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PATENTS ACT 1977

Mr Hayward  
3R56

IN THE MATTER OF an application  
under section 71 by Crocodile Packaging Ltd  
for a declaration of non-infringement of  
UK Patent No 2104582 in the name of  
HB Clip-Lok Industries Ltd.

### PRELIMINARY DECISION

Patent No 2104582 relates to knock-down containers erected using clamps, which, when the container is in its collapsed state, are used to hold the panels together. In summary, claim 1 of the patent requires at least five panels of common thickness defining a floor and four side panels, each having at least one recess spaced from the panel edge by a common distance. The claim requires L-shaped clamps with clamping projections at each free end, the thicknesses of the panels, the lengths of legs of the clamps and the distance of the recesses from the panel edges being such that the container can be secured in erect form with the clamps enveloping the joints between adjacent panels and engaging the recesses, and in collapsed form with the panels in overlying stacked relation with all panels engaged between the clamping projection on one leg of each clamp and the other leg.

The applicants in the present proceedings, Crocodile Packaging Ltd, sought from the proprietors, HB Clip-Lok Industries Ltd, a statement that a design of theirs did not infringe the patent, but in a letter dated 22 October 1991 the proprietors declined to make any admissions in this respect. On 25 October 1991 the applicants filed the present application under section 71, accompanied by a statement in accordance with rule 74(1). The statement sought a declaration of non-infringement of the patent in respect of collapsible pallet containers having at least five panels held together when erect by L-shaped clamps but in which the clamps cannot be used to secure the panels when collapsed in overlying stacked relation. The containers were described as comprising a base of 25mm thickness and four

side panels and an optional lid of 18mm or 19mm thickness. The clamping devices had leg lengths of 72mm and 84mm. It was stated that the minimum thickness of the stacked base and four side panels was 97mm, and that it was impossible to secure the stacked panels as required by the patent, even taking account of a rebate of 5mm depth in the lid of some of the applicants' designs. It was stated that the panels and base do not have a common panel thickness. Drawings showing the applicants' clamp and a stack of panels were attached.

The proprietors filed a counterstatement in January 1992. Evidence was filed by the applicants in May 1992 and by the proprietors in September 1992, the latter principally being directed to supporting the allegation that the panels of a container constructed in accordance with the applicants' description could be secured by the clamps in overlaying stacked relation, in accordance with claim 1 of the patent. This was achieved by placing the side panels, each of whose height was less than half its width, in pairs side-by-side in a stack, so that the clamps did not have to span the combined thicknesses of all panels. The applicants were then invited to file evidence-in-reply, in accordance with rule 74(4).

In January 1993 the applicants stated in correspondence that they wished to amend their statement to clarify that the containers in respect of which they seek a declaration of non-infringement incorporated panels which had a height greater than half their width, especially square panels which may be used to form cubic boxes.

The proprietors objected to this amendment because:

1. they did not consider it a sufficiently clear definition of the article in respect of which a declaration was sought,
  2. the applicants, producing products in direct competition with the proprietors' products, should not be allowed, subsequent to the evidence-in-chief being filed, to narrow down the range of products to exclude those products which clearly infringe,
- and 3. the patent was not restricted to cubic boxes.

In correspondence the Patent Office expressed the preliminary view that, following decisions in *Vax Appliances Ltd v Hoover Plc* [1990] RPC 656 and *Chr Hansen Laboratorium A/S v Unilever* (unreported Office decision: SRIS O/144/94), the applicants should be given an opportunity to file an amended statement and description of the act in respect of which a declaration of non-infringement was sought.

The applicants filed an amended statement on 15 June 1993. It included the following paragraphs, in which I have highlighted passages not corresponding to any included in the description in the original statement.

"5. The Applicant's containers in respect of which a declaration of non-infringement is sought comprise a base panel having a thickness of 25mm, four side panels having a thickness of 18mm or 19mm and an optional lid having a thickness of 18mm or 19mm, the lid having an optional rebate of 5mm. The base and lid panels are substantially square. The four side panels are rectangular with length 'b' in drawings (d) being greater than length 'c'. In no case is length 'b' more than 20% longer than length 'c'. The clamping devices have leg lengths of 72mm and 84mm as shown in drawing (b). The assembled container has a generally cubic configuration.

6. By way of specific example the Applicant's container had a base and lid of dimensions 'a' equal to 1100mm and side panels of width 'b' 1087mm and height 'c' 910mm. Taking rebates into account, the assembled container is generally cubic having dimensions 1100mm in width and 1064mm in height, including the pallet base having a height of 130mm.

7. Containers having different length, width and height dimensions but the same panel thickness are within the scope of the declaration applied for providing that the containers fall within the description in paragraph 5 of this statement.

8. The minimum thickness of a stack of five panels is 97mm (being greater by 13mm than the longest side of the Applicant's clamp shown on drawing (b)).

and the minimum thickness of a stack of six panels (including the optional lid with rebate of 5mm) is 110mm (being greater by 26mm than the longest side of the Applicant's clamp shown in drawing (b)). The Applicant contends that it is impossible to secure a stack of either five or six panels which have been arranged in overlying stacked relation as shown in drawings (c) using the Applicant's clamping device described in paragraph 5 of this statement as required by the patent. Moreover, the panels and base do not have a common panel thickness.

9. Applicant requests that the Comptroller provides a declaration of non-infringement of UK patent 2104582 in respect of the Applicant's containers described in this statement and accompanying drawings as follows:

(a) containers of a type described in paragraphs 5 and 6 of this statement.

(b) containers of a type described in paragraphs 5 and 7 of this statement in each case where the minimum thickness of a stack of five panels is not less than 97mm and the minimum thickness of a stack of six panels is not less than 110mm."

Attached to the amended statement were four sheets of drawings, two of which were identical to those attached to the original statement, and two of which were new, labelled "base and lid", "sides" and "base", identifying dimensions "a", "b" and "c".

In a letter dated 17 June 1993 the proprietors objected to the preliminary view taken by the Office and requested a hearing. After repeated extensions of time and several stays of the proceedings at the request of the parties the proprietors filed a skeleton argument with a letter dated 6 April 1995 and the Office appointed a preliminary hearing, which took place on 3 October 1995. At the hearing Miss Colleen Donovan of Hammond Suddards appeared for the applicants. Shortly before the hearing the proprietors chose not to be represented, relying upon their skeleton argument.

Three issues are to be decided at this preliminary stage:

1. whether the applicants may amend their statement,
  2. whether certain correspondence should be treated as confidential,
- and 3. how the application should proceed.

In addressing the first of these issues, it is convenient to begin by summarising the proprietors' skeleton argument, which is directed solely to this issue. The proprietors argue that the preliminary view of the office should be set aside. They contend that *Vax* should not be relied upon because, by contrast with that case, the applicants have neither suggested nor presented evidence that their amendment relates to any cause of action which did not exist at the date when the declaration was first sought. Indeed, on the contrary, the cause of action did exist at the date when the declaration was first sought. The decision in *Chr Hansen*, which was to allow amendment of the statement on the grounds of cost and convenience, was, they argue, specific to the facts of the case and no general rule should be extracted from it.

The proprietors refer *inter alia* to The Supreme Court Practice 20/5-8/4 to make the point that leave to amend should only be granted to the extent that the proposed amendment has been properly and exactly formulated. In this respect they argue that paragraph 7 of the amended statement does not satisfy the standard of proper and exact formulation since it is not clear how containers having different proportions could fall within the description of paragraph 5. Paragraph 9b is restricted to stacks of not less than 97mm and 110mm, whilst paragraph 9a is not so restricted, resulting in inconsistency.

The proprietors' third argument is based upon the point that allowance or refusal to amend is discretionary, the principles on which discretion should be exercised being those established in relation to Order 20 of the Rules of the Supreme Court. They consider that the proposed amendment, rather than clarifying the situation, obscures the true issue of whether or not the applicants' containers (whatever shape they may be) do not infringe. Both companies market collapsible and re-usable containers of all shapes and sizes, and the

declaration initially sought covered all shapes and sizes. It was only after the proprietors had filed evidence which arguably demonstrated infringement by a rectangular container that the applicants restricted themselves to containers of specified proportions, notwithstanding the fact that they continue to trade in the wider range of containers. The proprietors refer to the principle established in *Ketteman v Hansel Properties (H.L(E))* 1987 1 AC 189, where Lord Keith stated:

"The rule is that amendment should be allowed if necessary to enable the true issues in controversy between the two parties to be resolved, and if allowance would not result in injustice to the other party not capable of being compensated by an award of costs. There is a clear difference between allowing amendments to clarify the issues in dispute and those that permit a distinct defence to be raised for the first time."

On this principle the proprietors argue that discretion should not be exercised. They also argue that the evidence in section 71 proceedings need only relate to showing that a narrowly defined act infringes, provided that this act falls within the broader class of acts for which a declaration is sought. If the applicants were then allowed to amend their statement to exclude that narrow act, it would be impossible for the proprietors to fix with any certainty the case to answer.

At the hearing Miss Donovan responded with her own skeleton argument, and maintained that leave to file the amended statement, which in her view clarified the issues in dispute, should be given in the interests of justice, to save court time and costs and to prevent a multiplicity of proceedings. Miss Donovan argued that it is generally the case that leave to amend is granted unless there are overriding reasons why it would cause injustice. In the present instance, where no formal date has been set for the hearing of the section 71 proceedings, there is no inconvenience or injustice. Furthermore, if leave to amend were refused, the applicants would nevertheless be entitled to commence new proceedings under section 71 in respect of the act for which amendment is sought.

In relation to the proprietors' argument that the proposed amended statement was not sufficiently particularised, Miss Donovan argued that there was no inconsistency between paragraphs 5 and 7 of the statement. A box of specific proportions is defined in paragraph 6, while paragraph 7 specifies that the dimensions may differ from these specific proportions provided that they conform with the requirements of paragraph 5. Similarly, she argued that there is no inconsistency between paragraphs 8 and 9, with paragraph 9a relating to paragraphs 5 and 6 and paragraph 9b relating to paragraphs 5 and 7.

In *Vax*, which began as an infringement action in which the defendants counterclaimed for revocation of the patent, Mummery J. noted that the court's power to grant leave to amend pleadings was in the most general terms, based upon RSC Order 20 rule 5(1), which provides that:

"Subject to Order 15, rules 6, 7 and 8 and the following provisions of this rule, the court may at any stage of the proceedings allow the plaintiff to amend his writ, or any party to amend his pleading, on such terms as to costs or otherwise as may be just and in such manner (if any) as it may direct".

He went on, notwithstanding the fact that the trial date for the hearing of the substantive action and counterclaim had been fixed, to allow leave to amend the counterclaim to ask for a section 71 declaration, holding that justice and convenience favoured the grant of leave to amend regardless of whether or not the amended counterclaim relied on a cause of action which did not exist at the date when the counterclaim was first made. He distinguished the circumstances in that case from others where there had been no cause of action to add to or to be the subject of substitution, since in *Vax* the relevant cause of action was for the revocation of the patent. By analogy, in the present proceedings the initial cause of action is for a declaration of non-infringement in respect of a certain broadly defined act. The amended cause of action can, I believe, fairly be characterised as being for such a declaration in respect of a more narrowly defined act (though I shall return to the question of whether it is also sufficiently clearly defined). I do not think that the distinction over *Vax* sought to be made by the proprietors is helpful to their case, since, as I perceive it, in *Vax* amendment was allowed despite the fact that the initial cause of action was more distant from that sought

to be introduced than in the present case. In other words, if amendment was allowed in *Vax*, it might arguably **more** readily, rather than **less** readily, be allowed in the present case.

Allowance of an amendment is discretionary and in accordance with the principles established in relation to RSC Order 20, and spelled out in *Ketteman*, should be allowed if necessary to enable the true issues in controversy between the parties to be resolved, and if allowance would not result in injustice to the other party not capable of being compensated by an award of costs. *Ketteman* distinguishes between amendments which clarify the issues in dispute and those which permit a distinct defence to be raised for the first time. Miss Donovan did not directly address this distinction, but I note that *Ketteman* was cited in *Vax*, and I can therefore assume that the distinction in question was not considered to override the view expressed in the latter case by Mummery J. In the present case I do not believe that the requested amendment amounts to the introduction of a distinct new defence (or, in this case, attack), so much as to an attempt to refine the original one. The cause of action, to return to the language of *Vax*, is refined by the amendment, and *Vax* permits amendment even if the cause of action in the amended pleading did not exist initially, provided that the interests of justice and convenience are thereby served.

The proprietors are concerned that, when amendment is allowed after the filing of their evidence-in-chief, the case they have to answer changes during the proceedings. However, if I were to refuse leave to amend, the applicants would be entitled, as Miss Donovan pointed out, to commence new proceedings for a declaration of non-infringement in respect of the act for which they seek the amendment. In the present case, where there is no new cause of action involved, the applicants having sought to specify more narrowly the act in respect of which they request a declaration, I consider that allowing an amendment having this effect would tend to serve the interests of justice and convenience, and to result in the true issues of controversy between the parties being better defined.

Nevertheless, in exercising my discretion as to whether to allow the amendments requested, I must also consider whether they meet the criteria of clarity of formulation set out, for example, in the passage of The Supreme Court Practice to which the proprietors referred me. The precise meaning of the statement is a matter for the substantive hearing but, *prima facie*,



I accept Miss Donovan's argument that paragraph 7 is intended to make clear that the dimensions given in paragraph 6 are given by way of example only and that other dimensions are possible provided they fall within paragraph 5. The effect of paragraphs 6 and 7 is therefore seemingly not to alter the fact that paragraph 5 defines the act in respect of which a declaration is sought, or the scope of that act as so defined, and Miss Donovan conceded that, at least at first sight, their presence does not alter the scope of any declaration I might make. Paragraph 8 appears to have no different effect, and therefore does not alter the status of paragraph 5 as defining the relevant act.

Miss Donovan also stated that paragraphs 9(a) and (b) were there solely for clarification and did not alter the scope of any possible declaration, but when I pressed her on the point she went on to say that:

"Paragraph 9 makes it clear that the panels are to be stacked one on top of the other so the total mathematical thickness of a stack of five or six panels comes to a specific amount and when you compare that with the specific size of the clip (clamp?) it is simply not possible to engage those panels within the clip."

I have to conclude, looking at paragraphs 5 to 9 as a whole, and notwithstanding Miss Donovan's submissions, that I cannot be sure whether the issue for me to resolve at the substantive hearing on the basis of the amended statement would necessarily relate to a container in which in the collapsed condition the panels were all stacked one on top of another. My task will essentially be to construe the claims of the patent and then to determine whether anything falling within the applicants' description could lie within the terms of the claims. Paragraph 9, in its references to earlier paragraphs, appears to cast doubt on whether paragraph 5 is in fact the critical passage in respect of which I shall, in the substantive proceedings, have to decide whether to make a declaration. In this context I am not persuaded that the amended statement meets the requirement of proper and exact formulation, or that it succeeds in clearly defining the true issues between the parties. For this reason I conclude that I cannot properly exercise discretion to allow amendment of the statement in the manner requested.

I have thus found that, although an amendment of the statement to define more narrowly the act in respect of which a declaration of non-infringement is requested may be allowed, the particular amendment sought is not allowable. Two alternatives therefore suggest themselves. I may either refuse outright to allow amendment of the statement, in which case the proceedings will continue on the basis of the original statement and the next stage is for the applicants to file evidence-in-reply, should they wish to, or I may provide an opportunity to the applicants to remedy the faults I have found in the particular amendments requested. It seems likely that both alternatives might lead to the same outcome, since the first course would appear likely to result in withdrawal of the present application and filing of a new one. Convenience to all parties, in terms of both cost and time, would seem best served by adopting the second course, and giving the applicants an opportunity to amend their statement so that it clearly expresses their intentions in defining the issue between the parties.

I therefore allow the applicants two weeks from the date of this decision within which to apply in writing to the proprietors for a written acknowledgment to the effect of the amended declaration they seek, in accordance with section 71(1)(a), and also to file an amended statement which is clear and consistent as to that act. If within one month of receiving the amended description the proprietors provide the written acknowledgment sought and copy it to the Patent Office, this will have the effect of terminating the present proceedings. If the proprietors do not provide such written acknowledgment they will have that same period of one month to file an amended counterstatement. Miss Donovan submitted that the issues were not substantially altered by the requested amendment and that the timetable for subsequent action should therefore be relatively short. To the extent that I agree with her, I have therefore condensed the pleadings stages relative to those which would apply in a new action. However, it seems likely to me that, if the statement is amended in the direction indicated by the applicants, the proprietors will wish to reconsider what evidence is appropriate to the new circumstances, and I do not consider it right that I should in any way curtail their time for preparing such evidence compared with the normal timetable. The applicants, of course, will have it in their own hands to shorten, or even to dispense with, their own evidence stages. Therefore, in the event that amended pleadings are filed, the parties will subsequently be given full opportunity to file evidence in support of the amended pleadings, consistent with rule 74(3)-(6).

The proprietors' skeleton argument did not address their request for confidentiality of certain documents; viz an addendum to their agents' letter of 7 February 1994, and their agents' letters of 24 February 1994, 16 May 1994, 21 September 1994 and 1 December 1994. At the hearing Miss Donovan indicated that the applicants had no objection to the documents remaining confidential. I am satisfied that the contents of these documents has no bearing on the matters under consideration at the preliminary hearing, nor do they impinge on section 71 issues. Consequently there is no overriding public interest for disclosure. In these circumstances I direct under rule 94(1) that the documents in question shall be treated as confidential.

Miss Donovan asked that costs in respect of the preliminary hearing should be awarded to the applicants. Although I have found that in principle an amendment of the general type requested is allowable, and have given the applicants an opportunity to file an acceptable form of amendment, I have equally found that I should not exercise my discretion to allow the particular amendment requested, and to this extent the applicants have failed in their request. On the other hand, the proprietors elected very late on the day preceding the hearing not to attend, and had this been done in more timely fashion the entire need for a preliminary hearing might have been avoided. In all the circumstances I do not consider that an award of costs to either party in respect of the preliminary hearing is warranted.

This being a matter of procedure, any appeal against this decision should be lodged within 14 days of the date of the decision.

Date this 25<sup>th</sup> day of October 1995

**Dr P FERDINANDO**

Superintending Examiner, acting for the Comptroller

**THE PATENT OFFICE**



