Case No: CC12 P 00365

Neutral Citation Number: [2012] EWPCC 51
IN THE PATENTS COUNTY COURT

Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: 09/11/2012

Before :

HIS HONOUR JUDGE BIRSS QC

- -

Between :

NINGBO WENTAI SPORTS EQUIPMENT CO LTD	**Claimant**
- and -	
JONATHAN HWAN WANG	**Defendant**

- -
- -

Matthew Harris (of **Waterfront Solicitors**) for the **Claimant**
Tom Alkin (instructed by **Kempner & Partners**) for the **Defendant**

Paper application

- -

Judgment

His Honour Judge Birss QC :

1. On 2nd February 2012 the claimant (Ningbo) issued proceedings in the Patents County Court to revoke UK patent GB 2473927 ("Folding Golf Cart"). Ningbo is a manufacturer of golfing equipment. The proprietor of the patent was the defendant Mr Wang. Mr Wang designs and trades in golf carts. The invention disclosed in the patent is a golf cart which is easier to fold up. The application for the UK patent was filed on 17th September 2010 claiming priority from a Chinese application filed on 29th September 2009.

2. Amongst other things, in its invalidity attack Ningbo relied on prior disclosures to the public which took place between June and August 2009. Mr Wang's case is that the disclosures by Ningbo were in breach of confidence. He contends that he invented the folding golf cart and disclosed his ideas to Ningbo in confidence pursuant to an agreement between the parties. The Ningbo disclosures are said to be a breach of that confidence. Ningbo denies this. It contends that the invention was invented by its own staff.

3. Mr Wang's Defence and Counterclaim denied that the patent was invalid and counterclaimed for damages for breach of contract and/or breach of confidence or alternatively an account of profits by reason of the breaches of confidence.

4. Under the 1977 Patents Act there are provisions which mean that in some circumstances public disclosures in breach of confidence do not count as prior art against a patent. The problem faced by Mr Wang was that the relevant section (s2(4)) only appears to exclude disclosures in breach of confidence which took place within six months of the filing date of the UK application. Thus in this case and on that basis, even if he is right and the Ningbo disclosures were in breach of confidence (and I emphasise Ningbo do not agree), the disclosures would still be relevant prior art despite the breach of confidence. Mr Wang chose not to contest the point and on 30th April 2012 I made an order by consent which disposed of the patent action. The order was for revocation of the UK patent. The defendant had accepted that the UK patent was invalid. I note that Mr Wang does not accept that a Chinese patent he holds, which matured from the original Chinese application in 2009, would be invalid.

5. The April order disposes of the claim but not the counterclaim. However since the counterclaim is a claim pleaded in breach of contract and breach of equitable obligations of confidence, the question arises as to whether the Patents County Court has jurisdiction to hear the matter. The parties made written submissions and I dealt with the matter on paper. This is my decision.

6. The parties' submissions were in summary as follows.

7. Mr Matthew Harris of Waterfront Solicitors prepared written submissions for Ningbo (the claimant but the defendant to the counterclaim). Ningbo's position is that it agrees and consents to the Patents County Court hearing the matter and submits that it is for Mr Wang to satisfy the court that it has jurisdiction over the case.

8. Mr Tom Alkin instructed by Kempner & Partners prepared written submissions for Mr Wang (the defendant but claimant in the counterclaim). Mr Wang's position is that he wishes the case to proceed in the Patents County Court. He submits that since

Ningbo agree, no issue of *forum conveniens* arises. He submits that the case falls within the ordinary jurisdiction of the Patents County Court as a county court and also the court's special jurisdiction conferred by s287 of the Copyright Designs and Patents Act 1988.

9. On the court's ordinary county court jurisdiction Mr Alkin submits the position is as follows. County courts have jurisdiction to hear contract cases (s15 County Courts Act 1984). Thus the contractual part of the case is fully within the court's jurisdiction. The position of the claim in equity is more complex. County courts have an equitable jurisdiction (s23 of the 1984 Act) but that provision does not refer to claims for breach of an equitable duty of confidence. There is a provision which allows the parties to confer further equitable jurisdiction on a county court (s24 of the 1984 Act) but that is limited to certain equity proceedings and does not include claims for breach of an equitable duty of confidence.

10. However Mr Alkin seeks to rely on s18 of the 1984 Act. This section allows the parties to any action to agree to confer jurisdiction on a county court but it is subject to exceptions. The relevant one is that an action which, if commenced in the High Court would have been assigned to the Chancery Division, is excluded. Thus if the action is one which would have been assigned to the Chancery Division, the parties cannot agree to confer jurisdiction on the Patents County Court under s18. Mr Alkin submits that actions for breach of confidence are heard routinely in both the Queen's Bench Division (referring to ***Campbell v Mirror Group*** [2002] EWHC 499 (QB)) and in the Chancery Division; and argues that the parties' agreement in this case can be operative under s18.

11. Mr Alkin also properly draws my attention to CPR r63.13 which provides that certain kinds of intellectual property cases must be started in the Chancery Division or the Patents County Court (or certain other county courts). The kinds of intellectual property cases are set out in PD63 paragraph 16.1 and at sub-paragraph (11) "technical trade secrets litigation" is listed. Mr Alkin submits that the present case is not one which falls within the description "technical trade secrets litigation" and so (i) paragraph 16.1(11) does not apply; thus (ii) CPR r63.13 does not assign the case to the Chancery Division; and thus (iii) the parties can confer jurisdiction by agreement under s18 of the 1984 Act.

12. I am far from convinced that Mr Alkin is correct. The term "trade secret" is not tightly defined (see e.g. Gurry 2nd Ed 2012 Chapter 6 section B esp paragraphs 6.05 to 6.13). I would expect that an idea for a patentable invention would usually fall within the definition. The confidential information relied on in this case is an idea for or design for a new mechanism for a golf cart. I believe this case is one properly described as "technical trade secrets litigation". On that basis the case would be assigned to the Chancery Division and the rather paradoxical effect of the rules which on their face state that this case should be started in the Patents County Court (or Chancery Division) would mean that it could not be heard in the Patents County Court.

13. I am also not certain s18 is of as wide a scope as Mr Alkin contends. It forms part of a group of sections in the 1984 Act organised by topic. This is not the place to debate the general question of statutory construction by reference to headings but I cannot help but observe that sections 15 to 18 are covered by the rubric "Actions of contract

and tort". Equitable claims are dealt with in a different group of sections (ss23-24) entitled "Equity Proceedings". Family provision proceedings and recovery of land are two other groups of sections of the Act. Thus the place in the Act in which one might think the jurisdiction to deal with a claim in equity should be ss23-24. Those provisions do not allow for agreement to confer jurisdiction in this case.

14. However I will not definitively decide this issue on the ordinary jurisdiction because I am satisfied that this case can proceed in the Patents County Court under the court's special jurisdiction.

15. S287 of the 1988 Act provides for a power to designate a county court as a Patents County Court and to confer on it a "special jurisdiction" to hear and determine proceedings relating to patents or designs (s287(1)(a)) or proceedings ancillary to, or arising out of the same subject matter as, proceedings relating to patents or designs (s287(1)(b)). That power was exercised to create this court in the Patents County Court (Designation and Jurisdiction) Order 1994 (SI 1994 No. 1609). That order designated the Central London County Court as a Patents County Court. The terms used in paragraph 3 of that order are slightly different from the terms used in s287 of the 1988 Act (but see below). Another point to note in passing is that today the Order also deals with trade marks and the expansion to deal with ancillary matters and matters arising from the same subject matter applies to trade mark cases too.

16. In ***McDonald v Graham*** [1994] RPC 407 the Court of Appeal considered the ambit of the words of s287 and the then extant Order conferring jurisdiction on Edmonton County Court as a Patents County Court. The Order before the Court of Appeal had the same slight difference in wording as exists today. Evans LJ held that nothing turned on the difference in wording. The important conclusion the learned judge reached for present purposes was that the words were wide in scope. They did not permit unrelated matters to be introduced but they do prevent the need for two distinct sets of proceedings or proceedings under two distinct heads of jurisdiction, where clearly the resulting duplication of costs would contradict the Parliamentary intention which led to the creation of the special jurisdiction. Thus in that case the Court of Appeal held that the copyright infringement claim brought together with a patent infringement claim was itself within the "special jurisdiction". Since a parallel copyright claim is a separate cause of action to a claim for patent infringement, it seems to me that the fact that a claim for breach of confidence (pleaded in equity and in contract) is a separate cause of action from the patent case in this action does not matter. On the facts of this case I doubt it is properly "ancillary" to the patent case but it clearly arises out of the same subject matter as the patent proceedings.

17. The fact that the patent case has come to an end before the parallel confidence claim cannot make any difference because the same would have been possible in ***MacDonald v Graham***. If separate causes of action are in existence in the same proceedings it is always possible that some will be dealt with and determined at a different stage than others and it would defeat the point of the wide provision in s287 if that result had an impact on the jurisdiction of the court to handle the case.

18. Accordingly I accept Mr Alkin's submission that in this case, the claim for breach of confidence (including the plea relying on an equitable obligation) is within the Patents County Court's special jurisdiction conferred by the Order made under s287 of the 1988 Act.

Conclusion

19. In my judgment this claim and counterclaim was properly started in the Patents County Court since it consisted of a patent case as well as claims ancillary to, or arising out of the same subject matter as, proceedings relating to a patent. If the case had been nothing more than a claim for breach of confidence pleaded in contract and in equity then I doubt it could have been started in the Patents County Court. Such a claim would need to be started in the High Court. If the parties to such an action wished the case to proceed in this court then they could apply to the Chancery Division to transfer the matter to the Patents County Court. If that was done, no jurisdictional question arises because, as Mr Justice David Richards held in ***National Westminster Bank v King*** [2008] EWHC 280, the High Court's power under s40(2) of the 1984 Act to transfer a case to a county court is not limited to cases which would otherwise be within the county court's jurisdiction and the result of such an order for transfer would be that the county court has jurisdiction to hear and determine it.