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**PATENTS ACT 1977**

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IN THE MATTER OF a reference to the  
Comptroller under Section 37(1) by Earl  
Plastics (R W Hartley and E R Livesey) in  
respect of patent No. 2271755 in the name of  
Advanced Extrusion Developments Limited

**PRELIMINARY DECISION**

A reference to the Comptroller under Section 37(1) by Robert William Hartley and Edward Richard Livesey ("the referrers"), trading as Earl Plastics, in respect of Patent No. 2271755 in the name of Advanced Extrusion Developments Limited ("the opponents") was filed on 22 January 1996. In accordance with the procedure set down in Rule 54 the reference was accompanied by a statement setting out the nature of the question, the facts and the relief sought. Also, in accordance with Rule 54 the opponents were provided with an opportunity to file a counterstatement setting out the terms of their opposition within a specified two month period. With agreement from both parties this period was later extended by one month to 12 May 1996. No counterstatement having been filed within this extended period, the Patent Office contacted both parties in July 1996 and proposed that the reference be treated as uncontested. This action prompted late filing of a counterstatement by the opponents on 23 July 1996. The parties then came into dispute over whether or not the Comptroller should allow the late filing of the counterstatement and the matter came before me at a hearing on 21 January 1997 when the opponents were represented by Mr Cantor of Boote Edgar Esterkin, Solicitors and the referrers were unrepresented.

Application No. 9319983.4, concerned with a method of forming a pallet, was filed on 28 September 1993, published under section 16 on 27 April 1994 as Application No. 2271755A and granted on 22 November 1995. On the date of filing the application five joint applicants were specified on forms 1/77 and 9/77, these being Paul Lever, the two referrers R W Hartley

and E R Livesey and two further persons named Colin Pate and Anthony Robert Lonsdale. The "no" box was ticked on form 1/77 indicating that either (a) any applicant is not an inventor, (b) there is an inventor who is not an applicant, or (c) any applicant is a corporate body. Following normal practice the Patent Office then wrote to the applicants requesting that a form 7/77, a statement of inventorship and of right to grant of a patent, be filed by 29 January 1994.

On 19 January 1994 a form 11/77 was filed requesting that the names of all the applicants except Paul Lever be deleted. On 24 January 1994 the Patent Office contacted the then agent for the applicants, M'Caw & Co, requesting either that a statutory declaration be provided by Paul Lever or that statements be provided from the other four applicants as evidence to support the request to delete the names. The request to delete the four names was allowed following the filing of a statutory declaration by Paul Lever on 31 January 1994. On this same date the applicants filed the previously requested form 7/77, saying that they were filing it against the eventuality of the correction requested on form 11/77 not being allowed. Paul Lever was named on form 7/77 as the only inventor and it was stated that the applicants derived the right to be granted a patent by virtue of an agreement between the inventor and the joint applicants.

On 12 January 1995 form 21/77 was filed by Boote Edgar Esterkin requesting assignment of the patent to Advance Extrusion Developments Limited, giving details of an assignment agreed on 8 November 1994 between Paul Lever and Advance Extrusion Development Limited. This assignment was duly recorded in the Patent Office.

The statement filed by the referrers under Rule 54 asks for the following relief:

- (i) That the comptroller orders that the proprietors of UK Patent GB2271755B are the Referrers jointly with Lever, Pate and Lonsdale.
- (ii) That the Comptroller orders that Advanced Extrusion Development Limited assign UK Patent no. 2271755B and all rights relating thereto, to the Referrers, together with Lever, Pate, and Lonsdale; or
- (iii) That the Assignment dated 8.11.1994 between Lever and Advanced Extrusion Development Limited is declared invalid and that the entry on the Register dated

21.2.1995 be struck off; and

(iv) That the Comptroller orders that Lever enters into an Assignment relating to GB2271755B to the effect that the Referrers, Lever, Pate and Lonsdale are the joint Proprietors.

(v) Such order or other relief as the Comptroller deems fit; and

(vi) Costs.

When the opponents filed their counterstatement on 23 July 1996 they did not give any explanation for its late filing in their accompanying letter and this caused the Patent Office to write to the opponents on 8 August 1996 saying that "Should it be your intention to seek a further extension of time, then reasons in support of your request must be given" and inviting the opponents to file comments on the matter by 22 August 1996. On 16 August 1996 reasons for the delay were filed in the Patent Office by the opponents. Subsequently, on 4 October 1996, following a delay due to the opponents' letter filed on 16 August not being initially copied by the opponents to the referrers, comments by the referrers on these reasons were filed.

The Comptroller has the discretion under Rule 110(1) to retrospectively extend the period for filing the counterstatement. Rule 110 (1) reads as follows:

"The times or periods prescribed by these Rules for doing any act or taking any proceeding thereunder, other than times or periods prescribed in the rules specified in paragraph (2) below, and subject to paragraphs (3) and (4) below, may be extended by the Comptroller if he thinks fit,.....and such extension may be granted although the time or period for doing such an act.....has already expired."

Since paragraphs (2),(3) and (4) of Rule 110 do not mention or apply to rule 54, which is the rule under which this counterstatement may be filed, the Comptroller has the power to extend the period prescribed by rule 54 by an unspecified time. Moreover, I note that none of the paragraphs of rule 110 indicate that the extension has to be requested before the expiry of the prescribed period and so it appears that the Comptroller may allow an extension of an

unspecified length of time after the expiry of the time period irrespective of whether or not a request was made before the expiry date of the prescribed period and whether or not that prescribed period had been previously extended.

The reason given by the opponents in their letter filed on 16 August 1996 for filing the counterstatement out of extended time was that the opponents "had entered into detailed and specific negotiations with the referrer" and had understood that "appropriate agreement had been reached" but that "at the last minute (they) substantially increased their demands so as to make the agreement unworkable" and that as soon as the opponents were aware of this their solicitors "were instructed to file a counterstatement". These increased demands are also referred to in paragraph 17 of the counterstatement. Mr Cantor told me at the hearing that the opponents feel that they were misled by the referrers who had led them to believe that an agreement had been reached and that the reference under section 37(1) would in consequence be withdrawn, thus making it unnecessary in their eyes for them to file a counterstatement even though they were well aware of the 12 May deadline. Mr Cantor confirmed that the agreement had not been put in writing but said that the referrers had told the opponents that there were no problems and they had been believed and trusted.

The referrers in their comments, made in a letter from their agents Urquhart-Dykes & Lord filed on 4 October 1996, in response to the opponents' letter filed on 16 August 1996 give some dates and figures. They say that on or about 15 April 1996, which is a few days after the request for a one month extension in which to file the counterstatement was made and allowed, a meeting was held between the referrers and the opponents and an offer was made by the opponents that "the 35% share held by Paul Lever in Advanced Extrusion Developments Limited would be redistributed on the basis of a 7% share for each of the original (five) applicants." They say that at a further meeting held about one week later this offer was accepted but conditional upon the referrers taking legal advice. They also state that in a subsequent conversation on an unspecified date between one or other of the referrers and an accountant, Mr Petronelli, representing the opponents the 35% share offer was rejected and instead a 50% share equally divided between the five original applicants was put forward as being fair. The referrers claim that on or about 17 or 18 July 1996, which is after the Patent

Office had written to the opponents on 9 July 1996 enquiring as to why no counterstatement had been filed, Mr Petronelli appeared unannounced at the referrers' premises to ask why the referrers had not accepted the offer of a 35% share and Mr Petronelli was again told that the offer of a 35% share was not acceptable and that instead a 50% share would be fair. The referrers claim that since 17 or 18 July 1996 no further contact with the opponents has taken place and that at no time did they indicate that they would accept unconditionally any offer made by the opponents.

At the hearing Mr Cantor confirmed on behalf of the opponents some of these details, namely that phone conversations and meetings took place between the parties or their representatives in the period April 1996 to July 1996 with the first main meeting on or about 15 April 1996; that the offer under discussion was a 35% share equally divided between the five original applicants; that a further meeting took place after the 15 April meeting and before the 12 May deadline (although he was under the impression that the further meeting took place somewhat more than a week after the 15 April meeting) at which agreement on the 35% share offer was reached; and that a representative of the opponents went to the premises of the referrers on about 18 July. Where his view of events differed was in the opponents' understanding that the offer had been unconditionally agreed with only fine tuning necessary. He said that the visit on 18 July took place because the opponents had been very surprised to receive the official letter on 12 July 1996 stating that in the absence of a counterstatement it was proposed to treat the reference as uncontested, since they had been under the impression that the reference was being withdrawn and when they then had been unable to get the referrers to respond to their enquiries they had no alternative but to go to the premises. Mr Cantor confirmed that the increased counter-proposal involved a 50% share which was more than the 35% share held by Paul Lever in Advanced Extrusion Developments Limited, thus impinging more directly on the opponents, but he claimed that the 50% proposal was made right at the end on about 18 July and just before the counterstatement was filed. He said that originally the opponents had taken the view that it was up to Paul Lever to sort the matter out with the referrers and the other two original applicants as far as his 35% share was concerned. Mr Cantor put it to me that the opponents had behaved properly. As bone fide proprietors they had provided the inventor Paul Lever with funds and had invested money in the invention. They had acted in

good faith and, even if they had been somewhat naïve in trusting the referrers, they should not be prejudiced.

As I have stated, the referrers were not represented at the hearing but I have carefully considered the arguments put forward in their letters, in particular their letter filed on 4 October 1996, and it is clear to me that they consider that, on the basis that the opponents should have sought a further extension or extensions of time in which to file the counterstatement and have understood that the final offer to settle the matter had been rejected, the counterstatement should not now be admitted.

In spite of there being some obscurities and inconsistencies in the information provided by the two parties, in particular with regard to whether or not the acceptance of the 35% share offer was conditional, whether or not the referrers ever said or implied that they would withdraw the section 37(1) reference and whether or not the counter-proposal of a 50% share offer was made before the 17 or 18 July 1996, it is nevertheless clear that negotiations involving the two sides took place after form 2/77 had been filed to commence the section 37(1) proceedings and that genuine attempts to settle the dispute were in progress as the available time for opposing the reference by filing a counterstatement, first in the normal two month period and then in the allowed one month extension, ebbed away.

The consequence of refusing to admit the late filed counterstatement would be that the reference to the comptroller under section 37(1) would be unopposed and, subject to the terms of the reference being lawful, the referrers would become joint proprietors of the patent with Paul Lever, A. R. Lonsdale and Colin Pate. The effect of such a consequence on the present proprietors is unknown from the information that has been provided, but it might be financially considerable and might be unjust, since at present the validity of the reference has not been considered.

Although I consider that the opponents acted somewhat unwisely in not getting written confirmation of the acceptance of the 35% share offer and, in the absence of any firm confirmation that the section 37(1) reference had been withdrawn, in allowing the matter of

filing a counterstatement to drift, it seems to me in the circumstances that the opponents cannot be said to have behaved so negligently that they should be made to suffer the consequences of the reference being unopposed. Thus, I allow the late filing of the counterstatement. The period specified in rule 54(4) for the filing of the referrers' evidence will commence from the date of this decision. The filing of evidence will thereafter continue as set down by rule 54(5).

I have received no submissions on costs in this preliminary action and therefore I make no award of costs. Both parties will have ample opportunity to make submissions before the termination of the main proceedings.

This being a procedural matter, the prescribed period within which an appeal may be lodged is 14 days from the date of this decision.

Dated this 28<sup>th</sup> day of January 1997.

**G. M. BRIDGES**

Superintending Examiner, acting for the Comptroller.



**THE PATENT OFFICE**