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SAN-EI V. NEXIRA ON THE ABUSE OF THE RIGHT TO SUE FOR INFRINGEMENT: AN ISOLATED CASE OR THE BEGINNING OF A DISTURBING CASE LAW FOR RIGHT HOLDERS?

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P R O P R I É T É   I N T E L L E C T U E L L E

Note on the decision Cass. Com. 26 Jan. 2022, Docket No. 20-16.425, San-Ei Gen FFI Inc. & Glyn O Phillips-San Ei Gen Hydrocolloids Research Limited v. Nexira

When it comes to infringement proceedings, it is common for the defendant to counterclaim for abuse of process, and equally common for the defendant to be dismissed. The dismissal of such claims is usually based on the grounds that the plaintiff may be mistaken about the scope of his rights and that the mere bringing of such action is not abusive per se.

Abuse of process is only retained in very rare occasions, where the claimant could not have been mistaken about the lack of chances of success of his claims. The case which gave rise to the decision of the Court of Cassation of 26 January 2022 is one of these rare cases. This case is unusual in several regards and it is undoubtedly in reason of such specificities that the Rouen Court of Appeal, followed by the Commercial Chamber of the Court of Cassation, retained the abuse of the right to bring an infringement action. It is nevertheless worrying that the motivation of the decision of the Court of Cassation, because of the general words employed, seems to disregard the overriding principle according to which a patent shall be presumed valid and the established case law according to which the plaintiff may misunderstand the scope of his rights. Let us hope that this judgment, not published in the Bulletin, remains an isolated case. And until we know for sure: rights holders, watch out!

Let us first present the facts:

- San-Ei Gen FFI Inc. and Glyn O Phillips-San Ei Gen Hydrocolloids Research Limited ("San-Ei") companies were co-owners of a European patent granted on 14 July 2010, entitled "Modified Gum Arabic from Acacia Senegal", which was derived from a PCT application taken under the priority of a Japanese application.

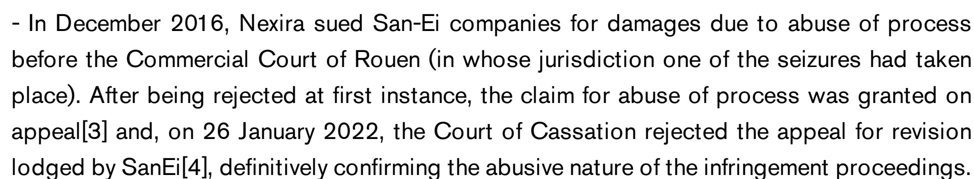
- At the end of June 2011, they sent a letter of formal notice to Nexira company to stop marketing allegedly infringing products.

- At the beginning of 2012, negotiations began in which Nexira company presented its arguments on the invalidity of the patent and warned that if proceedings were brought against it, Nexira would request and obtain such invalidity.

- On 29 May 2012, Nexira sued the San-Ei companies for invalidity of the French part of the patent.

- In February and March 2013, the San-Ei companies conducted seizures at Nexira's premises and then sued it for infringement. However, in an order dated 19 December 2013, the CaseManagement Judge ("CM Judge") annulled the writ of summons, having noted the following irregularities: the document did not mention which products were infringed - and there was nothing in the subsequent documents communicated to Nexira to correct this original lack of information-, it did not indicate precisely which claims were opposed, nor in what way there was a reproduction of one or another claim[1] . No appeal was lodged against this order of the CM Judge.

- On 28 May 2015, the Paris First Instance Court cancelled the French part of the patent for extending the subject matter beyond the application as filed[2]. This judgement had not been subject to appeal either.



- In December 2016, Nexira sued San-Ei companies for damages due to abuse of process before the Commercial Court of Rouen (in whose jurisdiction one of the seizures had taken place). After being rejected at first instance, the claim for abuse of process was granted on appeal[3] and, on 26 January 2022, the Court of Cassation rejected the appeal for revision lodged by SanEi[4], definitively confirming the abusive nature of the infringement proceedings.

This case is therefore unusual in several aspects:

- It starts with an action for invalidation of the alleged infringer we know that such actions for invalidity are notoriously rare;

- The infringement action that followed came to a premature interruption with the cancellation of the writ of summons, which was never rectified by the patentees;

- The patentees never appealed either the decision annulling their writ of summons or the decision cancelling their patent;

- Finally, the claim for abuse of process was made in a separate proceeding before the commercial court.

This last point, i.e. the separate proceeding for abuse of process, may have given a decisive advantage to Nexira. Indeed, it is likely that, if the infringement proceedings had not been shortened due to the nullity of the writ of summons, Nexira would have presented its claim before the infringement judges, who are reluctant to retain the abuse of process[5] . By formulating it *a posteriori* - after having won on all counts (nullity of the writ of summons, nullity of the patent) - and before the commercial judges, Nexira undoubtedly increased its chances of success. The commercial court ruled that it had jurisdiction but declared the claim inadmissible on the grounds of *res judicata*: it considered that the claims corresponded to lawyers' fees, for which the Paris First Instance Court had applied the provisions of article 700 of the Code of Civil Procedure. The Court of appeal overturned the judgment and retained the abuse of process; it explicitly validated this strategy of requesting an abusive procedure *a posteriori*. In details, the Court of appeal set aside the *res judicata* and further considered that the patent co-owners raised principle of submitting all arguments related to the same facts in a single proceeding did not require for the claim for abuse of process to be made in the course of the allegedly abusive proceedings[6] . It should also be noted that the appeal court further validated this strategy of filing a separate claim for abuse of process by awarding as damages each and every euro of the attorney fees incurred by Nexira[7].

That being said, the wording used by the Court of Cassation, by its general nature, may legitimately worry right holders.

The Court of Cassation noted that the abuse would be sufficiently characterised by the Court of appeal given that the patentees "knew the fragility" of their title with regard to the following elements:

- firstly, because as companies acting as "professional in the sector concerned" (the production of organic acids, food colourings and flavourings), the complaint of invalidity for extension of the subject matter of claim 1 of their patent "could have been missed [by them]";

- secondly, with regard to the procedural schedule and in particular the fact that the infringement action was brought after the invalidity action brought by Nexira and when the latter had announced to the patentees, as early as January 2012, during the negotiations, its arguments on the invalidity for extension.

However, these two elements - the professional character of the patentee and the fact that the defendant makes his case for patent invalidity in pre-litigation discussions - are relatively common in infringement cases. Taken out of context, they could therefore affect many cases.

The rationale of the Court of Cassation that the patentees could not have missed the complaint of invalidity for extension is puzzling.

Should we understand that in this case the ground for extension was so obvious that the right holder could not have missed it, but that if it had been another, less obvious, reason for extension, there would have been no abuse?

This first interpretation would have the merit of limiting this decision to an isolated case. Nevertheless, it follows from the examination proceedings of the patent at issue that the claim of extension due to a particular feature was not so blatant since it was specifically discussed during the examination before the EPO which then intentionaly granted the patent with the feature finally considered by the French court as wrongly added[8].

Then, should we rather understood that, in general, right holders who are "professionals" in the field of their patent are presumed to be aware of the invalidity of their title wehn this relates to the extension of the subject matter of the patent beyond the content of the application?

This second interpretation would seem excessive, not to say shocking. It would in fact be tantamount to considering as abusive any infringement action launched on the basis of a patent subsequently cancelled for extending its subject matter beyond the content of the application. Finally, it would amount to disregarding the overriding principle according to which a patent shall be presumed valid as well as the established case law according to which the plaintiff may be mistaken about the scope of his rights. It is hard to believe that it would be sufficient for the defendant to invoke invalidity of the patent for the infringement action to be considered as abusive if the invalidity argument is accepted by the court...

To conclude, given the specificity of the case, the fact that the claim for abuse of process was brought before judges not specialised in intellectual property, and the fact that the Court of Cassation did not consider it useful to publish it in the Bulletin, we can hope that this decision remains an isolated case.

However, until we know for sure, we can only recommend that rights holders to be careful.

From this perspective, the decision is based notably on negotiations during which the ground for nullity was raised between the parties. Therefore, in addition to the overall caution called for by this decision, it is questionable whether it is appropriate to frame such talks with a prior confidentiality agreement.

[1] TGI Paris 3.4. Order JME, 19 December 2013, RG13/03515

[2] TGI Paris 3.4. 28 May 2015, RG12/11963

[3] CA Rouen, Ch. civile et commerciale, 12 March 2020, RG18/00137

[4] Cass. Com. 26 Jan. 2022, 20-16.425, San-Ei Gen FFI Inc. & Glyn O Phillips-San Ei Gen Hydrocolloids Research Limited v. Nexira, available here : https://www.courdecassation.fr/decision/61f0f23f7743e3330ccf07b2

[5] Nexira had in fact done so before the CM judge before withdrawing its application, cf. TJ Paris 3.4, ord. JME, 19 Dec. 2013, RG 13/03515

[6] CA Rouen, Ch. civile et commerciale, 12 March 2020, RG18/00137

[7] Only €3,000 of attorney fees were deducted from the quantum claimed, as this amount had been covered by a prior ruling under article 700 of the French Proceedigns Civil Code, in the context of a procedural motion decided by the CM judge, CA Rouen, Ch. civile et commerciale, 12 March 2020, RG18/00137. But the Court of Appeal did not take into

account the sums received by Nexira under article 700 before the infringement judge. It is also worth noting that before the commercial court, the claims (€360,941.61) were for attorney fees for the nullity and infringement actions; on appeal, Nexira appears to have limited its claims to attorney fees related to the infringement action.

[8] The subject matter extension issue relating to a specific interval of the RMS radius of gyration, the disputed feature had indeed been considered as a reason for rejecting the application in three consecutive official letters to the EPO (on 12 January 2009, 20 July 2009 and 14 September 2009). But it seems that the examiner who issued these official letters was convinced by the response and the additional amendments added by the proprietor, since this same examiner signed, with his examination division, the grant of the patent which will be later cancelled.