

16th December 2011

PATENTS ACT 1977

REFERRER

Innovia Films Ltd

PROCEEDINGS

Reference under section 12 of the Patents Act 1977 in respect of:

US Patent Applications: 11/464331, 12/031500, 11/848775 & 12/716033

International Patent Applications: PCT/US2007/075330 & PCT/US2008/074623

European Patent Applications: EP07840732 & EP08829058

Applications derived or claiming priority from one of more of the above: AR2007P103594, CA20072662823, CA20082696827, CN20088112696, MX2010002334, MX20090001695, RU20090109142, TW20070129796 & ZA20090001234

HEARING OFFICER Stephen Probert

DECISION

- 1 This is a reference to the comptroller under section 12 to determine entitlement to two European patent applications and several other foreign patent applications. The statement filed by the referrer ("Innovia") requests that the comptroller declines to deal with the reference (as provided by section 12(2)) because Innovia intends to issue proceedings against the registered proprietor of the patent applications (Frito-Lay North America, Inc. "Frito-Lay") in the High Court for breach of confidence and entitlement pursuant to section 82, and it would like to deal with all the entitlement references together before the High Court.
- 2 Since the referrer's statement was filed, the anticipated High Court proceedings have been issued by Innovia, and served upon Frito-Lay. A copy of the particulars of claim has been provided by Innovia. On the other side of the Atlantic, Frito-Lay has issued proceedings in Texas seeking declaratory relief against Innovia and its US subsidiary (Innovia Films Inc). A copy of the 'complaint' has been provided by Frito-Lay. So it is clear that Innovia and Frito-Lay are now engaged in some serious litigation in the courts of the UK and the USA.
- 3 As registered proprietor of the patent applications, Frito-Lay has been given until 19 December 2011 to file a counterstatement in these proceedings. Although Frito-Lay has not filed a counterstatement yet, and therefore they are not a party to these proceedings, they have provided written submissions covering a number of issues. In relation to the question of whether the comptroller should decline to deal with this reference, they say that they will be contesting the jurisdiction of the High Court. This jurisdictional challenge will be based in part upon the fact that

the High Court proceedings relate to an alleged breach of confidence, but all of the relevant acts took place in the USA, and involved exclusively American entities who had entered into a Delaware law non-disclosure agreement (which is relied upon by the referrer).

- In the event that the High Court decides that its proceedings should not be dismissed or stayed, Frito-Lay agrees that the comptroller should decline to deal with this reference under section 12, so that all the matters between the parties can be heard before the High Court. But they add that in their view, it would not be appropriate for the comptroller to decline to deal (or even decide this issue) until the dispute concerning the jurisdiction of the High Court has been concluded. They say there must at least be a possibility that the High Court will decide that the *forum conveniens* is the Federal Court in the USA. For this reason, Frito-Lay asks the comptroller to stay these proceedings for six months.
- 5 According to Innovia, Master Bragge (UK High Court) has already considered the question of jurisdiction and has granted them leave to serve the Claim Form and Particulars of Claim out of jurisdiction. But this was presumably before Frito-Lay contested the jurisdiction of the High Court.
- 6 Having carefully considered all the arguments on the official file, and the criteria indicated in *Luxim Corp v Ceravision Ltd*¹, I am satisfied that the comptroller should decline to deal with this reference. This will reduce the number of proceedings involving Innovia and Frito-Lay, and allow the High Court to fully resolve the dispute over jurisdiction. In reaching this decision, I have also noted that Innovia has given an undertaking to amend its statement in these proceedings to remove the claim to entitlement of the European patent applications upon the High Court becoming seised of the corresponding claim under section 82; so there would be no British or European patent applications left in this reference.
- 7 I have also considered Frito-Lay's suggestion that I should <u>not</u> decline to deal **at** this time in case the High Court declines jurisdiction; but it seems to me that if the High Court does decline jurisdiction in favour of the Federal Court of the USA (as forum conveniens), then it is unlikely that proceedings before the comptroller will be any more appropriate. For all these reasons, and in accordance with section 12(2), the comptroller declines to deal with this reference.

S PROBERT Deputy Director acting for the Comptroller

¹ Luxim Corp v Ceravision Ltd [2007] RPC 33