

B20 / 179 / 88

PATENTS ACT 1977

IN THE MATTER OF references to the
Comptroller under Sections 12 and 37
in respect of International Patent
application No WO 82/01771 and
British Patent No 2087554, both in
the name of Harold Norris, by

- (1) Rolf Karl Gundermann (No 1)
- (2) Optical Activity Ltd
- (3) Rolf Karl Gundermann (No 2)

STATEMENT OF REASONS ON APPLICATION FOR DIRECTIONS

The patent and patent application in suit derive from a common
priority document, British patent application No 8037072, filed
by Mr Norris on 19 November 1980. In a decision dated 3 July
1986 in respect of Mr Gundermann's first reference I found:

".... on the balance of probabilities that Mr Gundermann
contributed to the design of the electronics system which
forms a significant aspect of the invention disclosed in the
patent and therefore has some right in this invention. All
the above evidence and arguments apply equally to the
invention disclosed in the corresponding international
application"

This finding was upheld by Mr Justice Falconer on appeal, in a
judgment delivered on 9 March 1987. The order I made to
implement my finding was that the Register of Patents be amended
so that Mr Norris and Mr Gundermann were joint proprietors of the
British patent. I made no order in respect of the international
application. It seems from the discussion that took place before
Mr Justice Falconer that the parties had not foreseen anything
other than a finding wholly in favour of one side or the other,
and in consequence my attention had not been drawn to a number of
ancillary matters that were relevant to joint ownership. In

consequence, at the request of both parties, Mr Justice Falconer directed on 30 July 1987 that:-

- "(1) ... the order of the Comptroller whereby it is ordered that the Register of Patents be amended by adding Mr Gundermann as joint proprietor be discharged.
- (2) The reference be remitted to the Patent Office for the taking of further evidence and hearing of further argument, if so requested by the parties, as to the appropriate order to be made having regard to the decision of the Comptroller dated 3 July 1986 and in the light of the judgment of this court given as 9 March 1987.
- (3) that there be no order as to costs on the referor's and opponent's respective appeals."

Optical Activity Ltd's reference was made on 7 November 1986, with an amended statement of case filed on 12 August 1987. The Company's claim broadly speaking is that they are entitled under contract to Mr Norris's and Mr Gundermann's shares in the invention. Mr Norris has conceded this claim by not filing a counterstatement; Mr Gundermann denied it in a counterstatement filed on 24 November 1987.

Mr Gundermann's second reference was made on 27 July 1987, and basically claims that Mr Norris's share in the invention should pass to their former employer Bellingham & Stanley Ltd, in whose shoes Mr Gundermann now stood by virtue of an assignment dated 16 March 1987. Mr Gundermann's claim is denied in a counterstatement filed on 3 December 1987.

No further steps had been taken in any of the references by April 1988 when the Patent Office files were referred to me for information. I then asked for an Official Letter to be issued suggesting that a hearing for directions might be held with a view to deciding on the procedure to be followed in respect of all outstanding matters.

The parties agreed to the suggestion, and a hearing for directions took place before me on 27 October 1988, at which Mr Martin Howe, instructed by Mr P H Nancarrow, appeared for Mr Gundermann, and Mr Richard Miller, instructed by Mr A L Meddle of Forrester Ketley & Co, appeared for Mr Norris and Optical Activity Ltd.

At the hearing I made a number of orders and agreed to state my reasons in detail as soon as possible.

Mr Gundermann's First Reference

In dealing with the form of order in Mr Gundermann's first reference, Mr Miller indicated that he would be asking for Mr Gundermann to pay half the cost of obtaining the patent and also for some protection for Optical Activity's business which had been built up on the basis of an informal licence from Mr Norris. For his part, Mr Howe said he would be seeking compensation for the use of the invention by Optical Activity.

Following a brief discussion, Counsel on both sides agreed to my suggestion that the form of the order should be stood over until ownership had been established by determination of the other outstanding references.

The International Application

At the hearing Mr Miller contended that the proceedings in respect of the international application were no longer of any value since the application had not entered the national phase in any designated state and the time for doing so had passed. He was prepared to withdraw Optical Activity's reference and argued that if Mr Gundermann wanted to pursue his claim in respect of the international application, he should specify how and in which countries an order in his favour would help him.

Mr Howe was unable to suggest any way in which an order might

have practical effect, but said he had no instructions to withdraw the reference. He asked for 14 days in which to provide the information sought by Mr Miller or alternatively to withdraw the reference.

At the hearing on Mr Gundermann's first application, I was not prepared to make an order in respect of the international application as it had not been shown that it would have practical effect in any of the designated states. I am even more firmly of this view now that any possibility of rights accruing under the application appears to have lapsed. I therefore ordered that by 10 November 1988 Mr Gundermann should either abandon his claim in respect of the international application or supply Optical Activity with details of how and in which countries any decision the Comptroller might make in respect of the international application could be of any practical effect. I further ordered that, within seven days of receiving this information from Mr Gundermann, Optical Activity should decide whether or not to abandon their claim to the international application, it being understood that they will do so if Mr Gundermann does.

Estoppel and the Striking Out of Mr Gundermann's Second Reference

Mr Miller asked me to strike out Mr Gundermann's second reference on the grounds that it was estopped by the decision on his first reference and also because his claim was hopeless having regard to the evidence led in that reference.

As I understood Mr Miller, he was not arguing that res judicata in its strict sense operated against Mr Gundermann. He did however refer me to three decided cases which clearly show that the court has a discretion to strike out a claim when it would be an abuse of process because it raises matters which could, and therefore should, have been litigated in earlier proceedings.

Mr Miller contended that the question before the Comptroller in Mr Gundermann's first reference was "Who was entitled to the

patent?"

It was therefore incumbent upon Mr Gundermann to put forward all the relevant arguments on this question. He had confined himself to arguing that he was the sole owner of the patent and did not in the alternative argue that if Mr Norris had invented anything, his contribution belonged to Bellingham & Stanley. Consequently he was now precluded from putting forward the argument that he and Bellingham & Stanley were (prior to the assignment) joint owners.

Mr Howe deployed three arguments against Mr Miller's contention: First, Mr Gundermann had no reason to make any claim to the invention on Bellingham and Stanley's behalf; it was not relevant to the success or failure of any relief he sought. Second, it was not possible to say Mr Gundermann had failed to exercise reasonable diligence, since neither party had foreseen that the first proceedings might result in a finding that both Mr Gundermann and Mr Norris had contributed to the invention. Third, issue estoppel does not arise when subsequent proceedings are taken in a new estate or interest. Mr Howe referred me to Marginson v Blackburn B.C. [1939] 2KB 426 in which, although the plaintiff was estopped from raising the broad issue of liability for a traffic accident which had been decided in a previous action to which he was a defendant, he was allowed to raise it as personal representative on behalf of a deceased's estate and, under the Fatal Accidents Act 1846, on behalf of the deceased's dependants (including himself). Mr Howe acknowledged that Mr Gundermann claiming as Bellingham & Stanley's assignee did not have a different legal status from Mr Gundermann claiming as inventor, but he argued that the Marginson case was an example of a more general principle that a plaintiff would not be estopped because he had previously unsuccessfully asserted the same right derived by a different route.

I am unable to accept Mr Miller's argument that the question before the Comptroller in Mr Gundermann's first reference was the

ownership of the patent at large. In my judgment it was only its ownership as between him and the patentee, Mr Norris. Mr Howe is in my view correct in saying that it was not Mr Gundermann's concern who was the true owner of any part of the invention to which his claim was not made out.

Mr Miller conceded that Bellingham and Stanley would not be estopped from making the claim Mr Gundermann now makes and I consider it would not be reasonable to expect Mr Gundermann to have raised in the earlier proceedings the rights of third parties from whom he might subsequently derive title. Mr Miller made much of the principle that there should be finality in litigation. This is clearly an important principle for the proper administration of justice, but if I were to accede to his request and strike out Mr Gundermann's claim I would only be encouraging an equal evil. Parties would feel obliged to encumber their cases with irrelevant issues lest they be estopped from raising them in subsequent proceedings when circumstances had changed so as to make them relevant.

Mr Miller also argued that Mr Gundermann's reference should be struck out as being hopeless because it was found in the earlier proceedings that Mr Norris did the work leading to his part of the invention in his own time and using his own material, and because of Exhibit HN5, an open letter from Mr Stanley, the Managing Director of Bellingham and Stanley, acknowledging that the company had no claim on any invention by Mr Norris in those circumstances.

This argument clearly has some force, but it has to be remembered that it was not necessary in the earlier proceedings to explore the significance of the evidence to the ownership of the invention as between Mr Norris and Bellingham & Stanley. It was not relevant to the question of ownership as between Mr Norris and Mr Gundermann. Mr Howe said that he intended to show that the letter constituting exhibit HN5 had been written without knowledge of the invention in suit. Counsel would not, I am

sure, have said that if he did not have evidence to substantiate it and it seems quite likely that such evidence would not have been particularly relevant to the issues in the earlier proceedings. I could not therefore say that Mr Gundermann has failed to show any triable issue.

It was for these reasons that I refused to strike out Mr Gundermann's reference. Nevertheless, I said that the present pleadings did not clearly identify the issue and Counsel agreed that Optical Activity should submit a request for further and better particulars of those matters in Mr Gundermann's statement under rule 54 which need clarification. At the same time Mr Gundermann will file a reply to Optical Activity's counterstatement detailing the facts on which he will rely in order to negate the case set out in the counterstatement.

At an early stage of the hearing Mr Miller asked me to make an interim order transferring Mr Norris's share of the invention to Optical Activity since that part of their claim was not resisted. It seems to me that I could only do that if there were no possibility of Mr Norris's share having passed to Mr Gundermann via Bellingham & Stanley. Since I refused to strike out Mr Gundermann's claim, it follows that I should make no such interim order on Optical Activity's claim at this stage.

Timetable

After a discussion at the hearing, Counsel on both sides agreed to the following timetable.

Within 14 days of the hearing, Optical Activity shall serve a request for further and better particulars of Mr Gundermann's claim. Mr Gundermann will then have 21 days to answer that request.

Also within 14 days of the hearing, Mr Gundermann shall, in addition to supplying his statement about the effect of a order

on the International Application, serve the reply to the counterstatement I referred to earlier.

Once this exchange of additional pleadings is complete, there will be a period of two months in which each side shall file evidence in support of their respective claims. There will then be a period of two months in which to file evidence in reply. If necessary, there will then be two months in which to file further evidence strictly in reply to the second round of evidence.

The hearing will then follow as soon as possible. If, as seems likely, there are disagreements in the affidavits which are crucial to a determination of the references, I shall expect to receive applications to cross examine the deponents concerned.

Costs

Normally, the costs of a hearing for directions would simply be costs in the cause, though bearing in mind that the Comptroller's practice is to allow a quantified sum as a contribution to a party's costs. In this case, however, the hearing which would have taken about an hour was extended by a further two hours by Optical Activity's unsuccessful motion to strike out Mr Gundermann's claim. It was to reflect this that I ordered as follows. In respect of the first hour, costs will be in the cause. As far as the additional two hours are concerned Optical Activity will not have their costs in any event while Mr Gundermann's costs will be costs in the cause. I cannot be more precise at this stage, since the hearing related to three

sets of parallel proceedings between three parties in different combinations and the shape of the final order for costs is not foreseeable at this stage.

Dated this 9th day of November 1988

W J LYON

Superintending Examiner, acting for the Comptroller

