

PATENTS ACT 1977

0162/94

IN THE MATTER OF an application under
Section 72(1) by GEC Avery Service Limited
for the revocation of Patent No 2027542
in the name of Derwent Measurement and
Control Limited

On 1 March 1993 GEC Avery Service Limited ("the applicants") filed an application for revocation of the patent in suit, alleging in their statement lack of novelty or inventive step having regard to the state of the art which had been made available to the public before the priority date by a specified prior use. In their counterstatement, filed on 11 May 1993, Derwent Measurement and Control Limited ("the proprietors") denied the allegation but made an offer to amend the patent, subsequently clarified as an unconditional offer. Evidence in support of the allegations was filed by the applicants on 3 September 1993.

However, following earlier correspondence on the matter, the applicants also filed on 29 September 1993 a supplementary statement alleging, as before, lack of novelty or inventive step having regard to the state of the art which had been made available to the public before the priority date by a further specified prior use and by a specified publication. In an accompanying letter the applicants requested that the supplementary statement be admitted to the application, arguing that it would delay the issue unduly to request the admission of new evidence on appeal or to file a further application for revocation based on new evidence. In an earlier letter of 20 August 1993 seeking leave to amend their statement by the addition of further facts regarding prior use and prior publication the applicants stated that they had believed for some time that prior use in addition to that alleged in the original statement had occurred, but that it had only recently been possible to identify a person who possessed the information necessary to particularisation of the allegation. They also stated that they had only recently been able to identify a person able to provide information relating to prior publication. The difficulty in obtaining the information was stated to be due to the

fact that it related to a time at least fifteen years, and as much as as twenty or more years, ago. They argued that the information now sought to be introduced was extremely germane to the application.

Although in a letter dated 2 December 1993 the proprietors stated that they had no comments to offer as to the admissibility of the supplementary statement, in a separate letter of the following day they took exception to such matters being introduced at this stage of the proceedings. They contended that, as a consequence of additional matters being added, the proceedings, if pursued to a decision and possibly to an appeal, would be likely to occupy a substantial part if not the entirety of the remaining life of the patent. I would observe in this connection that, the date of filing of the patent application being 8 August 1978, the patent still has several years of potential life ahead of it. They stated that, when they in time would become aware of the evidence in support of the new allegations, they may take the view that the proceedings were not commercially worth resisting, and they argued that to allow the proceedings to be taken over by an entirely new case would be wrong, at least without the provision of adequate protection for the proprietors' wasted costs by way of some form of "*Earth Closet*" Order. They proposed that if the supplementary statement were to be allowed in it should be upon the basis that the proprietors have a reasonable time after the submission of the evidence in support thereof to elect whether to resist the application and, should they elect not to do so, then the applicants should pay a reasonable sum in respect of the proprietors' costs to date. In a supplementary counterstatement filed on 4 February 1994 the proprietors repeated their objection to the admission of the supplementary statement on the grounds that it would be likely to delay the outcome of the proceedings and lead to wasted costs. They also denied the allegations of further prior use and prior publication in respect of the patent both as presently claimed and as proposed to be claimed.

In response, in a letter dated 10 February 1994, the applicants argued that admission of the new grounds was supported by the Patent Appeal Tribunal in *Allmänna Svenska Elektriska Aktiebolaget's Application* [1976] RPC 464. They commented that it was a matter of opinion whether costs incurred in defending an invalid patent were wasted.

In subsequent correspondence both parties indicated that they were content for the Comptroller to decide whether the supplementary statement should be admitted on the papers on file, and that neither of them wished to be heard in the matter. I will therefore proceed on this basis, taking into account the considerations I have already outlined together with further submissions from the parties.

In a further submission accompanying a letter dated 4 March 1994 the applicants set out their arguments in relation to the authorities more fully. The proprietors have not chosen at any stage to respond directly to these arguments or to address the cited authorities. In *Allmanna Svenska* the Patents Appeal Tribunal allowed amendment of grounds of pre-grant opposition. In their submission the applicants drew my attention to a number of passages in which Whitford J. stressed the duties of the Tribunal and the Patent Office both to ensure that in the public interest invalid patents are not granted and to investigate all seemingly valid grounds of opposition, even if new material comes to light at a late stage.

The applicants drew distinctions with the circumstances in *Owens-Corning Fibreglas Corporation's Patent* [1972] RPC 684, in which the Patents Appeal Tribunal upheld the Comptroller's decision not to allow the addition of further grounds of revocation in an action for revocation before the Comptroller. It is, however, first worth noting that in *Owens-Corning* the hearing officer made it clear that discretion to allow added or amended grounds need not necessarily be exercised in the same way in post-grant revocation as in pre-grant opposition proceedings, and I therefore regard the principles as to discretion which emerge from *Owens-Corning* to be of greater relevance to my present consideration than those established in *Allmanna Svenska*. I do not believe that these principles have changed in respects relevant to this case as between the 1949 Act, under which *Owens-Corning* was decided, and the 1977 Act. In *Owens-Corning* the hearing officer held, and it was confirmed on appeal by Graham J., that such discretion did exist in revocation proceedings, and he set out what he regarded as the matters to be taken into account in deciding whether to allow amendment of the pleadings: namely (a) whether the applicant had used due diligence in preparing his case; (b) the relevance of new art sought to be introduced; (c) the time that has elapsed since the filing of the application; and (d) whether delay will be caused which might be unjust to the patentee or against the public interest.

On "due diligence" the applicants in the present case argued that they had believed that the new prior art existed but had been unable to identify it positively until after the original statement was filed. The supplementary statement was in fact filed only some four weeks after the filing of the evidence in respect of the original grounds, and its substance had been indicated to the Office and to the proprietors as early as in a letter dated 20 August 1993. This is in marked contrast with the circumstances of *Owens-Corning*, in which the hearing officer noted that most if not all of the new art could have been found very readily much earlier if due diligence had been exercised. The diligence of the applicants in the present case has at no point been directly challenged by the proprietors, and I am satisfied that I have no reason to believe that the applicants have shown anything less than due diligence in prosecuting their case.

"Relevance" is not easy to determine at this preliminary stage, nor can it, in my view, be fully decided until pertinent evidence has been submitted and tested, and that is only possible when the substantive issues in the proceedings are addressed. I consider, therefore, that the question of relevance can only be considered at this stage in a *prima facie* sense, and to that extent I am satisfied that, without prejudice to my eventual finding on the grounds, the facts alleged in the supplementary statement, taken at face value, suggest high relevance to the validity of the patent in suit. Again, whilst not admitting that the new alleged prior art impeaches the validity of the patent in suit, the proprietors have not directly challenged it on grounds of relevance.

I have already indicated the time that has elapsed between the submission of the new prior art and the filing of the original application for revocation, and it is clear in my view that it bears very little comparison with the circumstances in *Owens-Corning*, in which, by the time the new art was sought to be introduced, the evidence rounds had been completed, the hearing date had been set, and nearly 4½ years had passed since initiation of the revocation proceedings. Once again, the proprietors have not sought to oppose the introduction of the new matter directly on the grounds of elapsed time. I have already noted their comment that the proceedings might occupy most if not all of the remaining life of the patent, and have observed that the facts do not altogether appear to bear this out, but even if this were true I do not consider that it would necessarily provide a strong argument for refusal to admit on

the "elapsed time" criterion. The alternative to admission would be for the applicants to launch a fresh revocation action in respect of the new prior art, and no matter how the Office directed that the two actions should proceed relative to one another, I can see no way in which matters would move forward in a more timely manner than if both groups of prior art were considered together in the same action.

As to the final *Owens-Corning* criterion, whether further delay would be caused which might be unjust to the proprietors or against the public interest, it is clear that the scale of delay has been much less in the present case than in *Owens-Corning*, and I have also indicated my view that the alternative of a separate revocation action could not possibly result in a more rapid resolution of all matters than would be likely to flow from admission of the new grounds into the existing action. The public interest is undoubtedly, in my judgement, best served by complete resolution of all issues in the most timely manner possible, which points clearly towards admission. In arguing that they will experience inconvenience if the new matter is pursued the proprietors have focussed on costs, which I shall shortly address, rather than on delay *per se*, and I am satisfied that the fourth *Owens-Corning* principle does not, in the circumstances of the present case, lead me to a conclusion that I should refuse to admit the new grounds.

I therefore conclude that I should permit the supplementary statement to be admitted to these proceedings, and I so order. The entire pleadings for the applicants for revocation therefore comprises both the statement and the supplementary statement. It follows that I must also order that the proprietors' pleadings in the action shall comprise both the counterstatement and the supplementary counterstatement.

Two further matters require to be settled. First, I must determine how matters should proceed from this point. I am quite sure that it will most effectively facilitate the future conduct of proceedings if all grounds for revocation are addressed in a consolidated manner. I therefore allow the applicants for revocation a period of one month from the date of this decision within which to file additional evidence-in-chief in support of the matters raised in the supplementary statement. This is less time than is normally available after completion of the pleadings, but some months have already elapsed since the new matters were first

referred to, and I consider it reasonable to expect that the applicants will, during this period, have made progress towards preparation of their further evidence. A copy of any such additional evidence should be sent to the proprietors. On receipt of such additional evidence the proprietors will have two months within which to file their own evidence pertaining to matters arising in relation to both the original and new grounds for revocation, and a final period of two months will be available to the applicants to file evidence-in-reply.

The second outstanding matter concerns the proprietors' request that, in the event that I admit the new grounds, I should make an "*Earth Closet*"-type order, allowing the proprietors a reasonable time after submission of the evidence in support of the new grounds to elect whether to continue to resist the application and, should they elect not to do so, ordering the applicants to pay what the proprietors describe as "a realistic sum" in respect of the proprietors' costs to date. I note that, in an Official Letter dated 22 December 1993, the Patent Office, in giving the proprietors a period of one month within which to submit a supplementary counterstatement, gave them the alternative option of informing the Office within that same period that they wished to withdraw their opposition to the application for revocation, and stated that it would then be open to the proprietors to make submissions on costs, including any reliance on the *Earth Closet* judgement. In the event the proprietors opted to submit a supplementary counterstatement, and did not, in the timeframe set out in the Official Letter, indicate any intention to withdraw their opposition or to submit arguments in support of an *Earth Closet* order. The supplementary counterstatement itself, although it included a general request for an award of costs, did not make any reference to possible withdrawal or to an *Earth Closet* order. Later, however, in a letter dated 21 March 1994, the proprietors appeared to imply that they believed that the offer of an opportunity to withdraw and submit arguments in support of such an order was still available to them on an open-ended basis. I must state that it is my clear reading of the Official Letter that this was not its import, but that the proprietors' window of opportunity within which they might determine the future processing of the action by indicating an intention to withdraw and submitting arguments in support of an order as to costs was closed by their own action in filing a supplementary counterstatement.

It is my view that an *Earth Closet* order in the strict sense is not appropriate in relation to proceedings before the Comptroller. The long-established practice of the Office on costs, approved most recently by the Patents Court in *Rizla Ltd's Application* [1993] RPC 365, has been to make an award as a contribution only, based upon a scale published periodically in the Official Journal (Patents), most recently on 26 October 1988. The notice in the Journal states that "costs in proceedings before the Patent Office are not intended to compensate parties for the expense to which they may have been put". My understanding of an *Earth Closet* order, for example as recently described in *Helitune Ltd v Stewart Hughes Ltd* [1991] RPC 78, is that it entails an order that the plaintiff pay to the defendant the taxed costs of the action up to the date of delivery of a form of particulars of objections, but the defendant has to pay to the plaintiff the taxed costs thereafter. Such a formulation is not, in my judgement, appropriate in relation to the normal practice in the Office as described above, and I am satisfied that I should not make an order of the type requested. Rather, I will follow the normal Office practice in another respect, and defer the question of costs until the final decision on these proceedings. I will at that stage, in applying the policy set out in the Official Journal notice, take account of all preliminary stages, including the fact that the applicants have taken two bites at the cherry in formulating their pleadings. Should the proprietors decide not to continue to defend the patent, then I will take the same matters into account in deciding whether any order as to costs should be made. Both parties will have ample opportunity before this happens to make any submissions they may wish to as to how I should the approach the issue of costs within the context of the Office's normal practice.

This being a procedural matter, the time within which an appeal may be lodged is 14 days from the date of this decision.

Dated this 21 day of April 1994

Dr P FERDINANDO

Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE

