not lose jurisdiction merely because an application matured into a patent, because the cause of action remained the same.
97. Counsel for Frito-Lay countered that the Court of Appeal was not considering the issue that is presently before this Court. Furthermore, he pointed out that the statements quoted above were made in the context of a case concerning successive claims to ownership of (i) an international patent application (claiming priority, as noted above, from a US patent application) under section 12 and (ii) a European Patent (UK) under section 37.
98. I accept that *Cinpres v Melea* is distinguishable for the reasons given by counsel for Frito-Lay. Nevertheless, I find the logic of counsel for IFL's submission persuasive. I

therefore conclude that this Court will not cease to have jurisdiction to deal with the Frito-Lay Applications under section 12 merely because they proceed to grant between now and trial.

Issue 5: What is the law applicable to IFL's claim for breach of confidence?

99. It is common ground that entitlement to the European Applications must be decided in accordance with Article 60 EPC, entitlement to the US applications and patents must be decided in accordance with US law and entitlement to the national applications stemming from the international applications must be decided in accordance with the relevant national laws. There is a dispute, however, as to the law applicable to IFL's claim for breach of confidence. IFL contends that the applicable law is English law, while Frito-Lay contends that it is Delaware law, or possibly Texas law.
100. In order to determine this issue, it is first necessary to determine the rule or rules for ascertaining the applicable law, bearing in mind that most of the events giving rise to damage relied on by IFL occurred prior to 11 January 2009, but some occurred after that date (in particular, prosecution of the Frito-Lay Applications, procuring publication of some of the Frito-Lay Applications and procuring the grant of those patents which have been granted). The significance of that date is that in Case C-412/100 *Homawoo v GMF Assurances SA* [2011] ECR I-0000 the CJEU ruled that:

“Articles 31 and 32 of Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations ('Rome II'), read in conjunction with Article 297 TFEU, must be interpreted as requiring a national court to apply the Regulation only to events giving rise to damage occurring after 11 January 2009 and that the date on which the proceedings seeking compensation for damage were brought or the date on which the applicable law was determined by the court seised have no bearing on determining the scope *ratione temporis* of the Regulation.”
101. It is important to emphasise that, as noted above, IFL's claim is for breach of an equitable obligation of confidence. Under English law, an equitable obligation of confidence will arise as a result of the acquisition or receipt of confidential information if (but only if) the acquirer or recipient either knows or has notice (objectively assessed by reference to a reasonable person standing in his shoes) that the information is confidential: see *Force India Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd* [2012] EWHC 616 (Ch) at [224] and the authorities cited there.
102. *Events prior to 11 January 2009.* In his skeleton argument counsel for Frito-Lay suggested that the applicable law should be determined in accordance with section 11 of the Private International Law (Miscellaneous Provisions) Act 1995. In *Kitechnology BV v Unicorn GmbH Plasmachinen* [1995] FSR 766 at 777-778, however, the Court of Appeal held that claims for breach of an equitable obligation of confidence did not arise in tort as a matter of English law in the context of considering whether they fell within Article 5(3) of the Brussels Convention (now Article 5(3) of the Brussels I Regulation). It follows that the applicable law must be determined in accordance with common law principles of conflicts of law.

103. Identifying the relevant common law principles is not straightforward, however. As Lord Phillips of Worth Matravers MR stated when delivering the judgment of the Court of Appeal in *Douglas v Hello! Ltd (No 3)* [2005] EWCA Civ 106, [2006] QB 125 at [97]:

“*Dicey & Morris on the Conflict of Laws*, 13th ed (2000), vol 2, at paras 34-029ff, suggest, somewhat tentatively, that a claim for breach of confidence falls to be categorised as a restitutionary claim for unjust enrichment and that the proper law is the law of the country where the enrichment occurred. While we find this reasoning persuasive, it does not solve the problem on the facts of this case....”

104. In the current (14th) edition of *Dicey, Morris & Collins*, the editors deal with this question as follows (omitting footnotes):

“34–033 Choice of law for equitable obligations and wrongs. The courts have had little occasion to consider the choice of law rules applicable to causes of action which would, as a matter of English domestic law, be seen as being based on or concerned with an equitable obligation or equitable wrong. There is no reason to suppose that the domestic law distinction between equity and the common law is reflected in the rules of characterisation and choice of law in the conflict of laws; there is therefore no need for a choice of law rule for ‘equitable obligations’. But many actions which would in English law be seen as equitable (for breach of confidence, or to require a bribe-taker to account for the bribe, or to enforce fiduciary duties against someone who has made an unauthorised profit, for example) and which when arising under a foreign law present problems of characterisation, may well be characterised as being restitutionary in nature. If so, they will fall within the scope of [Rule 230]. Authority is scanty. Though it has been said that, as equity acts *in personam*, equitable claims are governed by the *lex fori*, this almost certainly means no more than that a court may order equitable remedies in accordance with its own procedural law over a defendant subject to its personal jurisdiction in respect of rights which have been found to arise under the law identified by its choice of law rules. Given the similarity between equitable wrongs on the one hand, and torts and breaches of contract on the other, it may be appropriate to regard claims which would in domestic law be equitable wrongs as being governed by the choice of law rules applicable to these areas of law, rather than by Rule 230, at least where the measure of recovery is not determined by reference to the enrichment of the defendant.

34–034 Support for the law which governs the relationship between the parties may be derived from the approach of the High Court of Australia in *Att-Gen (UK) v Heinemann Publishers*

Australia Pty Ltd. In upholding the refusal to grant an injunction to restrain the publication of a book said to involve the commission of breaches of the obligation of confidence owed by Peter Wright, a United Kingdom Crown Servant, the High Court considered that it was prevented from granting a remedy by the rule against the enforcement of foreign penal, revenue, or other public laws, or a principle of public international law related to it. It was evidently accepted that the choice of law rule which determined whether the plaintiff had a right capable of being enforced, but whose enforcement was in turn prevented by the rule of international law relied on by the publisher, pointed to English law, even though the author resided (and was presumably paid) in Australia, and though the publication complained of, and hence any presumed enrichment, took place in Australia. The law with which Wright's obligation, and the rights associated with its breach, was most closely connected was English, and was not the law of Australia where the fruits of its breach by publication in Australia, accrued to him.

...

34-037 These cases suggest that equitable claims for compensation fall outside the scope of Rule 230. They also indicate that an English court will not necessarily apply the applicable law of the contract or tort to such equitable claims, even when brought concurrently with actions in contract or tort.

34-038 It is suggested that equitable claims to disgorge the value of the enrichment of the defendant fall within the scope of Rule 230. The question then arises as to how to apply the Rule to such cases. The application of the law of the place of enrichment, without significant modification, has been approved and applied in England and in Singapore, and may be considered the dominant view. But the slenderness of the authority for it has been judicially noticed, and there is some judicial support for an approach, in some cases at least, which accords greater significance to the parallel with other causes of action to which different choice of law rules apply. So, if the nature of the claim is that a wrong has been done which is analogous to a tort, from which the defendant has made a profit, it might be appropriate for the place of the enrichment to be one factor, but not necessarily a dominant factor, in the identification of the proper law of the obligation to make restitution. This would mean that greater emphasis might be placed on the law under which the relationship between the relevant parties was created, or which governed the relationship between them, than on the fact that the enrichment occurred in a particular place.

....

34–040 Outside the context of such relationships, it is suggested that Rule 230(2)(c) should be applied to equitable claims based upon the enrichment of the defendant, so that the law of the place of enrichment will normally be applied. So, in *Douglas v Hello! Ltd (No.3)*, the Court of Appeal held that a claim for breach of confidence should be classified as restitutionary and subject to what is now Rule 230. This led to the application of the law of the place of enrichment, English law, where magazine publishers had allegedly profited from unauthorised acts of publication. However, the Court of Appeal noted that in deciding whether the information used was unauthorised as a matter of English law, the court would have regard to the law of the place where the photographs in question were taken, New York, in deciding whether the claimants could reasonably have expected the information to have remained private.

34–041 The conclusion to be drawn from these cases is that an equitable claim which is founded on an allegation of unlawful or knowing receipt, or any other equitable claim to disgorge an unjust enrichment, will fall within the scope of [Rule 230]. But a claim which is founded on an allegation of wrongdoing for which compensation is sought does not do so, even if English domestic law would regard the liability as equitable. They also illustrate that claims for equitable damages which are compensatory in nature will not necessarily be governed by the choice of law rules applicable to contracts or torts when arising concurrently, or in connection with, such claims. ...”

105. Counsel for Frito-Lay relied upon the fact that the NDA stipulates that the applicable law is Delaware law, and argued that that was the law that the parties had chosen to apply to the question of confidentiality. While I see the force of that argument, the problem with it is that, as noted above, IFL does not allege any breach of the NDA. Furthermore, the facts relied upon by IFL in support of its claim for breach of confidence go beyond the NDA.
106. Counsel for IFL relied upon the following facts (or alleged facts): (a) IFL, an English company acting through its employees, devised the confidential information; (b) IFL did so in England, because its employees were located in England; (c) IFL disclosed the information to Frito-Lay, albeit in some cases through the conduit of IFI; and (d) IFL disclosed the information partly in (or at least from) England and partly in Texas. He argued that these facts supported the application of English law following the approach of the High Court of Australia in *Attorney-General v Heinemann Publishers Australia Pty Ltd* (1988) 165 CLR 30.
107. If one approaches the question on the basis that IFL’s claim is a restitutionary claim for unjust enrichment, and asks where the enrichment occurred, then, unless one says that the enrichment occurred in Texas because that is where Frito-Lay is based, the problem which arises is that the enrichment occurred virtually worldwide, since Frito-Lay has filed international patent applications covering a large number of countries.

108. In the circumstances of the present case, I consider that it makes more sense to adopt the approach of the High Court of Australia of identifying the law with which Frito-Lay's obligation to IFL, and the rights associated with its breach, are most closely associated. Given the manner in which IFL's claim is framed, I accept the argument of counsel for IFL that the facts set out in paragraph 106 above point to English law as being that law.
109. *Events after 11 January 2009.* It is common ground that claims for breach of an equitable obligation of confidence fall within Article 6 of the Rome II Directive when read together with Article 39 of Agreement on Trade-related Aspects of Intellectual Property Rights which forms Annex 1C to the Agreement establishing the World Trade Organisation signed in Morocco on 15 April 1994 (commonly known as "TRIPS"), to which the European Union and all its Member States are party. Article 6 of Rome II contains a specific choice of law regime for "a non-contractual obligation arising out of an act of unfair competition", while Article 39 of TRIPS requires WTO Member States to protect undisclosed information "in the course of ensuring effective protection against unfair competition". (Since this is common ground, I do not need to explain why it is necessary to have regard to TRIPS for this purpose.)
110. In the present case counsel for IFL submitted that Article 6(2) was the applicable rule on the ground that the acts of unfair competition alleged affected the interests of a specific competitor, namely IFL. Since counsel for Frito-Lay did not argue to the contrary, I accept that submission. It follows that Article 4 applies.
111. Neither counsel relied on Article 4(1). Rather, both relied on Article 4(3). Counsel for Frito-Lay again argued that the NDA gave rise to a closer connection with Delaware than any other state. Counsel for IFL again argued that IFL's claim was more closely connected with England. In my view the claim is more closely connected with England for similar reasons to those given in paragraph 108 above.

Issue 6: Should IFL have permission to serve the breach of confidence claim outside the jurisdiction?

112. I turn next to consider whether IFL has satisfied the three requirements identified by Lord Collins in *AK Investment v Kyrgyz* for obtaining permission to serve the breach of confidence claim out of the jurisdiction.
113. *Serious issue to be tried on merits?* There is no dispute that IFL has shown that there is serious issue to be tried on the merits.
114. *Good arguable case as to jurisdictional gateway?* The jurisdictional gateway relied upon by IFL is that provided by paragraph 3.1(2) of CPR Practice Direction 6B – Service out of the Jurisdiction:
- "A claim is made for an injunction ordering the defendant to do or refrain from doing an act within the jurisdiction."
115. Counsel for Frito-Lay submitted that IFL did not have a good arguable case that it was claiming an injunction ordering Frito-Lay to do or refrain from doing an act within the jurisdiction. In support of this argument he relied upon *G.A.F. Corp v Amchem Products Inc* [1975] Lloyd's Rep 601. In that case GAF and Amchem were

both US companies. Under a contract between them made in the USA GAF was to send Amchem lists of chemicals it wanted Amchem to test as herbicides or plant growth regulators and Amchem was to select those it was prepared to test. GAF was then to send Amchem samples of the selected chemicals for Amchem to test and Amchem was to report the test results to GAF. The contract contained mutual obligations as to confidentiality. In 1966 GAF sent Amchem a particular acid and various esters of it for testing. In 1967 Amchem filed two US patent applications for the use of these chemicals as herbicides and plant growth regulators. In 1967-68 Amchem filed patent applications in various countries, including France, Germany and the UK. A number of these applications, including the UK application, had proceeded to grant. In 1972 the parties concluded a contract under which Amchem was obliged to purchase the acid from GAF.

116. Not long afterwards, GAF commenced proceedings in France, Germany, England and the USA. In the US proceedings GAF claimed a declaration that Amchem held the various patent applications and any resulting patents on constructive trust for GAF. GAF also claimed various injunctions and an order that Amchem assign the inventions to GAF. In the English proceedings GAF claimed (1) a declaration that it was entitled to the UK patent, (2) an order that Amchem assign the UK patent to GAF alternatively hold it on trust for GAF and (3) an injunction to restrain Amchem from taking any action for the enforcement of, amending, failing to maintain in force or assigning the UK patent. It is pertinent to note that paragraph (3) of the prayer for relief was added by amendment after GAF had obtained permission to serve the English proceedings on Amchem outside the jurisdiction. Amchem applied to set the permission aside.
117. Megarry J set aside permission. He held that that GAF had failed to establish that the case fell within what was then RSC Order 11 rule 1, but that even if it did the US court was “overwhelmingly” a more appropriate forum than the English court and furthermore GAF had been guilty of material non-disclosure in making its *ex parte* application to serve out. On the question whether the claim for an injunction satisfied Order 11 rule 1(i) (which corresponds to PD6B para 3.1(2)), he said:

“So far as par. 2 is concerned, I cannot see that it is. If framed as it stands, the order could be complied with by effecting an assignment anywhere in the world, and not merely within the jurisdiction, the Court may be able to cut down its scope so as to convert a prohibition sought against doing some act anywhere within the jurisdiction, so that it will then fall within par. (i); see *In re De Penny*, [1891] 2 Ch. 63; and see *The Tropaioforos (No. 2)*, [1962] 1 Lloyd’s Rep. 410, at p. 421. Such a process converts a more burdensome claim into a less burdensome order. But I do not think the same process can apply to a mandatory order. If a claim to a mandatory order to do some act anywhere were to be converted into a mandatory order to do the act within the jurisdiction, the order would become more burdensome than the claim, and not less burdensome; for instead of being able to comply with the order by doing the act anywhere, the defendant could comply with the order only by doing the act in this particular jurisdiction. In

the present case, if the defendants truly are under an obligation to assign the patent to the plaintiffs, why should they be ordered to do this within the jurisdiction instead of in the United States, where they both are? I do not think that par. 2 of the relief claimed falls within par. (i) or r. 1.

I turn to par. 3 of the relief claimed. This, as it seems to me, is essentially incidental or ancillary. The real claim is to the declaration of ownership and the order to assign; and once the order has been carried out, par. 3 would of necessity be inoperative. When judgment is given in the action, the injunction under par. 3, if granted at all, would have only a limited operation and a life that in all probability would be short. It is a form of injunction more suited for interlocutory relief. I appreciate that *Rosler v Hilber* was a very different case, but I think that the principle of that case applies here. At best, the injunction falls within the letter of par. (i) and not the spirit. Accordingly I do not think that I need discuss the authorities which consider the precise words in which the standard of proof in these cases should be expressed.”

118. On appeal Russell and Stamp LJJ upheld Megarry J’s decision that the USA was the appropriate forum assuming, without deciding, that the case was within Order 11 rule 1.
119. In the present case IFL seeks the following prohibitory and mandatory injunctive relief in respect of its breach of confidence claim:
 - i) “An injunction to restrain [Frito-Lay] ... from acting so as to prejudice [IFL’s] equitable interests in the Applications in Suit and/or the Patents in Suit [as defined in the Particulars of Claim]”.
 - ii) “An order that [Frito-Lay] does take all steps within its power ... to assign or procure the assignment to [IFL] of each of the Applications in Suit and/or the Patents in Suit ...”.
 - iii) “An order that [Frito-Lay] does take all steps within its power to correct or procure the corrections of the inventorship as recorded on the corresponding registers for each of the Applications in Suit and/or the Patents in Suit ... such that Mr Sweetman and Mr Hewitt be mentioned as inventors thereof”.
120. The prohibitory injunction is essentially a generalised form of the injunction which was considered by Megarry J in the second paragraph I have quoted from *GAF v Amchem*. If the matter were free from authority, I might well have concluded that the injunction fell within PD6B para 3.1(2), but that is not the position. Counsel for IFL submitted that the present case was distinguishable from *GAF v Amchem*, but it seems to me that Megarry J’s reasoning is equally applicable here. I do not feel able to say that that reasoning is wrong, and accordingly I shall follow it. In my judgment the second order is clearly not within PD6B para 3.1(2) for the reasons given by Megarry J in the first paragraph I have quoted from *GAF v Amchem*. As for the third order, I consider that this is within PD6B para 3.1(2) in so far as it relates to (a) the UK

national applications stemming from the international applications and (b) any European Patents (UK) granted pursuant to the European Applications. In my view this is not purely incidental or ancillary: an assignment will not in itself carry with it any right to correct inventorship, and inventorship can be of significance, in particular for the inventors themselves by virtue of section 40 of the 1977 Act (which confers on employee inventors a right to compensation in respect of inventions and patents of outstanding benefit to their employer). I therefore conclude that IFL has a good arguable case that the claim falls within PD6B para 3.1(2).

121. *Is England the appropriate forum?* I shall consider this below.

Issue 7: What is the extent of the Texas Court's jurisdiction?

122. The Texas Court will obviously determine the extent of its own jurisdiction, and whether to exercise or decline that jurisdiction, when disposing of Innovia's motion to dismiss. Nothing I say can, or should be interpreted as an attempt to, pre-empt the Texas Court's conclusions on these matters. Nevertheless, since the parties before me are in dispute as to the extent of the Texas Court's jurisdiction, and since this dispute has a bearing on the *forum non conveniens* issue, I must assess the position as best I can.

123. Both sides have served opinions prepared by distinguished retired US judges. IFL relies upon an opinion of the Hon. Joseph J. Farnan, Jr., who was a District Judge for the District of Delaware from 1985 to 2010. Frito-Lay relies upon an opinion of the Hon. Robert M. Parker, who was a District Judge for the Eastern District of Texas from 1979 to 1994 and a Circuit Judge of the Court of Appeals for the Fifth Circuit from 1994 to 2002. I note in passing that neither opinion complied with the formal requirements of CPR r. 35.10, Practice Direction 35 – Experts and Assessors and the Protocol for the Instruction of Experts to Give Evidence in Civil Claims, but in the circumstances I am prepared to overlook this.

124. Although there is a large measure of agreement between Judge Farnan and Judge Parker, there are two points of difference between them, only one of which is necessary for me to consider. As noted above, it is common ground that the Texas Court has jurisdiction over the granted US patents, but not the pending US applications. It is also common ground that the Texas Court does not have jurisdiction over foreign applications and patents corresponding to the pending US applications. The dispute is as to the Texas Court's jurisdiction over foreign applications and patents corresponding to granted US patents. Judge Farnan is of the opinion that the Texas Court has jurisdiction to consider the inventorship of (and hence entitlement to) a foreign application related to a granted US patent if, but only if, the scope of the claims of the foreign application is the same of the scope of the claims of the US patent. Judge Parker is of the opinion that the Texas Court's jurisdiction is not so limited.

125. Neither counsel dissented from the approach to conflicts of expert evidence as to foreign law that I set out in *VTB Capital plc v Nutritek International Corp* [2011] EWHC 3107 (Ch) at [201]:

“To my surprise, counsel were unable to direct me to any authority as to the correct approach to such conflicts on an

application such as the present. Obviously, I cannot resolve the conflicts without cross-examination. ... Nevertheless, counsel were, I think, more or less agreed by the end of the hearing that I was both entitled and obliged to consider the quality of the evidence, taking into account factors such as the experience of the experts, the cogency of their reasoning and the materials relied upon to support it.”

126. Judge Farnan relies in support of his opinion on *Chou v University of Chicago* 254 F 3d 1347 (Fed. Cir., 2001) and *Medigene v Loyola University* 2001 US Dist. Lexis 25269 (N.D. Ill., 2001). As Judge Parker points out, however, neither of these decisions provides support for the limitation on the court’s jurisdiction proposed by Judge Farnan. Accordingly, for the purposes of determining the applications before me, I prefer the opinion of Judge Parker on this point.

Issue 8: Which court is the appropriate forum?

127. For the reasons explained above, I have concluded that this Court has exclusive jurisdiction over the European Applications and that no stay can be granted on *forum non conveniens* grounds. It remains to be considered, however, whether a stay of that claim should be granted on case management grounds. So far as the breach of confidence claim is concerned, the burden is on IFL to show that England is clearly or distinctly the appropriate forum. So far as the section 12 claim is concerned, the burden is on Frito-Lay to show that the Texas Court is the appropriate forum.
128. *Territorial connections of the parties.* As noted above, IFL is based in England, IFI is based in Georgia and Frito-Lay is based in Texas. Accordingly, this factor seems to me to be neutral as between this Court and Texas.
129. *Factual connections between the events and particular courts.* IFL relies on the facts I have set out in paragraph 106 above. Frito-Lay relies upon the facts that (a) some of the disclosures took place wholly in Texas, (b) its employees who are named as inventors of the Frito-Lay Applications are based in Texas and, Frito-Lay will say, devised the inventions there and (c) it directed the filing and prosecution of all the Frito-Lay Applications from Texas. Frito-Lay also intends to rely upon communications it has had with third parties based in the US in support of its defence of independent invention. I conclude that there are connections with both England and Texas.
130. *Key witnesses.* Each side has produced a list of key witnesses. Frito-Lay lists ten US-based witnesses and only two based in the UK. IFL lists eight US-based witnesses and six based in the UK. The differences between the two lists all relate to IFL’s witnesses. In my view IFL’s list is more likely to be accurate. For example, Frito-Lay’s list omits Mr Beeby. Frito-Lay relies upon the fact that US-based witnesses will only be compellable in Texas. That is true, but this is only likely to be relevant to the more peripheral witnesses (such as Ms Hammond and Mr Richards, both of whom have left IFI); and, if need be, their evidence can be obtained under compulsion for these proceedings by means of a Letter of Request. Overall, I conclude that this factor is neutral as between England and Texas.

131. *Documents.* The key documents will include those supporting the devising by IFL of the inventive concepts. These are kept at IFL's premises in England. Then there are the documentary disclosures relied on and the communications between IFL and Frito-Lay. These are in the main electronic files which are kept by IFL in England and by Frito-Lay in Texas. The documents providing evidence of misuse which Innovia relies on are the patent applications and granted patents themselves, which are published worldwide on online databases. The documents relied on by Frito-Lay in support of its defence of independent invention are in Texas. Frito-Lay relies on the factor that disclosure (discovery) from IFI will be available in the Texas proceedings, but not these proceedings. It does not appear that IFI is likely to have any important documents, however; and, again if need be, disclosure can be obtained for these proceedings by a Letter of Request or in other ways. Overall, I consider that this factor is neutral.
132. *Applicable law.* I have considered this in paragraphs 99-111 above. If the breach of confidence and section 12 claims are tried in the Texas Court, it will have to apply English and various other foreign laws as well as US law. Conversely, if they are tried in this Court, this Court will have to apply US and other foreign laws as well as English law. I therefore consider that this factor is neutral as between Texas and England.
133. *Risk of irreconcilable judgments.* It is common ground that there is a risk of irreconcilable judgments if there are concurrent proceedings in the Texas Court and in this Court dealing with the same, or overlapping, claims. Both parties agree that this should be avoided by ensuring that all claims (or as many as possible) are dealt with by the same court. IFL says that that court should be this Court, while Frito-Lay says that it should be the Texas Court.
134. *Conclusions.* If the breach of confidence claim stood alone, I would not consider that England was the natural forum for that. Nor would I consider that England was the appropriate forum, because there is no suggestion that IFL would not obtain substantial justice in the USA applying the approach outlined in paragraphs 42-46 above. If the section 12 claim stood alone, I would not consider that Texas was the appropriate forum for that claim, since it is no more appropriate than England. As for the claim to the European Applications, if it were the case that the Texas Court was clearly the appropriate forum to determine all the other claims, then I might be persuaded that the circumstances were sufficiently exceptional to justify the grant of a stay pending the determination of the Texas Claim, on the basis that the findings of the Texas Court, which would be subject to issue estoppels, would probably leave relatively little left for this Court to determine. For the reasons I have explained, however, that is not the position. In these circumstances I consider that the interests of justice are best served by trying as many of the claims as possible in the same court at the same time, and that the court which is best placed to do that, in particular because (a) it has exclusive jurisdiction over the European Applications and (b) it has jurisdiction over the foreign applications corresponding to the pending US applications, is this Court.

Issue 9: Should Master Bragge's order be set aside for material non-disclosure?

135. It is common ground that, since IFL's application to Master Bragge for permission to serve action 3841 out of the jurisdiction was made without notice to Frito-Lay, IFL

was under a duty of full and frank disclosure. Frito-Lay contends that IFL's evidence, which consisted of a witness statement made by its patent attorney Dr Julian Potter, failed to comply with that duty in that it did not fairly raise the issue as to the appropriate forum. The two main points relied upon by counsel for Frito-Lay in this connection were that Dr Potter failed to point out that (i) the NDA contained a Delaware law clause and (ii) the initial applications filed by Frito-Lay were US applications. It is correct that Dr Potter did not specifically draw these matters to the Court's attention as being relevant to the question of forum, but he did exhibit a copy of the NDA and the draft Particulars of Claim he exhibited made it clear that the priority applications were US applications. In these circumstances, and given that I have concluded that neither of these factors is particularly significant with regard to the question of forum, I do not consider that there was any material non-disclosure by IFL.

Conclusion

136. For the reasons given above, both of Frito-Lay's applications are dismissed.