O/55/92

PATENTS ACT 1977

IN THE MATTER OF a reference under section 37(1) by Peter Charles Willis concerning Patent No 2145843 in the names of Bryan Stringer and Paul Colby

DECISION

This decision follows a hearing before me on 14 April 1992 at which the patentees were represented by their counsel, Mr Martin Howe, and the referrer was unrepresented. The two questions which I was asked to consider were first, a submission by the patentees that the Comptroller should decline to deal with this reference, in accordance with section 37(8) of the Act, in order that it could be presented before the High Court or the Patents County Court and, second, a request by the patentees that they be allowed to file further evidence in response to the referrer's reply evidence. I was not addressed at the hearing on the second question and it will be unnecessary in any case for me to come to a decision on it, having regard to my finding on the first question.

The possibility of transferring this reference to the Court was first raised with the Office in a letter dated 27 July 1988, from G F Redfern & Co, the patent agents for the patentees. The grounds, submitted in that letter and later expanded in a memorandum dated 6 April 1989, were not argued before me at the hearing and need not, therefore, be considered here. At that stage transfer was opposed by the referrer on grounds that it was unnecessary and would involve him in additional expense. However, before this difference could be resolved proceedings were effectively stayed while the parties attempted to reach an agreement on the substantive issue. These negotiations took some considerable time and were eventually unsuccessful.

A new ground for transfer to the Court was advanced in G F Redfern's letter to the Patent Office of 24 May 1991. This indicated that the patentees had received a writ of summons to the High Court, initiated by the referrer, and concerned with matters which, in their

submission, were similar to those arising in the present proceedings. It was essentially this ground which was argued before me. Although Mr Willis chose not to be represented at the hearing, I do have before me letters from his patent agents, Messrs Reddie & Grose, dated 30 July, 28 August and 14 November 1991, which briefly express his views on this subject.

Mr Howe was unable to direct me to any previous decision under section 37(8) in which the circumstances were at all similar to those in the present case. He did, however, draw my attention to Order 4, rule 3 of the Rules of the Supreme Court, which is concerned with the transfer of cases between Divisions of the Court. The rule itself is a general provision which permits such a transfer to be effected, but is silent as to the circumstances in which it would be appropriate. However, note 4/3/3 in the "white book" provides the following guidance:

> "If related actions are pending in two Divisions, the Court will readily transfer one, and it is sometimes not practicable to try an action in the Division to which the claim is assigned by s.61. For instance a trial by jury in the Ch.D in a probate action would probably be transferred."

In Mr Howe's view the question of transferring a case from the Comptroller to the High Court or the County Court is analogous to that of a transfer between divisions of the High Court and a transfer would be appropriate in the present situation where, he submitted, there are related actions pending in both courts.

While I cannot order that this case should be transferred to the Court as such, which was recognised by Mr Howe, I am satisfied that section 37(8) of the Patents Act empowers me, if I consider it appropriate, to decline to deal with this case in order that it may be brought before the Court and that overlap between this reference and proceedings before the High Court would be a proper consideration to take into account in reaching my decision. I do not accept, however, that the situation is entirely analogous to a change of Division of the High Court, in view of the difference in cost of proceedings before the Comptroller. For this reason, I do not consider that transfer should automatically follow in every case where overlap is established, but that each case should to be decided on its merits, in the best interests of the parties concerned.

Mr Howe then took me to the statement and to Mr Willis's evidence-in-chief in the present proceedings and to the statement of claim in the High Court action with the object of demonstrating that both proceedings relate essentially to the same subject matter. I do not think that I need to go into this comparison in any great detail. The close relationship between the two actions seems to me to be clearly illustrated by the statement of relief sought by the plaintiff, Mr Willis, in the High Court proceedings, as set out at the end of his statement of claim. This indicates that damages are sought in respect of (i) breach of an alleged contract between the parties dated 25 April 1983, (ii) breach of an alleged contract between the parties dated 20 September 1983 and (iii) breach of an obligation of confidence concerning a photo-interpolator, allegedly designed by the plaintiff. The first alleged contract is also referred to in the present statement and is clearly central to the present proceedings. Both contracts are also referred to in Mr Willis' first declaration in these proceedings and appended thereto as Exhibits PCW 5 and PCW 15. According to paragraph 7 of the statement of claim for damages, a prototype of the photo-interpolator was the subject of patent application no 8320265, which is the application number of the patent in suit in the section 37 reference. On the basis of these documents taken as a whole, and in particular from the parts to which I have referred, I am satisfied that the present reference and the action for damages before the High Court concern the same patent and to some considerable extent the same background of events preceding the patent application and, accordingly, that there is substantial overlap between them.

In the course of his comparison of the present case with that before the High Court, Mr Howe mentioned what he saw as a serious conflict of evidence concerning a meeting, which according to the patentees took place at the end of June 1983, but which, according to Mr Willis did not take place at all. In Mr Howe's submission such a conflict of evidence could not satisfactorily be resolved twice by two different courts. I readily accept that it would be unsatisfactory for any of the issues common to both actions to be decided twice in two different courts, but it does not necessarily follow from this that the present case should be transferred. It would also be possible to stay the present proceedings until the Court has issued its judgement on the claim for damages. I put this possibility to Mr Howe at the hearing and he replied that in his view this would be less satisfactory than a single judge deciding all issues at one hearing.

Mr Howe indicated that a particular problem arises in this case because the patentees prefer him to be instructed by their patent agent in the Office proceedings in view of his experience of the issues and complex history of this reference. However, patent agents may not instruct before the High Court, except on appeal from a decision of the Comptroller, and so a solicitor must deal with the writ action. The use of two different advisers incurs an unnecessary increase in costs. He also foresaw a problem if two courts dealing with essentially the same evidence came to different conclusions.

Mr Willis's submission on this matter, in the three letters from his patent agent dated 30 July, 28 August and 14 November 1991, are very brief and indicate that initially he was agreeable to transfer of this reference to the County Court, but by the date of the last letter he had reached the conclusion that his position would be prejudiced if the Comptroller declined to deal with it. No detailed reasoning or argument is offered.

The substantive issue in this case is a dispute between two individuals, on the one hand, and a single individual on the other, concerning rights of ownership of an invention. According to section 37, such disputes are generally to be heard by the Comptroller. However, subsection 37(8) allows that where the Comptroller considers it appropriate, he may decline to deal with the matter, without prejudice to the Court's jurisdiction to do so. Proceedings before the Comptroller are generally less costly than those before the Court and one would expect this consideration to weigh particularly heavily where the parties are individuals rather than large companies. Prima facie, therefore, it would seem more equitable that disputes of the present nature should remain to before the Comptroller.

However, special circumstances prevail here. In this case an action has already been initiated by the referrer before the High Court and I am satisfied that there is substantial overlap between the two sets of proceedings, such that it would be wrong to consider the conduct of one without taking into account the existence of the other. If the present case is heard by the Comptroller, while the other action is heard by the High Court or the County Court, this will raise a number of problems, as I have explained. Some of these problems could be overcome by staying the present action, and, although this would delay the final outcome,

I would be prepared to proceed on this basis if I felt that it would be in the overall best interests of the parties. However, this does not appear to be the case.

If I decided that the Comptroller should deal with the present case, then the two actions would be heard, either concurrently or sequentially by different courts and the cost of the action before the Comptroller would be additional to that of the action before the Court. In my view this would result in an overall increase in cost, which would not be in the interest of either party. Accordingly, I have decided that the Comptroller should decline to deal with this case in accordance with the provisions of section 37(8).

There remains the question of costs. At the hearing, Mr Howe submitted that costs on the substantive issue of this reference should be decided by whichever court ultimately hears the matter which I accept. With regard to the costs of the present hearing, however, I agree with Mr Howe that these should go with the decision and accordingly I order that the referrer should pay the patentees the sum of one hundred and fifty pounds (£150) as a contribution to their costs.

As this is a procedural decision the period for lodging an appeal provided under the Rules of the Supreme Court is 14 days from the date of this decision.

Signed this 18 day of MAY 1992

P J Herbert
Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE