

“I want you to stay”: UK Court of Appeal agrees to await outcome of EPO central limitation

The EPO central limitation procedure has shown its potential to disrupt infringement and validity hearings in the UK courts, after the Court of Appeal agreed to adjourn an appeal in the ongoing dispute between Apple and Samsung.

The Court opted to await the outcome of Samsung's applications to the European Patent Office (EPO) to centrally limit the claims of two of its European patents which were revoked during the trial at the High Court, rather than press ahead and hear the parties on the claims currently at issue.

If Samsung's central limitation applications succeed, the claims on which Samsung's appeal is based will be deemed never to have existed. This may force the appeal court to send the matter back down to the court of first instance to consider afresh, thus causing Apple the “trouble and jeopardy” of a retrial.

This case shows how powerful a tool central limitation can be for patent owners defending a claim or counterclaim for invalidity. In effect, the comparatively lenient European procedure for central limitation bypasses the more stringent UK regulations governing amendment during trial, and offers patent owners an opportunity to amend easily, and without the discretion of any court.

In light of this development, third parties concerned about infringement may have even greater cause to file European oppositions as a defensive measure,

since doing so will prevent the use of the ex parte central limitation procedure by patent owners until the (often lengthy) opposition proceedings have been brought to a close. Of course, stays can be granted pending the outcome of opposition proceedings, but recent decisions (e.g. *IPCom GmbH & Co KG v HTC Europe Co Limited & Ors*) suggest this is less likely.

The facts of the case are thus. Samsung sued Apple under patents alleged to cover the iPhones 4 and 4S, and the iPad 2 3G. The validity of the patents, both as granted and as proposed to be amended by Samsung, was contested in the High Court and found to be lacking. The ensuing order for the patents to be revoked was suspended pending an appeal by Samsung.

After the High Court decision (but before the matter had been dealt with by the Court of Appeal), Samsung filed applications at the EPO to amend the patents using the central limitation procedure which, if granted, will take effect across all designated states. According to later testimony, the applications could not have been made sooner due to the need for coordination between multiple ongoing parallel proceedings.

Given the “real risk” of the Court of Appeal deciding on claims which were (possibly) soon to be defunct, Samsung then requested adjournment of the appeal, pending the outcome of the central limitation applications. In reply, Apple sought an order for Samsung's leave to appeal to be set aside (thereby removing the suspension of the revocation order) unless Samsung undertook not to proceed with the request for central limitation. Apple argued that Samsung's requests for amendment could have been brought earlier, and that since their actions would effectively lead to a retrial, they amount to an abuse of process.

Responding to Apple's request, Kitchin LJ made it clear that there is nothing in the European Patent Convention (EPC) or UK act which could prevent Samsung from making the applications for central limitation when it did. Except where opposition proceedings are pending, central limitation may take place at **any time** after grant. Moreover, the EPO has no option but to examine such applications, and the examination is limited to clarity and added subject matter. For these reasons, applications for central limitation are quick to resolve.

Apple cited cases (including *Nokia GmbH v IPCOM & Co KG*) exemplifying the principle that parties are obliged to advance their case as early as possible and so, when it comes to amendments, patentees should “put up in time or shut up” to avoid abuses of process. Apple’s position, based on existing case law, was that post-trial applications to amend should ordinarily be refused if they would require a second trial on validity (as they suppose would be necessary here). Whilst the cited cases relate to the more stringent UK act, Apple argued that Samsung should not be in a better position purely by using the EPO’s central limitation process.

Ultimately, Kitchen LJ disagreed: since the Court of Appeal was powerless to prevent Samsung exercising its right to rely on central limitation, the fact that they filed such applications cannot itself amount to an abuse of process. On behalf of the court, he wrote that “we do not believe it would necessarily amount to an abuse of process for a patentee to seek to rely upon claims which have been limited by the EPO following a central limitation amendment application, and that is so whether the application has been made before or after trial”.

Both the court and Samsung acknowledged that central limitation could be used abusively (in which case one supposes that the court would refuse a stay), but in this case the court could find no abuse of the kind alleged by Apple. The court’s written decision stops short of defining circumstances in which the use of central limitation could amount to an abuse, but signalled that “all the circumstances” must be taken into account, including probable timescales and the likelihood and implications of a retrial, and that it may be best to determine the question on a case-by-case basis.

The court was also keen to distinguish the present case, which concerned the comparatively quick central limitation procedure, from similar cases involving whether to grant a stay pending the outcome of a comparatively slow opposition procedure.

At the time of writing, one of Samsung’s central limitation applications has been allowed, whilst the other is awaiting a reply to objections raised by the examiner. The court was careful to make clear that Apple will be able to “make such further submissions (and any necessary application) about the conduct and further progress of the action as it may consider appropriate” when the appeal hearing resumes later this year.

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