

PATENTS ACT 1977

PATENTEE	BOS GmbH & Co. KG
OPPONENT	Lisa Dräxlmaier GmbH
ISSUE	Costs arising from an initial opposition to an offer to surrender EP3266631 under section 29
HEARING OFFICER	H Jones

DECISION ON COSTS

Introduction

- 1 The patentee gave notice to the comptroller on 21 April 2022 of an offer to surrender their European Patent, EP3266631. The offer was duly advertised and a notice of opposition was filed by the opponent, who asked the comptroller to stay proceedings until a parallel issue of non-infringement was determined by the High Court. In a letter to the parties dated 30 September 2022, I gave directions that the proceedings before the comptroller would be stayed until such time as the High Court had handed down judgment in the patentee's strike-out application, which was listed to be heard the following month (October 2022).
- 2 The judgment of Sir Anthony Mann, sitting as a High Court judge, was handed down on 8 November 2022 ("the strike-out judgment¹") and the opponent withdrew their opposition to surrender shortly thereafter. The patentee's offer to surrender has since been accepted.
- 3 The patentee seeks an award of costs as a consequence of the opponent's initial opposition to the surrender, which is the only issue before me. This decision takes account of the written submissions made by both sides (dated 30 December 2022 and 31 January 2023 from the patentee, and 9 January 2023 from the opponent).

Assessment of costs

- 4 The comptroller's standard scale of costs has recently been updated and is set out in Tribunal Practice Notice 1/2023². The new scale applies to proceedings commenced on, or after, 1 February 2023. For proceedings commenced before this date, as is the case here, the scale of costs in TPN 2/2016³ applies. As the practice note

¹ [2022] EWHC 2823 (Pat)

² [Tribunal Practice Notice \(TPN\) 1/2023: Costs in proceedings before the Comptroller - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/tpn_1_2023_costs_in_proceedings_before_the_comptroller.pdf)

³ [Tribunal practice notice \(2/2016\): Costs in proceedings before the Comptroller - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/tpn_2_2016_costs_in_proceedings_before_the_comptroller.pdf)

explains, the scale costs are not intended to compensate parties fully for the expense to which they have been put, but to represent a contribution to that expense. The hearing officer retains discretion to depart from the scale in exceptional circumstances.

- 5 The patentee submits that the opponent's conduct in these proceedings has been unreasonable from the outset and should be met with an order that they pay the patentee's costs "off the scale". The patentee says that the abusive nature of the opponent's behaviour was recognised by Sir Anthony Mann in both his strike-out judgment and the subsequent judgment ordering the opponent to pay the patentee's costs (revision date of 18 November 2022, a copy of which accompanied the patentee's December submissions). At paragraphs 49, 50, and 83 of the strike-out judgment, Sir Anthony Mann found that from the date on which the patentee offered to surrender the patent, the proceedings were "*otiose and could serve no useful purpose*", "*pointless*" and were "*unjustifiable maintained*", respectively. The patentee refers to Sir Anthony Mann's comments at paragraph 82 of the strike-out judgment, describing the opposition to the surrender as a "*tactical step*" to seek to justify proceedings which were pursued for purposes that were not legitimate.
- 6 The patentee acknowledges that Sir Anthony Mann also offered some criticism of themselves for failing to respond to the opponent's pre-action letter in August 2021 relating to the issue of non-infringement, which was before the surrender proceedings commenced. The patentee notes that the costs they claimed before the court did not include the costs of the opposition proceedings: the latter costs are set out in a statement of costs totalling £5760, which are said to represent a small fraction of the opponent's total costs in these proceedings (as noted at paragraph 3 of the strike-out judgment).
- 7 The opponent says that the opposition to the offer to surrender was successful. They say this on the basis that the opponent's opposition merely requested a stay of the offer to surrender pending resolution of the pre-existing non-infringement proceedings in the High Court, which ultimately was allowed. The opponent suggests that the patentee misrepresents the strike-out judgment of Sir Anthony Mann in two important respects: i) he made no finding of abuse, instead finding that the proceedings should be stayed generally, and ii) he made serious criticism of the patentee's conduct, for example at paragraph 85 of the strike-out judgment, where he said that "*BOS is far from blameless in this matter*" and that not responding to the non-infringement letter "*was at the very least asking for trouble. The significance of this on costs will have to be worked out*".
- 8 The opponent adds that the patentee could have offered to surrender the patent before the non-infringement action had commenced, having had the opportunity to do so in response to the pre-action letter sent by the opponent in August 2021. The opponent says that instead of doing so, the patentee chose to offer to surrender the patent during the course of the non-infringement action, where it is standard practice for the comptroller to stay such offers pending resolution by the court. The opponent suggests that the costs of the opposition are entirely as a result of the actions of the patentee and that they should bear their own the costs. Having been successful in staying the offer to surrender, the opponent says it is they who are entitled to costs, not the patentee, but would understand if I considered an award of costs unnecessary. No detailed breakdown of costs in relation to the published scale is provided.

- 9 In their reply, the patentee says that the opponent's opposition cannot be considered successful because the opposition was withdrawn and the offer to surrender has been allowed. I agree, and very little more needs to be said. The patentee has clearly succeeded in their offer to surrender the patent and have incurred costs as a result of the opponent's initial opposition. The opponent's claim that they succeeded in their aim of staying proceedings pending a resolution by the court, which they suggest could only be achieved by opposing surrender, does not alter the fact that the patentee's offer to surrender has been successful. The only remaining question is the quantum of costs to be awarded to the patentee, and whether the behaviour of the opponent justifies an "off-scale" award.
- 10 The patentee has referred to Sir Anthony Mann's comments regarding the behaviour of the opponent in the non-infringement proceedings, namely the opponent's behaviour in maintaining the patentee's patent here in the UK (by payment of the renewal fee without the patentee's knowledge) when the patentee was prepared for it to lapse (although had not communicated this to the opponent), and doing so in order to maintain a patent that could be the subject of a non-infringement action in the High Court in order to receive a UK judgment that might be beneficial in another jurisdiction (the "collateral use point"). At paragraph 77 of his strike-out judgment, Sir Anthony Mann finds that a claim brought in the UK solely or essentially for the purpose of the decision being used to influence a foreign court "*should be struck out as an abuse, or at the very least stayed on case management grounds*". In applying this conclusion to the facts of the case before him, Sir Anthony Mann says at paragraph 82 that the "*prolongation of this action [non-infringement] beyond the surrender offer has been motivated by a desire to keep the proceedings alive in reality not for the purposes of getting a useful judgment here but for the purposes of getting a judgment which it thought would be useful in German proceedings.*" He concludes that this is not a legitimate purpose for these proceedings, saying at paragraph 83 that the proceedings were unjustifiably maintained, and at paragraph 84 that the action should never have been brought, whether an abuse or not. Instead of labelling the opponent's behaviour as an abuse, Sir Anthony Mann says at paragraph 86 that the better order to make would be to "*stay these proceedings generally, rather than the temperature-raising and probably unnecessary order of a striking out*" as a result of abuse.
- 11 The comments of Sir Anthony Mann are in respect of the non-infringement action before the court. For the surrender proceedings before the comptroller, it seems that the opposition became unnecessary as soon as the patentee indicated that it would not litigate. Paragraph 21 of the strike-out judgment explains that the patentee proffered an undertaking to the court not to seek to enforce the patent in May 2022. The opponent filed their notice of opposition on 17 June 2022, at a time when it was well aware of the patentee's undertaking to the court. Shortly before my letter of 30 September 2022 in which I directed a stay of the surrender proceedings, the opponent stated in their letter of 22 September that not only were they seeking a stay of the proceedings but also reserved the right "to make submissions about the merits of the application for surrender itself". This letter was submitted in response to the patentee's counterstatement dated 13 September, in which they stated over a statement of truth that they had confirmed they would not enforce the patent.
- 12 Based on all of this, I tend to agree with the patentee that the actions of the opponent are sufficient to justify an off-scale award. The opponent's argument that the only

way of staying surrender is by way of opposition is not strictly true. It is a requirement of rule 42 of the Patents Rules 2007 (as amended) that the offer to surrender should be accompanied by a declaration that no action for revocation or infringement is pending before the court, and where such action is pending, that details be provided. It is the practice of the Office to consider a stay of the surrender proceedings until the infringement or revocation action has been determined by the court, regardless of whether the surrender has been opposed. In this particular case, the action before the court was for non-infringement, which is not explicitly mentioned in the rules but the patentee did provide full detail. In an earlier judgment⁴ of Mr Justice Mellor dealing with an application to expedite proceedings, there was no distinction drawn between an action of infringement and one of non-infringement; as I put it to the parties in my letter of 15 September 2022, the two are effectively two sides of the same coin, with a positive answer to one leading to a negative answer of the other. Therefore, it seems that it is not necessary to oppose the surrender of a patent in order to stay the proceedings, as the opponent suggests, although one could argue that the Manual might be clearer on the point. However, I do not consider this to be sufficient reason to alter my finding with regard to off-scale costs or to reduce the amount.

- 13 The opponent has not commented on the patentee's statement of costs dated 30 December 2022, which appear to me to be perfectly reasonable. Therefore, I will make an award of costs giving full compensation for the patentee's expense.

Order

- 14 I hereby order Lisa Dräxlmaier GmbH to pay BOS GmbH & Co. KG the sum of £5760, this sum to be paid within seven days of the expiry of the appeal period below.

Appeal

- 15 Any appeal must be lodged within 28 days after the date of this decision.

Huw Jones

Deputy Director, acting for the Comptroller

⁴ [2022] EWHC 1642 (Pat)