

## *Jurisdiction for Patent Revocation in Counterclaims: The Sun Electric Approach*

### **I. Introduction**

1. The key question posed in the recent Singapore High Court decision of *Sun Electric Pte Ltd v Sunseap Group Pte Ltd* (“*Sun Electric (No 2)*”)<sup>1</sup> was whether the High Court had jurisdiction at first instance to revoke a patent by way of a *counterclaim* in infringement proceedings. George Wei J’s response to this query was “no”.<sup>2</sup>
2. This judgment probably came as a surprise to many practitioners. Before *Sun Electric (No 2)*, when the plaintiff alleged that the defendant had infringed his patent rights, the defendant could counterclaim that the plaintiff’s claim should fail because the patent was invalid and should be revoked.<sup>3</sup> There was an inherent risk for the plaintiff because the plaintiff could not only lose his claim against the defendant, but he could also have his patent revoked and removed from the patent registry.
3. Moreover, these past cases had proceeded with all parties assuming that the High Court indeed had jurisdiction to revoke the patent pursuant to the defendant’s counterclaim.<sup>4</sup> *Sun Electric (No 2)* marked the first time that a party actually asked whether the High Court indeed possessed such jurisdiction.
4. In arriving at its conclusion – that the High Court lacked such jurisdiction – the High Court examined *inter alia* the relevant statutory provisions of the Patents Act,<sup>5</sup> the existing practice in Singapore, the legislative intent, and made comparisons with the statutory regimes of registered design and trade marks. As a result of *Sun Electric (No 2)*, in order to revoke a patent, an application must now be made separately to the Registrar of Patents (“the Registrar”), rather than by way of a counterclaim in an infringement suit in the High Court.

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<sup>1</sup> *Sun Electric Pte Ltd v Sunseap Group Pte Ltd* [2017] SGHC 232 (“*Sun Electric*”).

<sup>2</sup> *Id.*, at [192].

<sup>3</sup> *Id.*, at [112].

<sup>4</sup> *Id.*, at [113].

<sup>5</sup> Patents Act (Cap 221, 2005 Rev Ed) (“Patents Act”).

## II. Facts

5. *Sun Electric (No 2)* arose from an appeal by the plaintiff, Sun Electric Pte Ltd (“the Plaintiff”). The Plaintiff retails solar energy and is the registered proprietor of a Singapore patent relating to a method of determining power consumption at building connections in power grid systems (“the Patent”).<sup>6</sup> In the original suit decided by the Assistant Registrar (“the AR”) in the High Court,<sup>7</sup> the Plaintiff, in a patent infringement action, applied to strike out under O 18 r 19 of the Rules of Court<sup>8</sup> parts of the defendant’s (Sunseap Group Pte Ltd (“the Defendant”)) defence and counterclaim, which included an order for the Patent to be revoked.<sup>9</sup> In its counterclaim, the Defendant had *inter alia* submitted that it was proper for the High Court to revoke the Patent at first instance.<sup>10</sup> The AR agreed with the Defendant on this submission and disallowed the Plaintiff’s application to strike out the counterclaim.<sup>11</sup> The Plaintiff appealed.

## III. Decision and discussion

### A. *The existing practice in Singapore*

6. Prior to *Sun Electric (No. 2)*, there was an existing practice in Singapore whereby a defendant in a patent infringement claim would counterclaim in the High Court for that patent to be revoked (and not merely invalidated) during the same infringement proceeding. As noted by the AR, upon a finding that a patent was invalid, it made practical sense for it to also be revoked as part of the same proceedings so that an

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<sup>6</sup> *Sun Electric (No 2)*, at [3].

<sup>7</sup> *Sun Electric Pte Ltd v Sunseap Group Pte Ltd* [2017] SGHCR 6 (“*Sun Electric (No 1)*”).

<sup>8</sup> Rules of Court (Cap 322, R 5, 2014 Rev Ed) O 18 r 19.

<sup>9</sup> *Sun Electric (No 1)*, at [1]–[5].

<sup>10</sup> *Sun Electric (No 1)*, at [11].

<sup>11</sup> *Sun Electric (No 1)*, at [43]–[49]. Although the AR found for the Plaintiff on two other issues, the finding that the High Court had jurisdiction to revoke patents at the first instance by way of a counterclaim was dissatisfactory to the Plaintiff, who appealed the decision. A summary of the Assistant Registrar’s holding on these two other issues can be found at *Sun Electric (No 2)* [12]–[13].

invalidated patent did not remain in the patent registry.<sup>12</sup> The Defendant presented 13 such cases, of which three had been further adjudicated by the Court of Appeal.<sup>13</sup>

7. The High Court, however, noted that while this was the existing practice in Singapore,<sup>14</sup> the issue of its jurisdiction in patent revocation proceedings at first instance was never directly raised or contested in those 13 cases.<sup>15</sup> Those cases, therefore, could not be treated as precedents for the issue at hand.<sup>16</sup> The High Court also noted that academic texts cited by the Defendant merely declared the existing practice without discussing the basis of the High Court's jurisdiction in this matter.<sup>17</sup> Accordingly, it held that existing practice alone could not provide a basis to establish jurisdiction, nor could practice "trump law".<sup>18</sup>

**B. *The legislative intent and specific provisions under the Patents Act***

8. The High Court stated that the only statutory provision that granted the Registrar the power to revoke patents was s 80(1) of the Patents Act, which states: "Subject to the provisions of this Act, the Registrar may, on the application of any person, by order revoke a patent for an invention..."<sup>19</sup> That section only mentioned "the Registrar",<sup>20</sup> whereas the parallel provision of s 72(1) of the UK Patents Act,<sup>21</sup> which the Patents Act is based on, expressly provides both *the Court* and the comptroller (the equivalent of the Registrar) the power to revoke patents. As such, the High Court felt that the omission of reference to the High Court was most obvious indicator of Parliament's intention for the High Court not to possess original jurisdiction to revoke patents.<sup>22</sup>

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<sup>12</sup> *Sun Electric (No 1)*, at [49].

<sup>13</sup> *Sun Electric (No 2)*, at [111]–[121].

<sup>14</sup> *Sun Electric (No 2)*, at [116].

<sup>15</sup> *Sun Electric (No 2)*, at [113].

<sup>16</sup> *Sun Electric (No 2)*, at [113].

<sup>17</sup> *Sun Electric (No 2)*, at [118].

<sup>18</sup> *Sun Electric (No 2)*, at [120].

<sup>19</sup> *Sun Electric (No 2)*, at [135].

<sup>20</sup> Defined under s 2 as the Registrar of Patents and includes any Deputy Registrar of Patents holding office under the Patents Act.

<sup>21</sup> Patents Act 1977 (c 37) s 72(1) (UK).

<sup>22</sup> *Sun Electric (No 2)*, at [133].

9. While the Defendants argued that s 82(7) of the Patents Act<sup>23</sup> indicated that the High Court must have original jurisdiction to order patent revocation,<sup>24</sup> the High Court disagreed. It held that the proceedings mentioned in s 82(7) referred to *other proceedings*, such as issues of validity that arise by way of defence infringement proceedings,<sup>25</sup> over which the High Court has jurisdiction. Thus, the High Court held, s 82(7) did not purport that the High Court had original jurisdiction when it comes to patent revocation proceedings.
10. The last key provision that the High Court examined was s 91(1) of the Patents Act.<sup>26</sup> The Plaintiff submitted that while s 91(1) confers upon the High Court the *powers* that the Registrar would have, it does not in itself confer upon the High Court the *jurisdiction* to hear any matter for which the Registrar has jurisdiction.<sup>27</sup> The High Court agreed and held that, short of any express statutory provision conferring upon it the jurisdiction to hear revocation proceedings at first instance, it indeed lacked the jurisdiction to do so.<sup>28</sup>

### ***C. Comparisons to the statutory regimes on registered designs and trade marks***

11. Finally, the High Court compared the patent regime with the registered designs and trade marks regime. It found that unlike s 80(1) of the Patents Act,<sup>29</sup> s 27(2) of the Registered Designs Act<sup>30</sup> and s 22(5) of the Trade Marks Act<sup>31</sup> made express reference to the Court in revocation proceedings. This supported the view that the High Court lacked the original jurisdiction under the Patents Act to hear revocation proceedings.<sup>32</sup>

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<sup>23</sup> S 82(7) provides that: “[w]here proceedings with respect to a patent are pending in the court under any provision of this Act mentioned in subsection (1), no proceedings may be instituted without the leave of the court before the Registrar with respect to that patent under section 67(3), 76, 78 or 80.”

<sup>24</sup> *Sun Electric (No 2)*, at [137].

<sup>25</sup> *Sun Electric (No 2)*, at [139].

<sup>26</sup> S 91(1) provides that: “[t]he court may, for the purpose of determining any question in the exercise of its original or appellate jurisdiction under this Act, make any order or *exercise any other power which the Registrar could have made or exercised for the purpose of determining that question.*”

<sup>27</sup> *Sun Electric (No 2)*, at [149].

<sup>28</sup> *Sun Electric (No 2)*, at [167].

<sup>29</sup> Patents Act s 80(1).

<sup>30</sup> Registered Designs Act (Cap 266, 2005 Rev Ed) s 27(2). The provision reads: “[a]t any time after a design has been registered, any interested person may apply to the Registrar *or the Court* for the revocation of the registration...”

<sup>31</sup> Trade Marks Act (Cap 332, 2005 Rev Ed) s 22(5). The provision reads: “[a]n application for revocation may be made by any person, and may be made either to the Registrar *or to the Court.*...”

<sup>32</sup> *Sun Electric (No 2)*, at [176] and [178].

#### IV. Practical implications and conclusion

12. With the finding that the High Court lacks original jurisdiction to hear patent revocation proceedings, the result will be that even when a patent has been invalidated by the High Court, it will likely stay in the patent register until someone takes the initiative to revoke the patent.<sup>33</sup> Such a result may be misleading. Indeed, the proprietor of the invalidated patent may even attempt to assert the invalidated patent against another person. However, as the High Court noted, the “serious cost consequences” under the law of civil procedure may well deter proprietors from taking such action,<sup>34</sup> given that the initial finding of invalidity is likely to take effect *in rem*,<sup>35</sup> and any other person who is alleged by the Plaintiff to have infringed his patent can rely on the invalidity finding. In addition, the patent proprietor may take steps to save the patent by amending it when its validity is put in issue.<sup>36</sup> For clarity however, a better solution would be that the patent search system<sup>37</sup> should indicate which patents have been found to be invalid but are yet to be revoked.
13. As held by the High Court, given the complexity of the patent system, the original jurisdiction to revoke patents rests with the Registrar which possesses the relevant technical expertise.<sup>38</sup> However, since the High Court still possesses *appellate* jurisdiction over revocation proceedings,<sup>39</sup> there would be a curious situation if the Registrar’s decision not to revoke a patent, despite a prior finding of invalidity by the High Court, is appealed to the High Court. Indeed, such bifurcated court systems in

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<sup>33</sup> *Sun Electric (No 2)*, at [105]. The Court also noted the Registrar may on his initiative revoke a patent but that is only in the limited ground under s 81 of the Patents Act. S 80(1) grants *any person*, whether he is the defendant in an infringement proceeding or otherwise, the right to apply to revoke a patent. More information on the revocation application can be found at <https://www.ipos.gov.sg/protecting-your-ideas/hearings-mediation/patent-revocation/revoking-a-granted-patent>.

<sup>34</sup> *Sun Electric (No 2)*, at [77(e)].

<sup>35</sup> *Sun Electric (No 2)*, at [77]. However, the point of invalidity having an *in rem* nature is *obiter* given that this point was not argued in the present case and the decision of *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd (formerly known as Contour Aerospace Ltd)* [2013] UKSC 46 referred to in making this finding was a UK case.

<sup>36</sup> *Sun Electric (No 2)*, at [108].

<sup>37</sup> Intellectual Property Office of Singapore (“IPOS”) website <<https://www.ip2.sg/rps/wp/CM/SearchSimpleP.aspx?SearchCategory>> (accessed 08 October 2017).

<sup>38</sup> *Sun Electric (No 2)*, at [164]–[165]. See also *Martek Biosciences Corporation v Cargill International Trading Pte Ltd* [2012] SGHC 35, where the High Court, in exercising its appellate jurisdiction, overturned the decision of a tribunal of the IPOS.

<sup>39</sup> *Sun Electric (No 2)*, at [154].

some Asian jurisdictions have drawn criticism for their inefficiency.<sup>40</sup> However, as the High Court concluded, changes to overcome the abovementioned practical difficulties are best considered and made by the Parliament and the relevant law reform body.<sup>41</sup>

14. In conclusion, the defendant in a patent infringement case no longer have the option of revoking the plaintiff's patent at the High Court by way of a counterclaim. Should he wish to have the patent revoked, he needs to separately apply to the Registrar under s 80 of the Patents Act.

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<sup>40</sup> See Kung-Chung Liu, *Annotated Leading Patent Cases in Major Asian Jurisdictions* (City University of Hong Kong Press, 2017) ch 2.

<sup>41</sup> *Sun Electric (No 2)*, at [197].