

BLO /064/88

PATENTS ACT 1977

IN THE MATTER OF an application to the Comptroller under Section 40 by Colin James Michael Knox for an award of compensation in relation to the invention of Patent No 2028397 in the name of Istock Building Products Limited

PRELIMINARY DECISION

An application has been made under Section 40 of the Patents Act 1977 by Mr Colin James Michael Knox for an award of compensation in respect of Patent No 2028397, which is in the name of Istock Building Products Limited (Istock). Mr Knox is named in the published patent as the sole inventor of the invention.

Proceedings under Section 40 follow the normal course of litigation before the Comptroller, that is to say, each party files pleadings, and their evidence is subsequently filed in three stages at three monthly intervals. Mr Knox's evidence-in-chief was filed on 9 December 1987, and the matter that is before me now is an application by the patentees, Istock, for an extension of the time for filing their evidence-in-answer.

At the hearing before me on 22 April 1987, Mr C Floyd appeared as counsel for Istock and Mr G Burkill appeared as counsel for Mr Knox. I should say at this point that by operation of rule 89 of the Patents Rules 1982, the hearing was in public, and, consistently with that, I direct that this decision should be open to public inspection. In contrast, the evidence and other papers filed in this case are not open to public inspection - see rule 93(5)(d).

The patent in suit is concerned with parapet construction and relates to forming a coping course in either a cavity or solid brick wall. Mr Knox was employed by Istock from 20 March 1978

until February 1983. His duties there are set out in paragraphs 2 and 3 of Mr Knox's statement, though they are not all admitted. I think it is admitted that Mr Knox made the invention; at any rate the patent was applied for by Ibstock with Mr Knox's consent, naming him as the inventor.

Mr Floyd based his application for more time for Ibstock's evidence-in-answer on a number of factors. He said that Mr Knox gave evidence of his duties while employed by Ibstock, which needed to be checked by making extensive enquiries. Much of the evidence dealt with sales and profit figures, and Mr Knox had made deductions from the raw data which again needed extensive checking. In addition, he pointed out that no application under section 40 had yet been disposed of and therefore there was no established practice. In conclusion he asked for the time for filing Ibstock's evidence-in-answer to be extended until 1 July 1988, and said that there was no evidence that Mr Knox would be prejudiced by the delay.

In reply Mr Burkill said that Mr Knox was continuing to be prejudiced by the delay in the proceedings, which he said was largely Ibstock's fault. In fact, a delay of almost three years had already occurred, since Mr Knox's evidence was actually filed in December 1987 rather than in February 1985 when it was originally due.

I think at this point it is worth reviewing the course of the proceedings so far. The delay starts on 2 January 1985, when Mr Knox asked the Office to give directions under Rule 103 for discovery of Ibstock's sales and profit figures. The Office invited the parties first to try to reach a mutual agreement, and on 23 January 1985, Mr Knox wrote to Ibstock's solicitors detailing the documents that he required. An Employers' List of over 400 documents was served on 3 July 1985 by Ibstock. On 9 July 1985, Mr Knox wrote to Ibstock's solicitors requesting further documents, and after further discussions between the parties, Mr Knox wrote to the Office on 14 October 1985,

requesting a Preliminary Hearing to seek discovery of specific documents.

The Hearing took place on 27 January 1986. No formal decision was issued because there was agreement at the hearing that Istock would, within one month, provide computer printouts, with non-relevant commercially sensitive material blanked out, and sales figures of different types of coping unit shapes from certain factories. Mr Knox in turn agreed to file his evidence-in-chief within one month of the date of receipt of the specified documents.

Since that Hearing, an enormous volume of correspondence has been generated by both sides, the gist of which is that documents produced by Istock did not give Mr Knox all the facts and figures that he required. He alleges that, for accounting purposes, sales of "specials" are theoretically divided into three - (a) various British Standard specials, (b) non-standard specials and (c) the coping system, the latter being the invention covered by the patent in suit. He contends that, in some of the computer printouts that he has seen, the sales figures for the coping system have been included in the non-standard specials and it also appears to him that the pricing structure varies between the factories. He has found it impossible to extrapolate the necessary sales figures without access to more documents. This was one of the main points raised by Mr Knox at the previous Hearing.

On 7 May 1986, Mr Knox's solicitor requested the Office to appoint a second Preliminary Hearing for them to seek an order for discovery. Further documents were then produced by Istock, and Istock's solicitors suggested a meeting between both solicitors instead of a Hearing. Mr Knox's solicitors requested that this meeting took place at the earliest opportunity and, in addition, raised a number of queries with respect to the documents already in their possession.

Mr Knox's solicitors wrote to the Office on 18 August 1986 requesting another Preliminary Hearing to resolve the question of discovery. Further correspondence ensued about the planned meeting and the terms of the order for discovery that might be sought from the Comptroller, and on 2 January 1987, Mr Knox's solicitor wrote to the Office stating that, provided "relatively limited disclosure" was agreed by the patentees, then they would not press for a second Preliminary Hearing. This letter was accompanied by a six page letter to Istock's solicitors setting out specific information required and also querying discrepancies in the documentary information already in their possession. It was suggested that the applicant's time for service of evidence should be two months to run from the time of receipt of a substantive response to all of the points raised in the letter to the patentees' solicitors. Istock's solicitors confirmed on 19 February 1987 that this was acceptable.

Mr Knox's solicitors wrote to Istock's solicitors in February and April 1987 asking when they would receive a response to their letter of 2 January 1987, and Istock's solicitors replied on 7 September 1987 stating that they did not think that they could add anything further to their letter dated 2nd March.

After a query from the Office dated 21 September 1987, Mr Knox's solicitors stated that their client's evidence would be filed by 30 November 1987. It was duly filed in part on this date and the remainder on 9 December 1987. No objection has been taken to the late filing of this evidence, and I formally excuse it.

On 29 February 1988, Istock's solicitors wrote to the Office stating that they had written to Mr Knox's solicitors requesting an extension of three months for the filing of Istock's evidence-in-answer and asking for discovery of all relevant documents in Mr Knox's possession. Mr Knox's solicitors wrote to the Office on 7 March 1988 saying that he did not consent to the extension and requested a Preliminary Hearing "if you are minded to grant any extension". On the same day, they wrote to the patentees'

solicitors, agreeing to give discovery.

On 18 March 1988, Ibstock's solicitors maintained their request for an extension in letters arguing that Section 40 proceedings are unusual in that they require evidence over a particularly wide range of matters and that both parties have a duty to the Office to place before it all evidence likely to be considered relevant. They say that the patentees cannot complete their evidence until Mr Knox has given full discovery, and that they were not aware that Mr Knox had certain documents until they had sight of his evidence. Mr Knox's solicitors replied on 22 March 1988 that discovery would have no effect on the patentees' evidence, and that the patentees had had ample time in which to prepare evidence. In order to consider the merit of the latter argument, I have briefly looked at the applicant's evidence but without making any assessment of it at this stage.

This evidence comprises a declaration together with 34 exhibits from Mr Knox himself, a declaration and two exhibits from Mr Dilwyn Price, presently National Sales Manager of Redland Bricks but formerly with Ibstock from 1971-1982, and a declaration from Mr Alan Johnson, solicitor of Bristows Cooke and Carpmael. For present purposes, I think that it is necessary to refer only to Mr Knox's declaration, which can be broken down into the following sections:

- (a) the background to his employment with Ibstock and the nature of his duties whilst in their employ, paragraphs 1-13;
- (b) the background to the invention, paragraphs 14-18;
- (c) the conception of the invention whilst he was relaxing in a deckchair one Saturday morning, paragraphs 19-23;
- (d) the commercial development of the invention, paragraphs 24-34;

- (e) the sales of the invention, paragraphs 35-60;
- (f) the profit to Istock, paragraphs 61-70;
- (g) other benefits to Istock, viz
  - (i) related sales of bricks, paragraphs 72-79;
  - (ii) prestige, paragraphs 80 and 81; and
- (h) a summary in which he suggests that an appropriate award would be half of the profits enjoyed by Istock in respect of the invention, paragraphs 82-85.

One of Mr Knox's main contentions is that there are major discrepancies and inconsistencies in the data produced by Istock. In particular, in some instances, he alleges, the sales of non-standard variants of the coping system were included incorrectly in the sales of non-standard specials. This is not new, it was raised by Mr Knox at the first Preliminary Hearing on 27 January 1986 and in the previous letters, i.e. over two years ago, and has cropped up frequently in the correspondence since then. In paragraph 60, he asserts that an error factor of 100 per cent should be added to the sales in the main schedule, Exhibit CJMK 21.

Mr Knox alleges that the sales of the coping system resulted in increased sales of bricks by Istock in that the coping system must be technically compatible with the bricks of the rest of the wall, i.e. some of the physical properties must be identical, paragraphs 72-79. Again, the principle behind this allegation cannot be surprising to Istock in that it was referred to at the Preliminary Hearing on 27 January 1986, see, for example, page 15 of the transcript, and also in a letter from Mr Knox dated 14 October 1985.

However, although much of Mr Knox's evidence-in-chief could have been anticipated by Istock, I am satisfied that this is a complex

case requiring more time for the preparation of evidence than the rules allow. I therefore extend the time for filing Istock's evidence-in-answer to 1 July 1988, on the basis that any application for an extension of this time limit will need to be justified by wholly exceptional circumstances.

Dated this 27<sup>th</sup> day of April 1988

W J LYON

Superintending Examiner, acting for the Comptroller

