

0/94/97.

PATENTS ACT 1977

Mr P Hayward
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IN THE MATTER OF patent No.
2240974 in the name of Monk
Construction Ltd

and

IN THE MATTER OF applications under
Sections 13(1), 13(3) and 37(1) in the
name of John Michael Pemberton.

Bridges 27/5/97
Security for costs

PRELIMINARY DECISION

UK Patent No. 2240974 in the name of Monk Construction Limited was applied for on 12 February 1991 under application number GB9102879.5, claiming a priority date of 12 February 1990. The inventor named was Anthony Brian Venn. The patent was granted on 19 October 1994.

On 10 March 1995, a reference under Section 37 and an application under Section 13 were filed by John Michael Pemberton (the "referrer") claiming that the sole rights in the invention which is the subject of the patent were his. These actions are opposed by Ferro Monk Systems Limited, the successor in title to Monk Construction Limited and the current proprietor (hereafter referred to as "the opponent").

Matters have not progressed smoothly. There have already been two preliminary decisions concerned with the timetable for filing evidence (one given at a preliminary hearing on 30 August and the other dated 27 November 1996 made on the basis of the papers on file).

The question now to be determined relates to an application by the opponent (as communicated in their agent's letter dated 27 March 1997) for an order from the Comptroller that the referrer be required to give security for the opponent's costs. The reasons given for requesting such an order are stated in the said agent's letter to be:

"Mr Pemberton is unrepresented which indicates that he would be unable to meet a representative's costs. Moreover, from his own evidence, Mr Pemberton was a director of a company that went into liquidation as a result of financial difficulties. At least in view of these circumstances there are grounds for assuming that Mr Pemberton would not be able to pay an award of costs against him...". The request goes on to request a stay pending receipt of funds pursuant to such an order.

In an official letter dated 8 April, the opponent was informed that the Patent Office was of the provisional view that the circumstances of the present case did not justify the exercise of Comptroller's discretion to make such an order.

There are other matters proceeding in parallel, but for present purposes it is only necessary for me to comment that the opponent requested (through their agent's letter dated 15 April 1997) a hearing to determine the question but did not object within the time limit set to a proposal by the Office that the question could be decided on the papers. I should also comment that the referrer has not explicitly opposed the opponent's application, but I shall interpret certain remarks in his letter of 24 April 1997 as having that effect. The referrer has not submitted any arguments pertaining to this particular question.

I shall therefore proceed to determine the matter on the basis of the papers on file.

The only point at which the Patents Act 1977 deals with security for costs is Section 107(4), the relevant provisions of which are as follows:

If any of the following persons, that is to say -

- (a) *any person by whom a reference is made to the comptroller under section 8, 12 or 37 above;*

...

neither resides nor carries on business in the United Kingdom, the comptroller may require him to give security for the costs or expenses of the proceedings and in default of such security being given may treat the reference, application or notice as abandoned.

Ordering security for costs is thus a matter for the Comptroller's discretion. Certain conditions are however specified, the first of which is in subparagraph (a) and defines those sections of the Act in proceedings under which orders for security for costs may be made. The list includes Section 37 and the application therefore passes this hurdle.

The second condition is limited to the question of the residence or place of business of the referrer. The Comptroller may require security for costs if the referrer neither resides nor carries on business in the United Kingdom. The present referrer is a private individual who has given his address (and this has not been called into question by the opponent) as 36 Alder Hill Grove, Leeds. This being in the United Kingdom, the application accordingly fails to satisfy the second condition.

The *a contrario* rule of interpretation leads me to the conclusion that the Comptroller has no discretion to order security for costs except under the conditions laid down in the statute. However, I should consider the possibility that there is some residual power to make such an order. In doing so I shall refer briefly to the Rules of the Supreme Court. It is the Comptroller's practice to follow these where there is no specific Patents Rule in point.

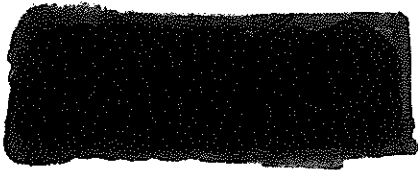
Security for costs in proceedings in the High Court is dealt with by RSC Order 23, Rule 1. In respect of plaintiffs normally resident out of the jurisdiction, these provisions overlap considerably with Section 107(4) of the Patents Act. They do go somewhat further in relation to nominal plaintiffs and plaintiffs who have changed their address or who have not stated their

address correctly, but there is nothing to suggest that a plaintiff in the circumstances alleged by the opponent to be those of the referrer may be ordered to give security for a defendant's costs.

I therefore conclude that the circumstances of the present case do not justify the exercise by the Comptroller of discretion to order security for costs, and accordingly I refuse to do so.

This being a matter of procedure, the period for appeal is two weeks.

Dated this 27th day of May 1997



G M Bridges
Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE