

0/187/97.

IN THE MATTER OF a reference under
Section 37(1) by Aline Rosemary Holmes in
respect of patent No 2280345 in the name of
Gordon George Baldwin

Mr P Hayward
3Y46

Bridges 21/10/97
Refusing to "decline to deal"

PRELIMINARY DECISION

Patent No 2280345 was granted on 3 April 1996 from UK application No 9416195 which itself followed from conversion into the 'national phase' of a PCT application published as No WO 93/15998 and filed 12 February 1993. Both the UK application and the earlier PCT application named Sidney Arthur Arnold as both applicant and sole inventor. The PCT application itself claimed priority from a yet earlier UK application No 9202980 filed 13 February 1992 and naming "The Custom House Trust Corporation Limited" as applicant.

The subject matter of patent No 2280345 relates to a plastics mat having the property of gripping to animal skin. There are two embodiments claimed, respectively, a saddle-cloth (claims 1-10) and a shin pad (claims 11-15), claims 1 and 11 reading as follows:

"1. A mat for use as a saddle-cloth characterized in that the mat comprises a layer of foamed polyvinylchloride, at least one face of said layer having a smooth surface, the arrangement being such that in use the mat is interposed between an animal's back and a saddle, with the smooth surface in frictional engagement with the animal's back to prevent substantial slipping of the saddle on the animal's back."

"11. A mat for interposition between a shin pad and a leg characterized in that the mat comprises a layer of foamed polyvinylchloride, at least one face of said layer having a smooth surface, the arrangement being such that in use the mat is interposed between the leg and the shin pad with the smooth surface in frictional engagement with the leg to prevent substantial slipping of the shin pad on the leg."

Whilst UK application No 9416195 was still under examination, an assignment dated 10 April 1993 was registered transferring all rights and benefits in the application to Gordon George Baldwin who is the respondent in this action. Following grant of the patent, Mr Baldwin himself, firstly entered into two exclusive licence agreements dated 16 October 1996 with (a) Impakt Products & Marketing (UK) Limited ('Impakt') for the invention of claims 1-10 of the patent (*ie* the 'saddle-cloth embodiment'), and with (b) Ruple Mouldings Limited ('Ruple') for the invention of claims 11-15 of the patent (*ie* the shin pad embodiment); and secondly, apparently entered into a further assignment dated 18 October 1996 with a Gordon Lee Baldwin. This latter assignment, which *prima facie* would suggest Gordon George Baldwin himself has no longer any interest in the patent in issue, has however never been registered with the Patent Office and, as a result, Gordon George Baldwin remains listed as the proprietor on the register and I will refer to him as such for the purposes of this decision.

On 19 November 1996 Aline Rosemary Holmes (the 'referrer') filed a reference under Section 37(1) together with a statement claiming that she is the true inventor of the mat which is the subject of the patent in issue and asking that the Comptroller make a determination to the effect that the patent should have been granted to her. The reference is opposed by the proprietor who filed a counterstatement to this effect on 14 March 1997.

In addition to the Section 37 action which has been raised before the Patent Office, there has been a history of litigation in respect of the invention of the patent in issue and, in particular, in respect of the saddle mat embodiment thereof.

The referrer and *inter alia* Mr Arnold were associated before and around the time of the filing of the original priority application in early 1992. A company called Limpet Safety Products Limited ('Limpet') was set up in 1992 to market the saddle mat under the name the 'Limpet Numnah'. Breakdown of relations between these parties resulted in litigation firstly in the Exeter County Court in February 1993, where the referrer failed in an application for an injunction against Limpet, Mr Arnold and Mr Hunt, a solicitor associated with Limpet, and secondly in the High Court (Queen's Bench Division) in early 1993 when

each party made claims against the other. The latter proceedings were terminated in a 'consent order' dated 22 June 1995 by which Mr Arnold was to give the referrer, *inter alia*, an irrevocable, free licence to develop, market, sell or otherwise exploit the product known as the Limpet Numnah, but not to use the term or name of Limpet Safety Products or Limpet Safety Products Limited in any future promotion or commercial capacity whatsoever. However, the validity of this consent order is perhaps open to doubt because by that time Mr Arnold had already assigned to the present proprietor all rights in the patent in issue which, *prima facie*, embraces the product known as the Limpet Numnah.

On 10 April 1997, the proprietor's solicitors filed a letter drawing the attention of the Comptroller to the provisions of Section 37(8) of the Patents Act 1977, which provides for the Comptroller to decline to deal with a reference under Section 37 if it seems to him that the question would more properly be determined by the court, and to the particular circumstances of this case where, it was said, oral evidence would be crucial to the issues of the reference and serious allegations of dishonesty have been or would be made against both the referrer and Mr Arnold. The referrer resisted such exercise of the Comptroller's discretion and so that I could seek the advice of both parties before exercising my judgement, the matter came before me for a preliminary hearing on 25 September 1997 at which Mr Brown of Alpha & Omega appeared as agent for the referrer, and Mr Timothy Penny instructed by Mr Sean Callaghan of Twitchen, Musters & Kelly appeared as counsel for the proprietor.

At the outset, I queried with Mr Penny the situation regarding the apparent inconsistency between Gordon George Baldwin ('GGB') being named as proprietor on the register and the evidence of assignment of the patent to Gordon Lee Baldwin ('GLB'). Mr Penny confirmed that he was acting for both GGB and GLB (who was said to be the adult son of GGB), whichever was the true proprietor. It was acknowledged that if the action proceeded something would have to be done to clarify and rectify the situation.

Mr Penny said the proprietor had raised the issue at this early stage to avoid the situation where it subsequently appeared to the Comptroller himself at a later stage, when a lot more

expense and inconvenience had been gone to, that this was a case that would more properly be dealt with by the court. This case differed from the norm in that extensive cross-examination of numerous witnesses would be necessary and he listed some fifteen witnesses that he alone may wish to call. Further, the nature of the evidence on which they would be examined was not in any way technical, the invention being very simple technically, but factual. In particular, there would need to be vigorous and prolonged cross-examination of Mr Arnold who, in the past, had *prima facie* made clearly conflicting statements to the effect that (a) he was the inventor and the referrer was not the inventor; and (b) that the referrer was the inventor and he was not. In such a situation where issues of veracity and reliability of witnesses were involved, he argued, that I may well consider the case would be better heard by a judge.

Also, there is a further, special feature to this case. On behalf of the proprietor, Mr Arnold has in July 1996 sworn a witness statement to the effect that he, and not the referrer, was the sole inventor of the invention in issue (the saddle mat). This was in direct conflict to a further witness statement he is purported to have made on behalf of the referrer in November 1996 and which has been filed in unsworn form as an annex to the referrer's statement of case. In this later witness statement, Mr Arnold states categorically that the referrer was the inventor of the saddle-mat and that he only assigned the patent to the proprietor as a result of undue influence placed upon him. Mr Penny put it to me that this would suggest that either Mr Arnold has perjured himself or that his alleged second witness statement is a forgery. He pointed out that Mr Arnold may need to be warned as to the privilege against self-incrimination whilst under cross-examination, and that serious findings of forgery, deception and perjury may need to be resolved and determined, a type of dispute perhaps more appropriate to being decided by a judge rather than one more often seen in a tribunal or an arbitration which revolves around the documents with some cross-examination.

For the referrer, Mr Brown confirmed that no claim of entitlement was being raised against the shin pad embodiment of the patent in issue, only against the saddle-mat embodiment. He agreed that this was not a case where there would be need for expert

witnesses to explain the technical aspects of the invention. He pointed to the fact that the Comptroller had great experience in hearing cases under Section 37 and cited the action in *Goddin and Rennie's Application* [1996] RPC 141 as an example of where oral evidence and cross-examination was given concerning things which had happened quite some time earlier. He argued that although complex things may have happened since the patent in issue was filed, the initial situation was a very simple and basic one for the Comptroller to determine, namely whether Mr Arnold should have filed the patent application on his own and whether the referrer had got any interest in it. He pointed out that the issues and complex history of the case to which Mr Penny had referred had been apparent from the initial statement and counterstatement and the weighty documentation accompanying them, but the Comptroller had not at that stage considered Section 37(8) action of his own initiative, the matter had rather only been raised by the proprietor. He concluded by restating the referrer's position that it would be more appropriate for the Comptroller to deal with this action because of his considerable experience in dealing with entitlement actions and saw no difficulty in him doing so.

Mr Brown is correct when he says that the Comptroller has great experience in hearing entitlement disputes, and I believe that I must have very good reason for declining to deal with such an action, particularly when the parties are not in agreement in that regard. I must genuinely believe that the matter would more properly be determined by the court, not that it would merely be more convenient to the Comptroller to wash his hands of a particular case.

Perhaps the most common reason that has been used in past instances to justify the Comptroller declining to deal with an entitlement action is where there is parallel court litigation of significantly overlapping scope, particularly if the court is able to grant some relief not available to the Comptroller. Mr Penny confirmed that, whilst court action against the referrer by the proprietor was under consideration, it had not yet been launched and a decision to do so had been put off pending the decision in this action. So that reason to invoke Section 37(8) does not apply in the present case.

Mr Penny foreshadowed, as I have already indicated, a need to call an extensive list of witnesses with, as a resultant, an extended time needed for the substantive hearing itself of perhaps a week and a half (or even more). This, in itself, does not seem to be a valid reason for me to decline to deal with the case. Both attendance of witnesses for cross-examination on their written statements and resultantly lengthy hearings are becoming increasingly common in proceedings before the Comptroller. The same can be said of discovery, which as Mr Penny had again foreshadowed would be comprehensively requested in this case. The Comptroller is expressly provided with powers in regard to both cross-examination and discovery by Rules 103(2) and 103(3) of the Patents Rules 1995. Thus, there seems nothing in these issues *per se* to suggest that the Comptroller should exercise his discretion in the way suggested by the proprietor.

When it comes to deciding factual rather than technical testimony of witnesses, this again seems to me to be already usual in entitlement disputes where, in addition, there is frequently a direct conflict of evidence from the parties or their witnesses and associated claims of dishonesty on the part of one or other party. I see nothing unusual in all this to justify making a decision in favour of the proprietor. I would not argue with Mr Penny's premise that a judge would have undoubtedly greater personal experience in hearing oral evidence and evaluating the reliability of witnesses, as compared to a Hearing Officer acting for the Comptroller, but for the Comptroller to decline to deal with a case merely for this reason would seem an abdication of responsibilities settled on him by Parliament in enacting Section 37(1). It is clear each case must be considered on its individual merits.

Looking at the present case in this light, it is clear that the one truly unusual factor is the apparently inevitable implication of either perjury or forgery that is alleged to arise from Mr Arnold's *prima facie* contradictory witness statements and stands to be exposed by his cross-examination. I must confess that this has given me some food for thought, particularly since under Rule 103(3) the Comptroller does not have the power to punish summarily for contempt of court. I have come to the conclusion, however, that this implication of perjury or forgery (for that is all it remains at present) does not change the fundamental nature of the case to such a degree that I can say with certainty that the

question which has been referred to the Comptroller, and which remains one of entitlement rather than one of whether any possible criminal act has occurred in preparation of the evidence, would be more properly determined by the court. The fact that cross-examination and discovery are available before the Comptroller, and hence he has analogous powers to the court to resolve such a *prima facie* discrepancy of evidence, strengthens my view in this regard. The job of the Comptroller is to decide whether, on the balance of such evidence, the referrer has or has not made out her case for entitlement. I have not yet been persuaded that he will be incapable of resolving the issues in this case, particularly in the light of the great deal of additional evidence which is foreshadowed to throw further light on the circumstances surrounding creation of the invention in question. Neither do I consider that I should decline to deal with the Section 37 application because at some time in the future some other court action of significantly overlapping scope might possibly be initiated.

One further issue that was raised at my instigation during the hearing related to the matter of costs and, in particular, the availability of legal aid to meet the parties' costs if the case was transferred to the court. Whilst there is a precedent suggesting that the availability of legal aid or otherwise is not relevant to the consideration of whether the question referred to the Comptroller would more properly be determined by the court - *Brockhouse PLC's Patent* [1985] RPC 332 - it may be a factor which I would wish to take into account, particularly if my decision on the matter was otherwise finely balanced. Mr Penny confirmed that the proprietor expected to be able to get legal aid if the matter was transferred to the court and, whilst acknowledging the precedent of *Brockhouse* drew my attention to a further non-patent precedent *Connelly v RTZ Corpn Plc* 1997 'The Weekly Law Reports' 373 concerned with *forum conveniens*, which he felt indicated that legal aid may be a relevant consideration if justice could be done in one forum but not in another. Mr Brown, as I understand it, indicated that whilst perhaps the referrer might be able to get legal aid before the court, she still wanted the action to be heard before the Patent Office because it was simpler and more straightforward and should be less expensive. Mr Penny countered that, in his view, the costs would be reasonably substantial whether before the Patent Office or the court because of the costs of completing discovery, detailed affidavits

and witness statements and because of the likely length of the case, but conceded that costs would, if anything, be marginally lower before the Office. I would comment that the costs of this case before the Office are, to some extent, in the hands of the parties themselves and the intention of proceedings before the Comptroller is to provide a lower cost alternative to the court. In any event, despite the precedent Mr Penny quoted which does suggest that the provision of legal aid may be a factor to be taken into account, I do not see that I should invoke Section 37(8) on the grounds of legal aid availability alone, particularly since both parties seem in a similar position and one of them opposes transfer.

In conclusion, I have decided not to exercise the Comptroller's discretion under Section 37(8) to decline to deal with this action under Section 37(1) at this time. I would not rule out, however, reconsideration of the issue afresh in the light of changed circumstances, for example should the proprietor in the future instigate a relevant parallel court action which overlaps to a significant degree with this action.

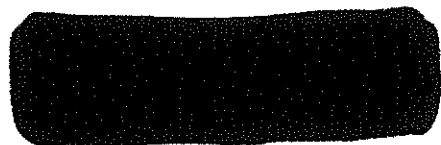
Mr Penny indicated that, should I find against him on his primary request, then he would ask that I issue directions in this action which reflect court procedures involving full discovery, full disclosure, obligation to disclose all documents held in possession, custody and control, and that he would have to consider subpoenas and that provisions be made for oral evidence and cross-examination. As I have indicated above, the Comptroller has all the powers of a judge of the High Court under Rules 103(2) and (3), save for the power to punish summarily for contempt of court. Thus, application for subpoenas for an enforcement of a witness to attend a Patent Office hearing or to give evidence if present would need to be made to the court. The necessity for that, if at all, is in the future. As far as directions are concerned, I do not intend to issue blanket directions of unnecessarily wide scope and thus widen the costs of this action beyond those truly necessary. Mr Penny suggested that if I indicated certain general directions, then the parties may well be able to liaise with each other and come back with an agreed form of directions. This seems be a sensible way to proceed, but the subject was perhaps not given a full airing at the hearing and, in consequence, I allow the parties, if they so wish, four weeks from the date of this decision to file written submissions as regards suggested directions. Following this, I will

issue directions and a timetable regarding the future prosecution of this action. The period for filing of the referrer's evidence in chief remains suspended in the meantime.

Both sides asked for costs in relation to this preliminary hearing. As I indicated at the hearing, my preliminary view was to make no award of costs because the Comptroller's discretion under Section 37(8) is one to be exercised of his own motion. Whilst it is only reasonable to consider the views of the parties, neither one can be said therefore to have 'won' or 'lost' in such a case. I am aware, however, that not only was this preliminary hearing not of the referrer's volition, but she has in addition been put to the unnecessary cost of an oral hearing attended by her agent although willing herself to have the matter decided on the papers. I do not propose to make a specific award of cost in favour of the referrer at this stage, but my comments in this regard will be taken into account when making any award of costs at the conclusion of the action.

This being a matter of procedure, the period for appeal is 14 days from the date of this decision.

Dated this 21st Day of October 1997

A large black rectangular redaction box covering the signature of G M Bridges.

G M BRIDGES

Superintending Examiner, Acting for the Comptroller



THE PATENT OFFICE