

IN THE MATTER OF an application by
British Coal Corporation for the revocation
under Section 72 of GB Patent No 2180047 in
the name of Glaverbel SA

PRELIMINARY DECISION

Following the preliminary hearing held on 5 December 1994, the Hearing Officer ordered on 31 January 1995 that, in respect of documents concerned with the issue of obviousness, the patentees should give discovery to the applicants in the following terms:

Documents relating to the history of the making of the inventions claimed in any of the claims (as existing or as sought to be amended) of the patent in suit falling within any of the following categories:

- (a) Notes of experimental protocol, objectives and/or test results, and experimental reports and conclusions, relating to the experiments referred to in paragraphs 3.6 to 3.12 of the first declaration of Leon Phillippe Mottet herein and generated by or within the knowledge of M Mottet;
- (b) Notes and memoranda generated by or within the knowledge of M Mottet setting forth or discussing (i) the desires of M Mottet to achieve high delivery rates referred to in paragraph 3.3 of the said declaration, and/or (ii) the doubts and fears of Glaverbel's personnel referred to in paragraph 3.4 of the said declaration and/or (iii) the occurrence of and/or location of the spontaneous combustion referred to in paragraphs 3.4, 3.8, 3.9 and/or 3.12 of the said declaration, and/or (iv) the assumption that secondary oxygen had to be introduced in such a way as to promote mixing with the welding powder as referred to in paragraph 3.11 of the said declaration;

- (c) Notes and memoranda generated by or within the knowledge of M Mottet relating to the patentee's knowledge before the priority date of the patent in suit of the apparatus then used by British Coal to introduce oxygen into a powder/carrier gas stream as referred to in paragraph 5 of the second declaration of Mr Tucker herein.

Prior to the hearing the applicants had also sought discovery of documents in relation to proposed amendment by the patentee of claim 14 of the patent, but at the hearing they did not pursue this.

With regard to the timetable for the ordered discovery, the Hearing Officer was content to wait until the extent of the documentation involved became clear and for the parties to approach him on the subject. In the absence of an agreement between the parties, he would impose a timetable. On the issue of confidentiality on this discovery it was left open for both parties to address the matter at a future date in the light of the nature of the documents unearthed by the discovery. The Hearing Officer observed, however, that the case for imposing more than the usual degree of confidentiality, as the patentees had suggested they would be seeking, would have to be compelling for him to go beyond those bounds.

In May 1995, it became clear that there was an impasse on the issue of the terms of confidentiality under which the ordered discovery was to be made. Butler & Co for the applicant informed the Comptroller on 3 May 1995 that the discovery exercise had not been completed by the patentees and requested an order be placed on the patentees to give discovery within a set time period subject to the normal conditions of confidentiality. Hyde, Heide & O'Donnell for the patentee instead maintained that more stringent confidentiality was required with disclosure of the discovered documents limited to personnel not involved in patent litigation concerning the subject matter of the patent outside the United Kingdom. By way of support, they advised the Comptroller on 30 May 1995 that parallel proceedings were taking place in Italy. The patentees felt that they were unable to release documents for inspection by representatives of the applicant until the latter had provided a list of the representatives, so as to enable exclusion of persons engaged in parallel proceedings in other territories. At the same time the patentee requested a hearing to address the issue of

confidentiality of discovered documents.

On 26 September 1995, Hyde, Heide & O'Donnell wrote to the Comptroller to query the identity of the applicant, following changes to the applicant's corporate activities, and of those persons who might have access to the discovered documents. This was due to the privatisation of the British Coal Corporation ("BCC") since the hearing decision of 31 January 1995 in which previous parts of subsidiaries of BCC had become independent companies, for example Coal Products Limited ("CPL"), Coal Processing Consultants ("CPC") and the Coal Research Establishment ("CRE"). In response, the applicant confirmed that BCC was still the applicant for the purpose of these proceedings.

On 13 October 1995 the patentees submitted evidence relating to the confidentiality issue in the form of an affidavit of their Director of Intellectual Property, Mr De Keersmaecker, setting out the background and the existence of parallel proceedings in other territories. The applicant submitted evidence in response, namely an affidavit of Mr Garrett, Head of the Vendor Team for BCC, which was filed on 9 November 1995. This included a draft form of undertaking on confidentiality.

This, then, was the background to a preliminary hearing to decide the issue of confidentiality on 13 November 1995 at which the patentee was represented by Mr Andrew Waugh and the applicant for revocation was represented by Mr Guy Burkhill.

Mr Waugh opened by explaining where matters stood. He announced there had been some very recent progress and that the terms on which the discovery ordered following the previous hearing should be made had been agreed between the parties over the previous weekend. This was in the form of an undertaking between the parties which provided confidentiality for the documents discovered on the issue of obviousness by restriction to legal representatives of BCC and other approved named persons. Thus the discovery could, in principle, proceed.

However, he did express concern that he had learned shortly before the hearing that a certain Mr Tucker might be one of the persons notified by the applicant since the position of

Mr Tucker was no longer clear following the hiving off of the various parts of the BCC; and the patentee suspected he might now be employed by a separate entity CRE. At this stage Mr Tucker was not regarded as an independent expert by the patentee and it was felt most unlikely that the patentee could consent to his being given access to the discovered documents. However, Mr Waugh said the patentee would await the relevant facts concerning Mr Tucker's position from the applicant before deciding whether it was reasonable or not for Mr Tucker to be excluded from discovery of the documents. Mr Burkhill for the applicant pointed out that Mr Tucker was their principal expert and thus it was only natural and right that he should have access to the discovered documents. In the event, the matter was left unresolved pending the further enquiries.

In the light of the undertaking now agreed by both parties I do not need to make an order on the issue of confidentiality of the documents to be discovered in respect of obviousness. A timetable for the discovery of 14 days seemed to be agreeable to both parties at the hearing and so, if it has not already taken place in the interval since the hearing, I set a period of 14 days from the date of this decision for completion of the discovery ordered in the decision of 31 January 1995. In view of the outstanding matter of Mr Tucker the discovery should, as suggested by the applicant, initially be kept to lawyers, persons within paragraph 1 of the confidentiality agreement. The same period of 14 days should suffice for completion of enquiries on the position of Mr Tucker and, in the absence of resultant agreement between the parties on that matter within that period, it is open for both parties to address me on the matter.

The remaining unresolved matter between the parties raised at the hearing relates to confidentiality in respect of voluntary discovery of documents that the patentee wishes to put before the Comptroller on amendment and is not straightforward. At the hearing there was a great deal of argument on both sides. Mr Waugh reminded me that the amendment sought by the patentee was basically to bring the apparatus claim into conformity with the main process claim. He added that the documents in question were not technical documents, unlike those in the obviousness issue. In his opinion they effectively comprised the prosecution file for the patent and as such were subject to privilege. He added that it had already been established at the previous hearing that the applicant had not sought an order

in relation to discovery on the amendment issue but were leaving the onus on the patentee in this regard. Mr Waugh then reaffirmed the patentee's position that the documents on amendment should not be disclosed merely on the same confidentiality terms as for the obviousness discovery but needed the additional restriction that they should not be disclosed to any person, whether attorney, barrister, solicitor, patent agent or other adviser who is, or will be, involved in any proceedings concerning the subject matter of the patent in suit outside of the United Kingdom. He pointed out that proceedings were in a logjam because of refusal of the applicant to agree to such an undertaking and asked for the matter to be the subject of a preliminary decision to enable the proceedings to be restarted.

Mr Waugh then presented an overview of the legal situation to explain why the order sought was not unreasonable when another party to litigation was able to have sight of documents which were normally the subject of what is effectively legal or attorney/client privilege. In seeking amendment the patentee has a duty of full disclosure of relevant matters and Mr Waugh directed me to "Terrell on the law of Patents", paragraph 7.46 on page 243 and to the decisions in Hsiung's Patent [1992] RPC 497, and Smith, Kline & French v Evans [1989] FSR 561, in this regard. He said that the result of this duty of disclosure was that discovery of material which by statute is privileged may need to be produced, and as the case of Hsiung's Patent showed, failure to do so might be fatal.

Mr Waugh continued by referring me to the decision by Tassilo Bonzel & Schneider v Intervention Ltd [1991] RPC 43 relating to a request to use discovered documents in parallel proceedings and, in particular, to the reference therein to the prior case of Halcon v Shell where Megaw LJ set down the principle that it is wrong in general that a party who has been compelled to disclose his documents should be in peril of having them used in other proceedings or by third parties. This Mr Waugh argued applies equally to subconscious use as much as conscious use. It was this subconscious use that was the problem and it meant that an undertaking not to use the information in other proceedings could not be policed. He added that it was quite accepted that the Court guards against the possibility of subconscious as well as conscious misuse. He dismissed the scenario suggested by the applicant that a legal adviser for the applicant could read the prosecution file and then advise in foreign proceedings and think that he could forget about what he had learned about the patentee's

thinking in relation to the patent. He considered that it would be quite unrealistic for a Chinese wall to be put up in the legal adviser's mind. In support of the order sought he referred to the decision in Bonzel v Intervention Ltd [1991] RPC 231 as an example where an injunction was granted to restrain the defendants from using an affidavit and exhibits held in support of a proposed amendment and including privileged documents in any foreign jurisdiction until trial. At the trial, the court went into camera to only the relevant evidence and the documents did not therefore see the light of day, this procedure being summarised in "The Supreme Court Practice" at 104/3/5.

Mr Waugh attempted to distinguish from the discovery of the documents concerned with the issue of obviousness which did not raise the same problem since the documents concerned a mass of technical confidential information in relation to flow rate tests. It was envisaged hard enough to use that information consciously let alone unconsciously. However, with the Patent Office prosecution file it would be difficult to put that information out of one's mind.

Mr Waugh then went into the history of the amendment issue referring me firstly to the applicant's objections to the amendment dated 7 August 1993 which alluded to a prior use allegation in respect of the company Fosbel which had been raised under section 21 by the applicant prior to grant of the patent, and the patentee's answers to those objections which explained that the decision to amend did not follow from the alleged prior use by Fosbel. Mr Waugh maintained that any trained third party or legal assistant could look at the file of documents discovered in this regard and determine whether or not there was a reference to Fosbel and whether there was more behind the amendment than deposed to. It was not necessary for the team of applicant's advisers in any foreign proceedings to become involved.

With regard to the potential danger of subconscious use, Mr Waugh referred to the long-standing history of interlocking disputes between the patentee and BCC and its now privatised subsidiaries. He made the point that legal advisors Nabarro Nathanson were now responsible to a number of independent parties, viz BCC, CPL, CPC and CRE, and acted as a clearing house for all these parties for all the disputes in Europe and thus were serving several masters. There were a number of parallel proceedings in issue in various countries, for example, there is no dispute that the patent in suit is also in issue in Italy and the

Netherlands. Mr Waugh drew my attention to a number of points in Mr Garrett's evidence, in particular he pointed out that BCC's UK patent agents Butler & Co provided the materials on which foreign jurisdiction agents based their section 21 observations on the equivalent case to the present patent in Holland, and moreover that Nabarro Nathanson were used to advise the foreign advisers on what arguments they could expect to face. He argued that it would be unfair if the next response was drafted by someone who had actually seen the patentee's thinking in relation to the pertinent prior art. Whilst the applicant might submit that its advisers will be well aware of the restrictions upon them regarding use of the discovered documents, this was no answer to the danger of subconscious use.

Therefore, according to Mr Waugh, the patentee wished discovery of the documents relating to the amendment to be limited to somebody not involved in foreign proceedings and Mr Garrett, in their opinion, did not make out a case as to why that was not a suitable way forward. They were not saying that the somebody should necessarily be outside of Butler & Co and Nabarro Nathanson; but rather that the person was not involved, and was not going to get involved, in related proceedings in foreign jurisdictions.

Mr Burkhill, in response, made three main points. First, that there was no precedent for such an exceptional order as that sought by the patentee. Second, there was no real risk of harm to justify the order sought. Third, the order would cause real difficulties to the applicant. Mr Burkhill expanded by stating that the applicant was not seeking unrestricted disclosure of any document on discovery. It was intended that any discovery on amendment would be treated in the same way as the obviousness discovery and would be subject to the confidentiality undertaking agreed between the parties. He added that it was anticipated that the amendment discovery would be for trained UK lawyers only.

Furthermore, it was accepted that the court had power to impose terms to prevent misuse of discovery but normally that is handled by confidentiality undertakings of the type already offered and he mentioned that the confidentiality undertaking was based closely on that given in Halcon v Shell. Bonzel was the most extreme case the other side could find and the fact that a US attorney was allowed to see discovered documents in that case demonstrates that the order sought by the patentee goes beyond the most extreme confidentiality order in the

case law. He added that, unlike the Bonzel case, the applicant was not asking for any foreign lawyers to be allowed to see the documents. BCC were effectively using Nabarro Nathanson as an equivalent to an in-house legal department, the coordination role of Nabarro Nathanson was essential to safeguard British Coal's position in the various proceedings and there was nothing unusual in it. Mr Waugh had referred to subconscious use but he had not identified any particular document in the discovery to demonstrate that there would be serious risk, such as had been done in Roussel Uclaf v ICI plc [1990] RPC 45 which involved a trade secret of which the court was given some indication.

With regard to foreign litigations, Mr Burkhill opined that the primary role for their conduct was the foreign lawyer. The role of the UK lawyer was very much secondary and was providing the prior art, outlining the general nature of the arguments that one might expect to face and possibly the answers to them as well; there was no question of discussing or even referring to information that came up in discovery. The only point therefore, was whether it was feasible to accept that there might be some sort of subconscious thought transference from the UK lawyer to the foreign lawyer who can then pick up on the points sufficiently clearly to make use of the information to the patentee's detriment. Mr Burkhill referred me to Mr Garrett's evidence to show that any concerns raised about subconscious use were unfounded by virtue of the use of Nabarro Nathanson to ensure the rules on misuse of discovery are followed to the letter and that layers of protection would be provided for the discovered documents.

Mr Burkhill concluded by saying that if the patentee's form of undertaking was considered correct then it would cause enormous inconvenience to the applicant. The involvement of Nabarro Nathanson was a definite benefit to British Coal. The applicant was being required to select which advisers would advise in which jurisdictions. This would involve a complete re-organisation of personnel, affect the quality of service received, and result in a waste of time and money. The scope of the patentee's undertaking was not clear as to what is meant by proceedings concerning the subject matter of the patent in suit. For example, would he be precluded from commenting on proceedings on other patents concerned with ceramic welding techniques or only foreign equivalents to the present action? Mr Burkhill maintained the former interpretation was the intention and that was obstructive.

In reply, Mr Waugh pointed out that it was clear from previous cases that the court had an absolute discretion as to whom, and on what terms, documents of a particular nature were shown. In support, he referred to Warner Lambert Co v Glaxo Laboratories Ltd [1975] RPC 354. He opined that no previous case had raised the same difficulties that this case had raised through the number of foreign proceedings, the number of associated parties, and the requirement of one of the parties to be able to advise freely on related foreign proceedings. It was not legitimate to say there has been no precedent, because you have to look at each case on its merits. He reiterated the point that since it is admitted by the applicant that it is its UK lawyers that advise the foreign lawyer, the possibility exists that what the former put forward will be influenced by what is said in the amendment documents. No conscious or unconscious thought transference is then necessary.

Mr Waugh indicated that the documents to be discovered were in Belgium and that the patentee could get them into the UK, and copy, collate and number them within 14 days. On the actual discovery, he implied that a solicitor not acting in other related proceedings might be designated to confirm or otherwise that what Mr Main had said and what the pleadings said were actually borne out by the documents. He added that in principle he doubted whether the patentee would have difficulties if someone from Nabarro Nathanson were given that responsibility. However, the patentee would have concerns concerning security of the documents and inspection at a third party premises might be called for. In response to Mr Burkhill's presumption that such an understanding would lead to increased costs, Mr Waugh considered the idea of a designated individual reading a file would not vastly inflate the costs of the proceedings. With regard to the scope of the undertaking, Mr Waugh indicated the intention was to be slightly broader than just precise equivalents because families of patents were involved, but this was not intended to be obstructive.

Now I come to my decision as to the amendment.

As observed by the hearing officer in the previous preliminary decision ordering discovery, the case for imposing more than the degree of confidentiality usual in discovery proceedings needs to be compelling. I have been convinced by Mr Waugh's arguments, however, that the present case with its background of a complex relationship of parallel foreign proceedings

for equivalent or closely-related subject matter and involving not only the present applicant, BCC, but also a number of independent companies formed from BCC on privatisation is one which may justify special measures. I agree also with Mr Waugh that, in the scenario where advice is being passed from the UK legal advisors to their foreign equivalents, there is at the least potential danger of inadvertent, subconscious misuse of information indicating the patentee's thoughts, for example regarding the position of the invention vis-a-vis the prior art. Further, as the cited precedents make clear, it is well established that a party should not be inhibited from discovering his documents by fear of their use by other parties in other proceedings.

In this light, I must balance the potential safeguard to the patentee against inadvertent misuse of the discovery they feel compelled to make to justify the amendment they seek against the inconvenience which might be caused to the applicant by an order which in some way places fetters upon their ability to prosecute this case. Having regard to the arguments put forward and developed by both parties, I feel I must exercise discretion in favour of the patentee. In this regard I have noted that the applicant has not rebutted the patentee's contention that it will be quite feasible for any trained third party or legal assistant to look at the documents and see whether or not the issue of prior use or any other issue not previously acknowledged by the patentee lies behind the proposed amendment. This being the case, then it does not seem to me to be necessary for the applicant's legal team to be disrupted in the way Mr Burkhill has suggested.

In the particular circumstances of this case, therefore, I rule that it is appropriate that the degree of confidentiality to be applied to the documents to be discovered on amendment should go beyond that considered conventional, as exemplified by the obviousness confidentiality agreement, to additionally exclude representatives of the applicants involved in parallel foreign proceedings as the patentee requests. Since the point was put to me only for a ruling as to whether or not I agree with the patentee's view, it would not appear appropriate for me to make any order in this regard and I leave it to the parties to agree terms.

One option would be for the applicant to appoint a person within the British Coal Corporation camp, for example from Butler & Co or Nabarro Nathanson, to be responsible to review the documents on behalf of the applicant and who is not involved, or likely to become involved, in foreign proceedings concerning the patent families currently in suit. I leave it to the parties to agree a suitable location so as to ensure security of the documents. At the hearing, the patentee had in mind the documents to be discovered and indicated that they could be copied, collated and numbered and within the UK within 14 days. I thus hope that matters can now proceed without undue delay.

It is of course open for the parties to address me with regard to specific orders I might make in the light of my ruling.

Dated this 29 day of December 1995

G M Bridges
Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE