

0/14/97

Mrs Wilson
1R32

PATENTS ACT 1977

IN THE MATTER OF a reference under
Section 12(1) by Edenlist Ltd in respect of
US Patent Application No 08/090131 in
the name of David Scott and Brian Scott

ames Lj

AND

IN THE MATTER OF a reference under
Section 37(1) by David Scott and Brian
Scott in respect of GB Patent No 2253948
in the name of Edenlist Limited

DECISION

1. US Patent Application No 08/090131 (now granted as US Patent No 5457464) and GB Patent No 2253948 relate to the same invention, but whereas the former stands in the name of the two inventors, David Scott and Brian Scott, the latter stands in the name of a company, Edenlist Limited. On 9 July I decided that Edenlist Limited ("Edenlist") were the rightful owners of both patents. I therefore ordered Edenlist to prepare a form of assignment for the US patent, which they duly did. I further ordered David and Brian Scott to execute the assignment within 14 days of its receipt, failing which Edenlist would be at liberty to come back to me for further directions.

2. The Scott brothers (or at least, Brian Scott, who has taken the lead in these matters) now wish to appeal my decision. They are quite entitled to do this, but it has given rise to two problems:

(1) Whilst they had no professional representation when they appeared before me, the Scott brothers would like to be represented in any appeal, and to this end they are seeking legal aid. However, they do not yet have a decision from the Legal Aid

Board. Now under rule 19(2) of Order 104 of the Rules of the Supreme Court, notice of appeal has to be lodged within six weeks after the date of my decision, ie by next Wednesday, 20 August. They cannot instruct their intended legal representatives until they know whether their request for legal aid is successful and cannot, therefore, meet the deadline (or at least, could presumably only do so without the benefit of professional advice). They have therefore asked me to exercise the powers available to me under rule 19(8) of Order 104 to extend the period within which an appeal must be lodged.

(2) Because they intend to appeal, the Scott brothers do not wish to execute the assignment of the US patent and have not done so. Instead, they have asked me to stay the assignment of the US patent pending the outcome of any appeal.

Extension of the appeal period

3. Both sides have expressed their views on the request for extension of the appeal period, but at the end of the day neither side wanted a hearing on the matter. I shall therefore decide the request on the basis of the written arguments that have been submitted.

4. In letters dated 21 July, 31 July, 6 August and 8 August, Edenlist objected to any deferral of the assignment of the US patent but raised no objection to extension of the appeal period. In a further strongly-worded letter dated 12 August they did object to such extension, claiming (wrongly) that they had objected in their previous letters and saying that "to take any such course of action would be so wholly inequitable [ie to them] as to be positively beyond the Comptroller's powers in a case such as the present one". I reject the suggestion that I have no power to extend the appeal period, because Order 104 clearly gives me that power. Further, in considering what would be the most equitable course of action I must take account of the position of both sides, not just the side for whom I found in my original decision. They may feel they will be disadvantaged if I grant an extension, but I have to weigh that against the effect on the other side if I decline to grant an extension.

5. In my view, it is quite reasonable for the Scott brothers to seek to defer lodging an appeal until they know the outcome of their application for legal aid. Of course, they could

just sit on their hands until the outcome is known and then go cap-in-hand to the High Court seeking leave to appeal out of time, but I cannot see that the uncertainty this course of action would create would be in the interests of either side. Further, in my view any disadvantages to Edenlist if I grant an extension do not outweigh the disadvantages to the Scott brothers if I refuse. I am therefore sympathetic to the Scott brothers' request.

6. They have asked for the period to be extended to four or six weeks after the final decision of the Legal Aid Board. Rule 19(8) of Order 104 does not require any extension to be to a specific date and thus does not appear to prevent me granting an extension in this form. In principle I think the request is reasonable, and feel that four weeks after the decision should be enough. However, I am concerned that without some safeguards this simple formula could allow the appeal period to drag on for an unreasonably long time. I do not wish to set a specific deadline, because if, through no fault of the Scott brothers, their legal aid application took longer than expected to settle, I would have no power under Order 104 to grant a second extension and the Scott brothers would therefore have to trouble the Court. I am therefore going to extend the appeal period along the above lines, but in terms that will allow me to monitor the progress of the legal aid application if it is not settled quickly and to impose a cut-off date if, for example, I feel the Scott brothers are not pursuing the application with all diligence. The terms also need to cover the possibility that the legal aid application might be abandoned, or that an initial adverse decision from the Legal Aid Board might be appealed.

7. The order I am about to make was submitted to both sides in draft form for comment. Neither side has objected to the wording, so I assume they can see no problems with it. Accordingly:

Having regard to Rule 19(8) of Order 104 of the Rules of the Supreme Court, I extend the period within which a notice of appeal from my decision of 9 July may be lodged with the Patents Court to four weeks ("the four weeks") after the date of the decision of the Legal Aid Board on the Scott brothers' application for legal aid, subject to the following conditions:

1. If the Board initially issue an adverse written decision and the Scott brothers then ask the Board for an oral hearing, the four weeks will commence from the decision following that oral hearing (the "final" decision), not the initial adverse decision.
2. The Scott brothers must inform the Office and the agents acting for Edenlist (ie William Jones) as soon as they receive a written decision from the Board.
3. If that decision is adverse, they must at the same time say whether they have asked the Board for an oral hearing, and if yes, must inform the Office and William Jones as soon as they receive the final decision.
4. If the Scott brothers have not received the Board's decision (or, if there is an oral hearing, final decision) by 1 October, the Hearing Officer may then and/or subsequently a) require the Scott brothers to report on the progress of their legal aid application and b) in the light of that information, set a specific date for the end of the period within which notice of appeal must be lodged. Any extension beyond that would then have to be by leave of the Court.
5. If the Scott brothers should abandon their application for legal aid before the Board issues a decision (or, if there is an oral hearing, final decision), they must notify the Office and William Jones immediately and the four weeks will commence on the date of such notification.

Executing the assignment

8. In my previous decision, I discussed what might need to be done if the Scott brothers failed to execute the assignment, and in particular, recognised the possibility that I might need to authorise Edenlist to sign on the Scott brothers behalf. I therefore stated that if the Scott brothers failed to execute the assignment within the time allowed, Edenlist would be at liberty to come back to me for further directions. This they have done, arguing that it is not fair in equity to expect them to wait until the appeal is decided (which could be a long time)

for the assignment to be executed. They gave three examples of ways in which their position could be prejudiced:

- a) How will they obtain compensation for the commercial benefit enjoyed by the Scott brothers in the meantime?
- b) What if the Scott brothers assign the US patent to a third party in the meantime?
- c) What happens if the patent needs to be litigated in the meantime and the Scott brothers cannot or will not take action against an alleged infringer?

They also argued that the Scott brothers' request that I should stay the assignment was completely beyond my powers to grant. They submitted as a "clear, unambiguous and indeed unarguable proposition" that I was under an obligation to follow through the consequences of my decision irrespective of what the Scott brothers now decide to do.

9. The Scott brothers are unwilling to execute the assignment because, they say, they have been advised that if they do so, any success on appeal could end up being a pyrrhic victory since by that time the patent may have been assigned elsewhere. This, of course, is the flip side of Edenlist's own point b). I am not wholly convinced that the Court could not find some way round the problem, but since both sides have raised it, I am prepared to accept that it is a genuine difficulty.

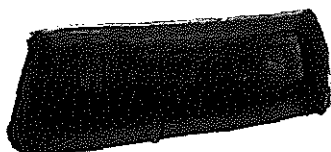
10. Neither side has given me any clear guidance, by reference to law or precedents, as to the principles I should apply in determining whether or not I ought to take steps to ensure the assignment is executed forthwith in accordance with my decision. I am, however, satisfied that Edenlist's proposition is not "clear, unambiguous and unarguable". For example, in their recent decision on 23 April in *Reckitt & Colman Products Limited v Richardson-Vicks Inc*, the Court of Appeal dismissed an appeal against revocation of the patent in question but nevertheless stayed the revocation order pending outcome of a petition to the House of Lords and, if granted, until after judgment. I recognise that revocation and assignment are rather different animals, but the fact that their Lordships did not feel obliged

to enforce their decision forthwith, irrespective of any appeal, reinforces my belief that I am not under the obligation suggested by Edenlist.

11. In the present case, whilst Edenlist's position could be prejudiced in the ways they suggest if an appeal goes ahead and is unsuccessful, the Scott brothers could be prejudiced just as much in respect of the GB patent (which stands in Edenlist's name) if the appeal went the other way. In the absence of any guidance as to the principles I ought to follow in deciding this matter, I made it known to the parties through an Official letter dated 5 August that in the circumstances of the present case it was my provisional view it would be best simply to maintain the *status quo* if an appeal went ahead, but that I was open to persuasion. I therefore suggested that I should defer giving any directions until the appeal period expired, that if no appeal had by then been lodged I would take appropriate steps to allow the assignment to be executed but that if an appeal had been lodged I would decline to give any further directions on the grounds that it would then be for the Court to do this once the appeal had been heard.

12. I still remain open to persuasion as to what I ought to do if an appeal is lodged, but by means of a further Official letter dated 13 August I indicated that in the meantime I was minded simply to defer considering whether to give any further directions until the appeal period as extended had expired. Both sides have indicated that they do not wish to be heard on the question of whether I should so defer the matter. Accordingly, I decline to give further directions for the time being. When the extended appeal period has expired Edenlist are at liberty to come back to me then for directions.

Dated this 15th day of August 1997



P HAYWARD



Superintending Examiner, acting for the comptroller

THE PATENT OFFICE