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Add2 Research and Development Ltd v dSPACE – Judge asked to consider pre-action protocol for patent actions

Add2 Research and Development Ltd v dSPACE Digital Signal Processing & Control Engineering GMBH & Anor [2021] EWHC 1630 (Pat)

<https://www.bailii.org/ew/cases/EWHC/Patents/2021/1630.html>

Background and summary

This case concerns an allegation by Add2 Research and Development Ltd (“the Claimant”) that their patent, EP 1,163,622, had been infringed by dSPACE (“the Defendants”). In response the Defendants alleged that the patent was invalid. An unusual feature of this case is that the judge was asked to consider whether the Defendants’ conduct complied with the pre-action protocol for patent actions and this is discussed below.

The Claimant’s patent is concerned with interface circuits used in hardware-in-the-loop (HIL) simulations for developing and testing real-world hardware. As the patent expired in March 2020, the only remedy available for the Claimants was damages. The Defendants cited two pieces of prior art and insufficiency in their contention that the patent was invalid. The Claimant also sought unconditional amendments, which were opposed by the Defendants, who argued that the proposed amendments did not cure invalidity and contained added matter.

The judge found that the patent was invalid but that had it been valid, it would have been

infringed. He also found that the proposed amendments were “formally allowable”, but in the event refused them as they did not cure the invalidity.

The Defendants had also argued that the assignment of the patent to the Claimant was made ultra vires and was therefore void. The Judge found that the initial transfer for no value was ultra vires, but that a subsequent “Confirmatory Assignment” was valid, and so the defence would have failed.

The judge also dismissed arguments that had any damages been payable these would have been mitigated by several section 62(3) factors - specifically, that the Defendants did not believe they were infringing as they believed the patent to be invalid and that the proceedings were brought in bad faith.

Pre-Action Protocol

The Claimant alleged that the Defendants had failed to comply with the pre-action protocol for patent actions and it appears that the court did hear evidence about pre-action meeting between the parties, privilege having been waived by both sides. However, the judge commented that he did “not think going into this was at all a good use of time at trial”, and that these issues can normally be resolved “without oral evidence and cross-examination”.

The Claimant and Defendants held a “settlement meeting” in August 2019, which ultimately failed to progress matters. Prior to the meeting, the Defendants had asserted that “someone with authority to discuss financial matters would be attending”, and while this was true, they refused to discuss financial matters in the meeting at all.

Additionally, the Defendants did not produce any technical information at the meeting, other than the Chairman of the Defendants offering to draw on a flipchart to demonstrate why there was no infringement. They stated that they had obtained legal advice to adopt “a strategy of not giving information about their product”.

The Judge felt that this was inconsistent with the pre-action protocol and pointed out that the Defendants could easily have provided materials in confidence. Criticising the Defendants’ conduct, the judge stated: “What was wrong here was the taking of a deliberate strategy of non-engagement, in circumstances where there was, objectively speaking, adequate information for the Defendants to appreciate that the Claimant’s infringement case was tenable, as I expect the Defendants probably did in fact appreciate”

Whilst the judge made it clear that his judgment was “not a finding about specifically what Defendants have to do in the pre-action stages in patent cases” there are some

helpful points that can be taken away from the judgment on this point:

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- Confidentiality arrangements should be put in place in order to provide necessary information for pre-action discussions once it is clear that the claim is not merely “speculative”.
- Parties should engage meaningfully in pre-action discussions to avoid being found in breach of the protocol and subject to the resulting adverse costs order.